ICO Group Limited
揚科集團有限公司*
(incorporated in the Cayman Islands with limited liability)
Stock Code: 1460

2020/21
ANNUAL REPORT

* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Leong Yeng Kit *(Chairman of the Board)*
Ms. Lee Pei Ling
Mr. Lee Cheong Yuen

Independent non-executive Directors

Mr. Gan Cheng Khuan
Ms. Yvonne Low Win Kum
Mr. Chiu King Yan

COMPANY SECRETARY

Mr. Pun Shing Cheung, *CPA*

AUTHORISED REPRESENTATIVES

For the purpose of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
Mr. Leong Yeng Kit
Mr. Pun Shing Cheung

AUDIT COMMITTEE

Mr. Chiu King Yan *(Chairman)*
Mr. Gan Cheng Khuan
Ms. Yvonne Low Win Kum

REMUNERATION COMMITTEE

Mr. Gan Cheng Khuan *(Chairman)*
Mr. Leong Yeng Kit
Ms. Yvonne Low Win Kum

NOMINATION COMMITTEE

Mr. Leong Yeng Kit *(Chairman)*
Mr. Gan Cheng Khuan
Ms. Yvonne Low Win Kum

AUDITORS

Crowe (HK) CPA Limited

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

WEBSITE ADDRESS

www.1460.hk

STOCK CODE

1460

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of ICO Group Limited (the "**Company**"), I am presenting to you this annual report of the Company which comprises the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2021 ("**FY2021**").

The outbreak of the unprecedented coronavirus disease 2019 ("**COVID-19**") which spread rapidly around the globe, FY2021 was full of challenges and rapid adverse changes impacting on the daily lives of every individual all over the world. Hong Kong, as the core business market of the Group, inevitably suffered serious disruptions caused by COVID-19 in many sectors of the economy.

The Group's management and employees have demonstrated resilience, when facing the onslaught of this unprecedented crisis, by adopted various measures to ensure that employees resumed work in a safe manner (including working from home, personal hygiene and social distancing measures). Amidst these severely difficult operating environment, the Group recorded gross profit and continuously generated growth in revenue, which maintained a sustained healthy financial position for FY2021.

For FY2021, the Group recorded a consolidated net profit attributable to equity shareholders of the Company of approximately HK$8 million. The valuable profit making position was mainly contributed by:

(i) the significant increase in revenue deriving from the IT application and solution development services segment, IT maintenance and support services segment outweigh the decrease in revenue deriving from IT infrastructure solutions services segment and IT secondment services segment;

(ii) the effective controlling of costs, mainly the manpower resource management in the Group; and

(iii) the profit contributed from the PointSoft Limited ("**PointSoft**") (it became the indirectly owned subsidiary of the Company in the second half of FY2021).

During FY2021, despite the difficulties and uncertainties encountered by the Group, we were still make progress on some of the significant investments.

In the first half of FY2021, in relation to the acquisition of the entire issued capital of O2O Limited, which has a wholly owned subsidiary in Malaysia, the developing of an e-Marketplace project with physical stores ("**Project CKB**"), was completed. With the outbreak of COVID-19, the operational commencement of Project CKB had been delayed, which adversely affected the financial performance of the Group. Nevertheless, we believe that COVID-19 will ease globally soon and thus Project CKB will back on track, which will contribute a stable rental income from the physical stores as well as service income from the online trading platform to the Group in the foreseeable future.

In the second half of FY2021, followed by the completion of placing of new shares, the Group further invested in PointSoft, a company with a focus on developing and managing food and beverage point-of-sales system with a continuous profit-making history. Despite the difficult and challenging operating environment during the FY2021, PointSoft managed to maintain its profit making performance, which contributed steady stream of income and enhance the financial performance to the Group.

Based on the above factors, the management of the Group is optimistic on the future prospect of these investments.

CHAIRMAN'S STATEMENT

Looking forward, the challenges in FY2021 will remain. When facing a number of challenges, we will continue to make full use of internal resources, stabilizing the operation teams so as to enhance operational efficiency, and maintain the stringent cost control to cater for the uncertain business environment.

Meanwhile, the Group will usher in the beginning of a new decade where the technology applications in different industries, such as artificial intelligence, fintech, cloud computing and big data analytics, are expected to grow significantly from time to time. So, the future of our Group remains positive. At the same time, we must keep updating and seek innovation in order to embrace changes to ensure continuous development. Hence, the Group will keep an eye on different industries, exploring appropriate investing opportunities in Hong Kong and overseas, to keep our unique competitive strength in the market, which in turn generate returns for our shareholders. Therefore, the Group will conduct different kinds of fund raising exercises, when necessary.

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

Leong Yeng Kit
Chairman and Executive Director
ICO Group Limited
Hong Kong, 29 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the financial information of the Group contained in the consolidated financial statements (together with the notes thereto) reproduced in the annual results announcement for the year ended 31 March 2021 ("**FY2021**"). The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards. The following discussions on the synopsis of historical results do not represent any prediction as to the future business operations of the Group.

SUMMARY

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 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 phrase 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 was not enough to offset the impact of the decrease in demand from the major customers as the outbreak of COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS

Provision of IT maintenance and support services

This segment provides IT maintenance and support services. The revenue generated from this segment 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 became 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, but also the live 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 that Project CKB would 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 revenues for these segments have 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 HK$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, the change in fair value of investment property and the 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:

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

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:

Location	Attributable interest of the Group	Current use	Lease term	Gross floor area
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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report, 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 result 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" on pages from 5 to 6 of this annual report.

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 report.

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 it's 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 total 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 report, 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 were due to (i) the core business was not significantly affected by 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 report. 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.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board (the "**Board**") of directors (the "**Directors**") of ICO Group Limited (the "**Company**") 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 regulatory requirements from time to time, and meet the 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, one past non-executive Director and two past independent 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 executive Director and one independent non-executive Director were unable to attend due to their 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.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprised three executive Directors and three independent non-executive Directors. The composition of the Board during the year ended 31 March 2021 and up to the date of this report was as follows:

Executive Directors:
Mr. Leong Yeng Kit *(Chairman of the Board) (Appointed on 22 April 2020, as Chairman on 23 April 2020)*
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*
Mr. Lee Cheong Yuen *(Removed on 22 April 2020 and appointed on 1 November 2020)*
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*
Mr. Tam Wing Yuen *(Removed on 22 April 2020)*

Non-executive Directors:
Mr. Leong Yeng Kong *(Appointed on 22 April 2020 and retired on 25 September 2020)*
Ms. Leong Poh Chih *(Appointed on 22 April 2020 and retired on 25 September 2020)*
Mr. Leong Yeng Weng *(Appointed on 22 April 2020 and retired on 25 September 2020)*
Ms. Walaiporn Orakij *(Appointed on 22 April 2020 and retired on 25 September 2020)*
Ms. Durgadewi Yoganathan *(Appointed on 22 April 2020 and retired on 25 September 2020)*
Mr. Tam Kwok Wah *(Removed on 22 April 2020)*
Ms. Tuon Wai Man *(Removed on 22 April 2020)*
Mr. Tso Hon Sai Bosco *(Removed on 22 April 2020)*

Independent non-executive Directors:
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*
Mr. Chiu King Yan *(Appointed on 22 April 2020)*
Mr. Tan Eng Wah *(Appointed on 22 April 2020 and retired on 25 September 2020)*
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*
Mr. Ko Sebastian Yat Fung *(Removed on 22 April 2020)*

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES OF THE BOARD

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

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

Apart from the regular Board meetings and pursuant to code provision A.2.7 of the CG Code, the chairman has also met with the independent non-executive Directors without the presence of other executive Directors during the year ended 31 March 2021. The independent non-executive Directors are encouraged to provide their independent views to the Board.

The biographical details of the Directors and other senior management are set out in the section headed "Biographical Details of Directors and Senior Management" on pages from 47 to 49 of this annual report.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

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

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

BOARD DIVERSITY POLICY

The Company adopted the board diversity policy (the "**Board Diversity Policy**") for the year ended 31 March 2021 and up to the date of this report. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

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

Measurable Objectives

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

Implementation and Monitoring

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

The nomination committee of the Company has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group complied the Board Diversity Policy for the year ended 31 March 2021 and up to the date of this report.

BOARD MEETING, GENERAL MEETING AND PROCEDURES

The Board meets regularly and at least four times a year for the reviewing and approval of the Company's financial and operating performance, as well as the consideration and approval of the overall strategies and policies of the Company. Apart from the regular board meetings, the Board met on other occasions where necessary. Board meetings involve the active participation, either in person or through other electronic means of communication. During the year ended 31 March 2021, Directors also participate in the consideration and approval of routine and operational matters of the Company by way of circulating resolutions.

The company secretary of the Company (the "**Company Secretary**") assists in preparing the meeting agenda, and each Director may request the inclusion of items in the agenda. During the year ended 31 March 2021, at least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers (the appropriate, relevant and complete information) are sent to all the Directors at least three days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

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

Participation of individual Directors at Board meetings and general meetings for the year ended 31 March 2021 is as follows:

	Number of meetings attended/held		
Name of Directors	Board Meetings	Annual General Meeting	Extraordinary General Meeting
Number of meetings	8	1	3
Executive Directors:			
Mr. Leong Yeng Kit *(Chairman) (Appointed on 22 April 2020)*	6/6	1/1	0/1
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*	6/6	1/1	1/1
Mr. Lee Cheong Yuen *(Removed on 22 April 2020 and appointed on 1 November 2020)*	4/4	N/A	3/3
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*	2/2	N/A	2/2
Mr. Tam Wing Yuen *(Removed on 22 April 2020)*	0/2	N/A	2/2
Non-executive Directors:			
Mr. Leong Yeng Kong *(Appointed on 22 April 2020 and retired on 25 September 2020)*	2/3	0/1	N/A
Ms. Leong Poh Chih *(Appointed on 22 April 2020 and retired on 25 September 2020)*	3/3	0/1	N/A
Mr. Leong Yeng Weng *(Appointed on 22 April 2020 and retired on 25 September 2020)*	3/3	0/1	N/A
Ms. Walaiporn Orakij *(Appointed on 22 April 2020 and retired on 25 September 2020)*	3/3	0/1	N/A
Ms. Durgadewi Yoganathan *(Appointed on 22 April 2020 and retired on 25 September 2020)*	3/3	0/1	N/A
Mr. Tam Kwok Wah *(Removed on 22 April 2020)*	2/2	N/A	2/2
Ms. Tuon Wai Man *(Removed on 22 April 2020)*	2/2	N/A	2/2
Mr. Tso Hon Sai Bosco *(Removed on 22 April 2020)*	2/2	N/A	1/2
Independent non-executive Directors:			
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*	5/6	0/1	1/1
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*	6/6	0/1	0/1
Mr. Chiu King Yan *(Appointed on 22 April 2020)*	6/6	1/1	1/1
Mr. Tan Eng Wah *(Appointed on 22 April 2020 and retired on 25 September 2020)*	3/3	0/1	N/A
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*	1/2	N/A	1/2
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*	2/2	N/A	1/2
Mr. Ko Sebastian Yat Fung *(Removed on 22 April 2020)*	2/2	N/A	2/2

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Pursuant to the code provision A.6.5 of the CG Code, all Directors participated in continuous professional development for the year ended 31 March 2021 and the details are set out below:

Name of Directors	Training on corporate governance, regulatory development and other relevant topics by attending seminars or reading articles and publications
Executive Directors:	
Mr. Leong Yeng Kit *(Chairman) (Appointed on 22 April 2020)*	✔
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*	✔
Mr. Lee Cheong Yuen *(Removed on 22 April 2020 and appointed on 1 November 2020)*	✔
Independent non-executive Directors:	
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*	✔
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*	✔
Mr. Chiu King Yan *(Appointed on 22 April 2020)*	✔

BOARD COMMITTEES

The Company has established three board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"), to assist the Board to discharge its function. Each committee has specific written terms of reference which sets out clearly the committee's duties and authority. The terms of reference and the list of members of each committee are published on the Company's website and the website of the Stock Exchange.

The attendance record of each member of the Audit Committee, the Remuneration Committee and the Nomination Committee for the year ended 31 March 2021 is as follows:

	Number of meetings attended/held		
Name of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	3	2	1
Executive Directors:			
Mr. Leong Yueng Kit *(Chairman) (Appointed on 22 April 2020)*	N/A	2/2	1/1
Mr. Lee Cheong Yuen *(Removed on 22 April 2020 and appointed on 1 November 2020)*	N/A	N/A	N/A
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*	N/A	N/A	N/A
Independent non-executive Directors:			
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*	3/3	2/2	1/1
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*	3/3	2/2	1/1
Mr. Chiu King Yan *(Appointed on 22 April 2020)*	3/3	N/A	N/A
Mr. Tan Eng Wah *(Appointed on 22 April 2020 and retired on 25 September 2020)*	N/A	N/A	N/A
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*	N/A	N/A	N/A
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*	N/A	N/A	N/A
Mr. Ko Sebastian Yat Fung *(Removed on 22 April 2020)*	N/A	N/A	N/A

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and provisions set out in the CG Code which are available on the Company's website and the Stock Exchange's website.

The Audit Committee currently 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 main roles and functions of the Audit Committee include the followings:

(a) to consider the appointment of the external auditors, to review the scope of the external audit, including the engagement letter prior to annual audit commencement. The Audit Committee should understand the factors considered by the external auditors in determining their audit scope;

(b) to review and approve the external audit fees and appropriateness of non-audit services;

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

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

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

    (i) any changes in accounting policies and practices;

    (ii) major judgmental areas;

    (iii) significant adjustments resulting from the audit;

    (iv) the going concern assumption and any qualifications;

    (v) compliance with accounting and auditing standards; and

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

For the year ended 31 March 2021, the Audit Committee held three meetings to consider and approve the following:

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

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

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

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

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

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 have been prepared in compliance with the applicable accounting standards and Listing Rules.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the year ended 31 March 2021.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with written terms of reference in compliance with the Listing Rules and provisions set out in the CG Code which are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee currently comprises one executive Director, namely Mr. Leong Yeng Kit, and two independent non-executive Directors, namely Mr. Gan Cheng Khuan and Ms. Yvonne Low Win Kum. The chairman of the Remuneration Committee is Mr. Gan Cheng Khuan.

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

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

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

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

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

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

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

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

NOMINATION COMMITTEE

The Company has established the Nomination Committee with written terms of reference in compliance with the Listing Rules and provisions set out in the CG Code which are available on the Company's website and the Stock Exchange's website.

The Nomination Committee currently comprises one executive Director, namely Mr. Leong Yeng Kit and two independent non-executive Directors, namely Mr. Gan Cheng Khuan and Ms. Yvonne Low Win Kum. The chairman of the Nomination Committee is Mr. Leong Yeng Kit.

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

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

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

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

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

(e) to review the Board Diversity Policy and relevant implementation of the policy; and

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

NOMINATION POLICY

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

Selection Criteria

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

(a) Character and integrity;

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

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

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

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

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

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

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

Nomination Procedures

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

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

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

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that gives a true and fair view of the Group. The Board is responsible for presenting a balanced and understandable assessment of the Group's financial position and prospects with timely publication of the annual and interim reports of the Group. As at 31 March 2021, the Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditors, Crowe (HK) CPA Limited, about their reporting responsibility on the consolidated financial statements are set out in the independent auditor's report from pages 63 to 67 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

In addition to the above policies and procedures, for the year ended 31 March 2021, the Group has engaged an independent advisory firm, to conduct independent risk assessment and internal control review to assess the Group's internal control systems in order to assist the Board in reviewing its effectiveness. The reviews, normally performed once a year, covered the effectiveness of the financial, operational and compliance controls and risk management functions of the Group, with a focus on the core business of the Group (i.e. the IT business in Hong Kong). The relevant reports from the independent advisory firm was presented to and reviewed by the Audit Committee and the Board. With reference to the reports, no material inadequacies or deficiencies in the risk management and internal control systems were drawn to the attention of the Audit Committee, but appropriate recommendations for enhancement of the internal control systems have been taken. The Board concluded that the internal control systems were effective, adequate and no irregularities, fraud or other deficiencies were identified for the year ended 31 March 2021.

DIVIDEND POLICY

The Company adopts a dividend policy which intends to balance the return to the shareholders of the Company and the need for long-term sustainable development of the Group. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and needs for future growth as well as its shareholder value in the long-run. The amount of dividends (if any) that may be declared and distributed to the shareholders of the Company is subject to the discretion of the Board, the constitution of the Company and all applicable laws and regulations and other factors. The Board shall also take into account various factors of the Group when considering the declaration and payment of dividends. The Board will review the dividend policy as appropriate from time to time. For the year ended 31 March 2021, no dividend is recommended by the Board as the Group needs to reserve working capital for its business development.

AUDITOR'S REMUNERATION

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

For the year ended 31 March 2021, a summary of the remuneration paid or payable to Crowe (HK) CPA Limited, the external auditors of the Company in respect of audit services and non-audit services for the Group is as follows:

	Fees paid/payable for the services rendered HK$'000
Audit services	880
Non-audit services	88

COMPANY SECRETARY

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

The Company Secretary confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2021.

SHAREHOLDERS' RIGHTS

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

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

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

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

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

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

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

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

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

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

PROCEDURES FOR RAISING ENQUIRIES

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

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

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

INVESTORS RELATIONS

The Company has established and maintained different communication channels with its shareholders and investors. Through the timely announcement of its interim, annual reports and other announcements, including but not limited to notices of meetings, circulars and other relevant Company's information, are published on the websites of the Company and the Stock Exchange, in order to kept the public aware of the Company's latest developments.

CONSTITUTIONAL DOCUMENTS

For the year ended 31 March 2021, there had been no significant change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

ICO Group Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**We**") is principally engaged in the provision of IT service 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.

This Environmental, Social and Governance Report (the "**ESG Report**") summarises the environmental, social and governance ("**ESG**") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The Group adopts a top-down approach for the following sustainability strategies:

1. To achieve environmental sustainability

2. To respect human rights and social culture

3. To engage with stakeholders

4. To support our employees

5. To sustain local communities

The board of directors (the "**Board**") oversees and sets out ESG strategies for the Group. The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal controls.

The Group has assigned personnel to systematically identify and cater to ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data and identifying the Group's ESG issues. In addition, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group's ESG strategies.

REPORTING SCOPE

Unless otherwise specified, the reporting scope includes all areas of business over which the Group has financial significance and operational influence, as well as those of ESG significance to the Group and its stakeholders. The content of the ESG report mainly focuses on the core businesses of the Group, and overall performance of the fulfilment of sustainability and corporate social responsibility for the financial year ended 31 March 2021 (the "**Reporting Period**").

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 of the Rules governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited.

Information relating to the Group's corporate governance practices can be found in the section "Corporate Governance Report" of this annual report.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding the Group's businesses and ESG aspects. The Group maintains close communication with its key stakeholders, including but not limited to investors and shareholders, employees, customers, suppliers, government and regulatory authorities, and the community.

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods as shown below:

Stakeholders	Engagement Methods	Expectations
Investors and shareholders	• Company website • Financial reports • Announcements and circulars • General meetings	• Sustainable profitability • Shareholder return • Corporate governance • Business compliance
Employees	• Training and orientation • Regular meetings • Employee performance evaluation	• Remuneration, compensation and benefits • Fair and competitive employment • Safe working environment • Career development
Customers	• Daily operation and communication • Meetings and visits • Customers feedback	• Rapid response and customer satisfaction • High-quality services • Labour protection and work safety
Suppliers	• Daily operation and communication • Regular review and evaluation	• Fair and open procurement • Sustainable relationship
Government and regulatory authorities	• Compliance with regulatory legislative framework • Occasional face-to-face meetings and visits • Correspondence	• Compliance with local laws and regulations • Stability in business operations • Support for local economic growth
Community	• Public welfare and community activities • Company website • Charitable donations	• Active participation to worthy causes • Community development

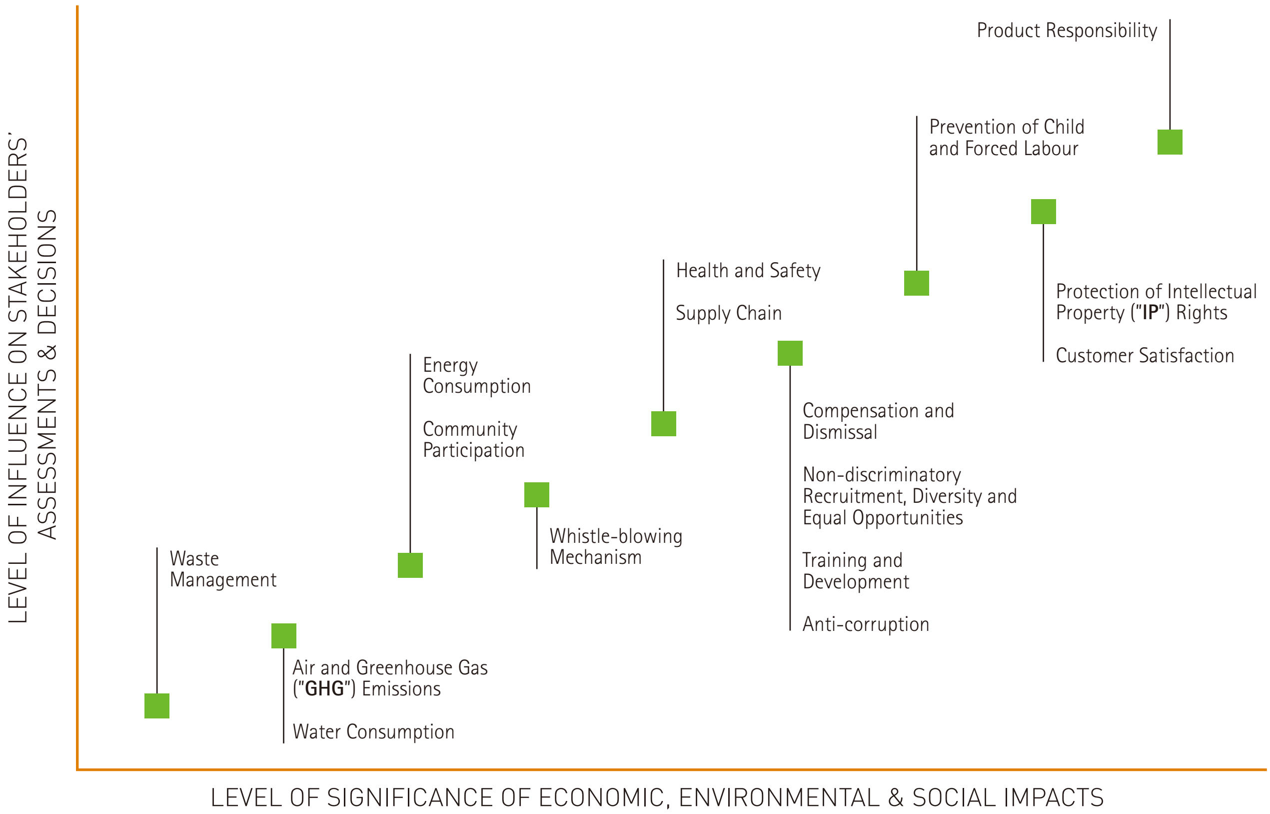
The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through a proper communication channel. In the long run, the stakeholders' contribution will aid the Group in improving ESG performances and sustaining the success of the Group's business in the challenging market.

MATERIALITY ASSESSMENT

To ensure that the disclosures in this ESG Report reflect the Group's effort on sustainability issues, a materiality assessment has been conducted to identify ESG issues that are deemed to be material to different stakeholders. The Board and management responsible for key functions of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identifying key ESG issues and assessing its importance to its businesses and stakeholders.

The Group compiled a questionnaire according to the identified material ESG aspects and asked various groups of stakeholders to complete the said questionnaire in order to fully reflect different stakeholders' opinions. The outcome of the materiality assessment is presented in the form of a materiality matrix and is shown below:

MATERIALITY MATRIX



For the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

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

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted efforts from all industries and society. The Group is committed to enhancing its service quality and expanding its business while not sacrificing the environment. Therefore, the Group strives to integrate environmental sustainability into its business operations.

Due to the Group's office-based business nature, the Group does not involve direct emission of large amounts of polluted air, discharge of pollutants into water and land, and generation of hazardous waste. The Group's daily operations mainly involve indirect GHG emissions, which are mainly due to the use of electricity, paper consumptions in our office setting and business air travel. The Group does not generate material hazardous wastes and the direct impact to the environment is immaterial. The Group nevertheless continuously improves existing policies and incorporates new policies to mitigate potential direct and indirect negative environmental impacts arising from its business operations.

During the Reporting Period, the Group strictly complied with local environmental laws and regulations and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group including but not limited to the Waste Disposal Ordinance of Hong Kong.

Air Emissions

As the Group's core business activity is the provision of IT-related services, the Group considers that air emissions generated were of an insignificant level during the Reporting Period.

GHG Emissions

The principal GHG emissions of the Group were generated from petrol consumption by vehicles (Scope 1) and purchased electricity (Scope 2).

Scope 1 – Direct GHG Emissions

The Group has adopted various measures to mitigate direct GHG emissions from petrol consumption by vehicles, which include but are not limited to:

– Plan routes ahead of time to avoid route repetition and optimise fuel consumption; and

– Switch off engines whenever the vehicle is idling.

Scope 2 – Energy Indirect GHG Emissions

Electricity consumption accounted for the largest percentage of GHG emissions within the Group. The Group has promoted our staff on reducing energy consumption.

Scope 3 – Other Indirect GHG Emissions

Paper waste disposal accounted for the other indirect GHG emissions. The Group has promoted our staff on reducing paper consumption.

Paper Consumption

The Group will continue to promote reduction of paper printing and encourage the use of electronic communication. Single-sided papers are reused as scrap papers or used for printing internal documents. Electronic leave application system is used instead of leave approval records in paper form. Notices are posted in office premises to remind staff to use paper wisely so as to reduce damages to the environment.

With the above measures, the GHG emission has reduced by approximately 40.8%. The reduced air travel during the period of COVID-19 pandemic has given rise to the reduced over GHG emissions.

Summary of GHG emissions performances and its intensity:

Indicator[1]	Unit[2]	2021	2020
Scope 1 – Direct GHG Emissions	tCO_2e	**2**	–
• Petrol consumption			
Scope 2 – Energy Indirect GHG Emissions	tCO_2e	**81**	108
• Purchased electricity			
Scope 3 – Other Indirect GHG Emissions	tCO_2e	**4**	39
• Paper Consumption		**4**	3
• Business Air Travel		**–**	36
Total GHG Emissions	tCO_2e	**87**	147
Intensity (per floor area)	tCO_2e/m^2	**0.07**	0.15

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5) and the CLP 2020 Sustainability Report published by CLP.

2. tCO_2e is defined as tonnes of carbon dioxide equivalent.

3. As at 31 March 2021, the Group had an office area of 1,216.8 m^2. This data has also been used for calculating other intensity data.

Waste Management

Hazardous Waste Management

Due to the Group's business nature, no material hazardous waste was generated by the Group during the Reporting Period.

Non-hazardous Waste Management

Non-hazardous waste generated by an office-based operation would mainly be office paper. During the Reporting Period, the Group continues to place great effort in educating its employees on the importance of reducing waste production. With the growing awareness for reduction of waste, we regularly monitor the consumption volume of paper.

Summary of major non-hazardous waste disposal performance and its intensity:

Category of waste	Unit	2021	2020
Total non-hazardous waste	Tonnes	**0.72**	N/A
• Office paper		**0.72**	N/A
Intensity (per floor area)	Tonnes/m^2	**0.0006**	N/A

A2. Use of Resources

To promote employees' awareness of the need for resources conservation and achieving efficient utilization of resources, the Group has introduced measures to reduce environmental impact arising from its business operations.

Energy Consumption

The Group recognized the effect of electricity consumption on GHG emissions. In order to reduce GHG emissions, we have imposed measures to reduce use of electricity. Nevertheless, the Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Staff are required to turn on power saving mode for computers, printers and monitors when idle; and
- Switch off air conditioners and power of computers by the end of the working day.

Anomaly in electricity consumption will be investigated to find out the root cause and preventive measures will be taken. Through the implementation of the above-mentioned measures, employees' awareness of reducing electricity usage has increased.

Through the implementation of such measures, employees' awareness of reducing energy consumption has been continued to improve. The total energy consumption in 2021 has increased by approximately 4.6%. from 2020 mainly due to expansion of scope and higher use of petrol in 2021.

Summary of energy consumption performances and its intensity:

Types of energy	Unit	2021	2020
Total Energy Consumption	kWh	**226,488**	216,482
Direct Energy Consumption – Petrol		**6,784**	–
Indirect Energy Consumption – Electricity		**219,704**	216,482
Intensity (per floor area)	kWh/m^2	**186**	226

Water Consumption

The Group has imposed measures to reduce the use of water during the Reporting Period. We used water purifiers to process tap water in one of the premises. Although the other premises are still using ordered distilled water, we plan to install water purifier to substitute the use of distilled water for that premises as well in the near future.

Apart from actively promote the importance of water conservation to its employees, the Group also regularly inspects water taps and promptly reports leakage. Through the implementation of said water-saving measures, employees' awareness of water conservation has been increased.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

Summary of water consumption performances and its intensity:

	Unit	2021	2020
Water consumption	m^3	**85**	42
Intensity (per floor area)	m^3/m^2	**0.07**	0.04

Use of Packaging Material

Due to the Group's business nature, the use of packaging material is not considered as a material ESG issue to the Group.

A3. The Environment and Natural Resources

Although the business of the Group has a limited impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, the Group realizes its responsibility in minimizing the negative environmental impacts in its business operations. We are striving to enhance the awareness among employees to participate in different kinds of recycling activities and minimizing the use of natural resources.

The Group regularly assesses the environmental risks of its business and adopts preventive measures to reduce the risks and ensures compliance with relevant laws and regulations.

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

B. SOCIAL

B1. Employment

Employees are an important asset to the Group. The Group recognizes that employees' contribution and dedication is of paramount importance to the Group's sustainable business development. Therefore, the Group strives to protect its employees via establishing comprehensive employment policies.

Relevant employment policies are formally documented in the Staff Handbook, covering recruitment and remuneration, compensations, working hours and rest periods, diversity and equal opportunities, etc. The Group periodically reviews these policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against companies of the similar industry.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, the Sex Discrimination Ordinance, the Employees' Compensation Ordinance of Hong Kong and Employment Act 1955 of Malaysia.

As at 31 March 2021, the Group had 275 full-time employees and 1 part-time employee, 272 of which are located in Hong Kong and 4 are located in Malaysia. Approximately 76% of the employees were male and 24% were female.

As at 31 March 2021, the staff gender and age distribution by position is as follows:

Position	No. of employees	Male	Female	Aged under 30	Aged 30 to 40	Aged 41 to 50	Aged above 50
Manager or above	40	36	4	0	9	17	14
General Staff	236	174	62	80	78	53	25
Total	276	210	66	80	87	70	39

Staff turnover during the financial year ended 31 March 2021 is as follows:

Category	No. of employees	Male	Female	Aged under 30	Aged 30 to 40	Aged 41 to 50	Aged above 50
New Staff	126	95	31	46	48	24	8
Staff Turnover	53	41	12	29	10	7	7

B2. Health and Safety

Health and Safety

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance for Hong Kong or Occupational Safety and Health Act 1994 of Malaysia. The Group shall continue to provide a safe and healthy work environment for the employees.

The Group places a high priority on providing employees with a safe and healthy working environment. Although health and safety measures that are applicable to an office-based business operation is limited, the Group is nevertheless committed to safeguarding the wellbeing of all employees. Relevant policies are included in the Staff Handbook. Working arrangement during typhoon and rainstorm has been clearly specified by the Group to avoid any confusion which might lead to safety issue. Fire extinguishers are strategically placed and fire exits are free from obstruction. First aid kits are available in every office premise. The Group also provided medical insurance for permanent employees and adopted policies and procedures regarding work safety and occupational health issues.

Response to the Outbreak of COVID-19 Pandemic

The Group places great emphasis on ensuring the health and safety of its employees. Apart from strengthening sanitation at the Group's premises, the Group has also adopted precautionary measures such as temperature screening before entering the premises and providing employees with sufficient epidemic prevention supplies, including face masks and hand sanitisers.

B3. Development and Training

Training and Development

Training and continuous development are indispensable to our staff to keep abreast of the ever-changing trend in the industry. Therefore, the Group takes a proactive approach to provide employees with opportunities to advance their careers. The Group encourages its employees to apply for internal and external training courses to refresh prior knowledge. Moreover, study leave is provided for permanent employees who partake in job-related courses.

B4. Labour Standards

Prevention of Child and Forced Labour

The Group guarantees that no employee will be made to work against his/her will or be coerced to work. Recruitment of child labour is strictly prohibited. Personal data are collected during the process to assist the selection of suitable candidates and to verify candidates' personal data. The human resources department also ensures that their identity documents are carefully checked. If the violation is involved, it will be dealt with in the light of the circumstances promptly.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong) or Children and Young Persons (Employment) Act 196 of Malaysia.

B5. Supply Chain Management

Supply Chain Management

To incorporate sustainability values into the Group's supply chain, the Group has stepped up efforts to ensure all supply chain management practices have been implemented strictly in compliance with local laws and regulations.

The Group has a well-regulated, fair and open tendering and evaluation procedures to select prospective suppliers. Apart from considering the offered price, the Group also takes into account the supplier's background, qualification, management model, the provision of quality service, financial health status, past experience in similar services, fulfilment of contract, social and environmental compliance and follow-up services. The Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with service standards, contract conditions, and quality provisions. Should services fall below the agreed standard, the cooperation will be terminated. The Group endeavours to maintain a long-term relationship with local economies and prioritises the selection of local over international suppliers with the intention of lowering the carbon footprint generated through transportation. During the Reporting Period, the Group was not aware that any major suppliers' actions or practices that had a significant negative impact on business ethics, environmental protection, human rights and labour practices.

B6. Product Responsibility

The Group has in place an extensive quality assurance process to ensure that the products and services are in compliance with relevant local laws and regulations.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Trade Descriptions Ordinance, the Copyright Ordinance, the Personal Data (Privacy) Ordinance, the Prevention of Child Pornography Ordinance of Hong Kong and Personal Data Protection Act 2010 of Malaysia. During the Reporting Period, the Group did not receive any cases of product or service-related complaints, nor was it subjected to any product recalls.

Data Privacy Protection

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

Protection of IP Rights

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

Additionally, the Group respects IP rights and therefore is committed to purchasing genuine copyrighted products such as computer software and firewalls. Fundamental guidelines are also provided to the employees to ensure they do not infringe upon any IP rights such as trademark and copyrights. Disciplinary or legal actions may be taken against the employee should he/she be found to be in breach of such rights.

Customer Satisfaction

Feedbacks from customers are welcome as it is the key to enhancing our service. Procedures for handling feedbacks have been set up. Should the Group receive any complaints, the Group will strive to act immediately to resolve the issue with effective corrective actions. In addition, any complaints received are discussed and reviewed by the management during regular meetings to prevent re-occurrence.

Due to the Group's business nature, the Group is not involved in material advertising, labelling and health and safety-related risks.

B7. Anti-corruption

Anti-corruption

The Group strives to achieve high standards of conduct and integrity in our business operations and stand against any form of bribery, extortion, fraud and all other misconduct behaviours. We strictly abide by relevant laws and regulations regarding anti-corruption, bribery, extortion, fraud and anti-money laundering. Each of our employees had an obligation and was encouraged to report concerns about any misconduct they had noticed, including but not limited to, violations of legal or regulatory requirements, misconduct or fraud that might adversely affect the Group's reputation and image, as well as violations of the Code of Conduct of the Group. During the Reporting Period, the Group had not noted any cases of non-compliance in relation to relevant laws and regulations including but not limited to Prevention of Bribery Ordinance of Hong Kong and the Anti-Corruption Commission Act 2009 of Malaysia.

The Group encourages its employees to report alleged malpractices or misconduct through various channels. The management will take immediate action to investigate the issue. The Group endeavours to protect the whistle-blower from common concerns such as potential retaliation and is assured that their identity as a whistle-blower will be kept confidential.

B8. Community Investment

Community Participation

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

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions – Air and GHG Emissions, Waste Management
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions – GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management Not applicable – Explained
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions – GHG Emissions, Waste Management
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Consumption
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Consumption
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material Not applicable – Explained

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1 ("Recommended Disclosures")	Total workforce by gender, employment type, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1 ("Recommended Disclosures")	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 ("Recommended Disclosures")	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2 ("Recommended Disclosures")	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3 ("Recommended Disclosures")	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of IP Rights
KPI B6.5 ("Recommended Disclosures")	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Data Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Leong Yeng Kit ("Mr. Leong"), aged 48, is the Chairman and an executive Director. Mr. Leong is also the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Leong is primarily responsible for overseeing the business development, overall strategic planning, devising market strategies and business expansion plans of the Group. Mr. Leong is one of the significant shareholders of the Company.

Mr. Leong is a Malaysian lawyer and banker by profession as well as an experienced investor with decades of investment experience in various industries, including advertising and media, securities services, palm oil plantation, real estate, property development, aviation operations, food and beverage and private equity funds. In a diplomatic role, Mr. Leong is the Honorary Consul of the Republic of Latvia to Malaysia.

Mr. Leong was an independent non-executive director of Meridian Berhad, the property developer of Malaysia Tourism City, which is listed on Bursa Malaysia (stock code: 5040). He resigned this directorship on 31 December 2020.

Ms. Lee Pei Ling ("Ms. Lee"), aged 32, is the executive Director. Ms. Lee is primarily responsible for overseeing the business development, overall strategic planning, devising market strategies and business expansion plans of the Group.

Ms. Lee is a practicing lawyer in Malaysia and is the sole proprietor of the legal firm Pei Ling & Co., Advocates and Solicitors. She primarily practices corporate, conveyancing and commercial law as well as banking. Apart from the legal practice, Ms. Lee is also a project controller for property developers managing the project operation of various property development projects in Malaysia.

Ms. Lee is currently sitting on the board of committee for Malaysian Social Entrepreneurs Foundation and is also serving as the executive committee member in The Chinese Chamber of Commerce & Industry of Kuala Lumpur and Selangor (KLSCCCI) Youth.

Mr. Lee Cheong Yuen (李昌源) ("Mr. Lee"), aged 53, is an executive Director and is primarily responsible for overseeing the business development, in-house operations, overall strategic planning, devising market strategies and business expansion plans of the Group. In the past years, he led the Group to successfully complete several large-scale IT application and solution development projects for major clients in the public sector, private sector, banking and finance sector and logistics sector. Mr. Lee obtained a degree of bachelor of science in computer studies from The University of Hong Kong ("**HKU**") in December 1989. He has over 25 years of experience in the IT industry. Mr. Lee is one of the significant shareholders of the Company.

Mr. Lee was the chairman and chief executive officer of the Company. Upon passing of the ordinary resolutions at the extraordinary general meeting on 22 April 2020, Mr. Lee ceased his directorship in the Company on 22 April 2020. With effect from 1 November 2020, he has been appointed as an executive Director of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yvonne Low Win Kum ("Ms. Low"), aged 33, is an independent non-executive Director and is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group. Ms. Low is also the member of the Nomination Committee, Remuneration Committee and Audit Committee. Ms. Low is a qualified barrister and solicitor in Malaysia and has graduated from Cardiff University.

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

Ms. Low joined F3 Capital Group in 2014 as the Head of Legal and Corporate Affairs with complete responsibility for defining organizational culture, developing strategic plans. She is now the Managing Partner of a corporate legal firm in Malaysia specialized in corporate and commercial transactions, private mergers and acquisitions, as well as the regulatory compliance.

Mr. Gan Cheng Khuan ("Mr. Gan"), aged 59, is an independent non-executive Director and is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group. Mr. Gan is also the chairman of the Remuneration Committee, and a member of the Nomination Committee and the Audit Committee. Mr. Gan graduated from the University of London, England with an Honors Degree and was called to the English Bar in July 1990. Upon his return to Malaysia, he was admitted to the Malaysian Bar on the 2nd August 1991.

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

Mr. Chiu King Yan (趙敬仁) ("Mr. Chiu"), aged 44, is an independent non-executive Director and is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group. Mr. Chiu is also the chairman of the Audit Committee. Mr. Chiu has over 20 years of experience in audit, accounting, private equity investment and corporate finance, obtained from his previous working experience in international accounting firms and various listed companies in Hong Kong.

Mr. Chiu is currently an executive director of Summit Ascent Holdings Limited (stock code: 102) and an independent non-executive director of Hailiang International Holdings Limited (stock code: 2336), both companies listed on the Hong Kong Stock Exchange. Mr. Chiu was an executive director of Wanjia Group Holdings Limited (stock code: 401), a company listed on the Hong Kong Stock Exchange, from March 2017 to February 2018. He is also currently the company secretary and Chief Financial Officer of Suncity Group Holdings Limited (stock code: 1383), a company listed on the Hong Kong Stock Exchange, and is responsible for financial reporting and corporate finance matters.

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

SENIOR MANAGEMENT

Mr. Chan Kwok Pui (陳國培) ("Mr. Chan"), aged 64, is the director of ICO Limited and is responsible for overseeing the business development, in-house operations, overall strategic planning, devising market strategies and business expansion plans of ICO Limited. Mr. Chan obtained a degree of bachelor of science in computer studies from HKU in December 1989. Mr. Chan has over 30 years of experience in the IT industry. Mr. Chan was a computer officer at HKU from August 1992 to August 1995. He then joined the Group in 1995. Upon passing of the ordinary resolutions at the extraordinary general meeting on 22 April 2020, Mr. Chan ceased his directorship in the Company on 22 April 2020. Mr. Chan is one of the significant shareholders of the Company.

Mr. Tam Kwok Wah (譚國華) ("Mr. Tam"), aged 71, is the director of ICO Limited and is responsible for advising on business opportunities for investment, development and expansion of ICO Limited as well as providing extra advisory services to ICO Limited with a focus on business development on both local and overseas market. Mr. Tam obtained a degree of bachelor of social sciences from HKU in November 1975. He further received a master degree of science from The University of Manchester in the United Kingdom in December 1982. Mr. Tam was an assistant professor of HKU's business school, which was the last position he held at HKU from January 1985 to June 2004. Upon passing of the ordinary resolutions at the extraordinary general meeting on 22 April 2020, Mr. Tam ceased his directorship in the Company on 22 April 2020. Mr. Tam is one of the significant shareholders of the Company.

Mr. Leung Man Lun Walter (梁萬倫) ("Mr. Walter Leung"), aged 59, is the managing director of ICO Technology Limited. He joined the Group in 2006 and is responsible for the overall management of ICO Technology Limited including strategic planning and sales and marketing in Hong Kong. Mr. Walter Leung has over 30 years of experience in the IT industry including data processing, programming, customer support strategic planning, sales and marketing and management of daily operations.

Mr. Ko Ka Hay Kenneth (高嘉禧) ("Mr. Kenneth Ko"), aged 57, is the general manager of ICO Technology Limited. He joined the Group in 2015 as director of strategic business and promoted to general manager in April 2019. Mr. Kenneth Ko is responsible for the supervision, performance, development, strategies of both sales and technical teams. Mr. Kenneth Ko obtained a degree of bachelor of economics from the National Taiwan University. He has over 30 years of experience in IT industry. Before joining the Group, Mr. Kenneth Ko was the managing director of a Japanese listed company and responsible for the management on both information technology division and data card technology division.

Mr. Chung Yat Ming (鍾日明) ("Mr. Chung"), aged 58, is the director of business development of ICO Technology Limited. He joined the Group in 2015 and is responsible for sales and marketing including leading one of the sales teams, assisting Mr. Kenneth Ko to acquire new products and identifying business opportunities. He has over 30 years of experience in IT industry. Before joining the Group, Mr. Chung was the general manager of an international IT company for 12 years.

Mr. Yuen Yat Kwai (袁逸貴) ("Mr. Yuen"), aged 50, is the director of PointSoft Limited. He joined the Group in 2020 and is responsible for software development of food and beverage point-of-sales system of PointSoft Limited. He has over 30 years of experience in IT industry. Before joining the Group, Mr. Yuen was one of major developers of PointSoft Limited, managing and developing most of the applications of PointSoft Limited.

Mr. Pun Shing Cheung (潘丞章) ("Mr. Pun"), aged 37, is the company secretary and the authorized representative of the Company. He joined the Group in 2019 and is responsible for overseeing the accounting and financial operations as well as the company secretarial function of the Group. Mr. Pun is also currently the financial controller of the Group. Mr. Pun has over ten years of experience in accounting and auditing. Before joining the Company, he had worked for one of the big four international accounting firms and several companies listed on main board of the Stock Exchange. Mr. Pun is a member of Hong Kong Institute of Certified Public Accountants.

REPORT OF DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of ICO Group Limited (the "**Company**") present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2021 ("**FY2021**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in note 19 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group during FY2021, an indication of likely future development in the Group's business, an analysis using financial key indicators are included in the "Chairman's Statement" section and "Management Discussion and Analysis" section of this annual report.

KEY RISKS AND UNCERTAINTIES FACING BY THE GROUP

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

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

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

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

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

The Group relies on contracts with its major customers

The Group relies on contracts with its major customers. Revenue for the Group's top five customers accounted for approximately 29% and 47% respectively of the Group's total revenue for the years ended 31 March 2020 and 2021. It is not assured that the Group can successfully expand its customer base and secure new customers given the competitiveness of the industry in which the Group operates. Should reduction in demand for services or termination of the contract by the top five customers of the Group occur, would cause material decrease in revenue which in turn would adversely affect the Group's business, financial position and results of operations.

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

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

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

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

Risks relating to the Group's investments

During FY2021 and up to the date of this report, there are several significant investments which the Group entered agreements to acquire 15% equity interest of INAX, 70% equity interest of PointSoft and entire equity interest of O2O Limited (Project CKB).

Shall the fair value of INAX drop in the future or the performance of PointSoft and Project CKB are not as good as expected, impairment loss of INAX and operational loss of PointSoft and Project CKB may result which will lead to deterioration of the Group's financial results and financial position.

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

Save as disclosed above, the other risks and uncertainties of the Group included note 33 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the environmental policies and performance of the Group is included in the "Environmental, Social and Governance Report" section of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2021, there was no material breach of or non-compliance with the applicable laws and regulations by the Group. The Company was not involved in any material litigation or arbitration during FY2021. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during FY2021.

REPORT OF DIRECTORS

RESULTS

The results of the Group for the years ended 31 March 2021 and 2020 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 68 to 69 of this annual report.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2021 (2020: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 160 of this annual report. This summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the years ended 31 March 2021 and 2020 in property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements during the years ended 31 March 2021 and 2020 in the share capital of the Company are set out in note 32 to the consolidated financial statements in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the years ended 31 March 2021 and 2020.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$315.8 million (2020: approximately HK$307.1 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the years ended 31 March 2021 and 2020, sales to the Group's five largest customers accounted for approximately 47% and 29% respectively of the total sales for the year and sales to the largest customer included therein amounted to approximately 21% and 9% respectively. For the years ended 31 March 2021 and 2020, purchases from the Group's five largest suppliers accounted for approximately 42% and 61% respectively of the total cost of sales for the year and purchase from the largest supplier included therein amounted to approximately 10% and 18% respectively.

At no time during the years ended 31 March 2021 and 2020 have the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or their associates (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any beneficial interest in these major customers and suppliers.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

Employees

Employees are regarded as the most important and valuable assets of the Group. The Group is committed to provide its employees with a safe and healthy workplace and encourage them to have a work-life balance. The Group also ensures all employees are reasonably remunerated and regular trainings are provided for its technical staff. During the years ended 31 March 2021 and 2020, the Group has not experienced any significant problems with its employees nor has experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains good relationship with its employees.

Customers

The Group has a diversified customer base with hundreds of customers across various industries, including government and statutory bodies, financial institutions and general business enterprises. The Group stays connected with its customers through various channels to obtain their feedback and suggestions. During the years ended 31 March 2021 and 2020, the Group does not have any significant disputes with its customers and maintained good relationship with them.

Suppliers

The Group carefully selects its suppliers as the success of the Group depends on the quality of products and services obtained from them. During the years ended 31 March 2021 and 2020, the Group does not have any significant disputes with its suppliers and maintained good relationship with them.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") after the shareholders of the Company approved the scheme at the annual general meeting of the Company on 12 August 2016 (the "**Adoption Date**"). Summary of the Scheme as set out below:

(1) Purpose of the Scheme

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

(2) Participants

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

(3) Maximum number of shares available for subscription

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

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

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

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

(4) Maximum entitlement of each participant

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

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

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

(5) Option Period

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

(6) No performance target and minimum period to hold

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

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

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

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

(8) Subscription price

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

(9) The remaining life of the Scheme

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

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

REPORT OF DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Leong Yeng Kit *(Chairman) (Appointed on 22 April 2020, as Chairman on 23 April 2020)*
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*
Mr. Lee Cheong Yuen *(Removed on 22 April 2020 and appointed on 1 November 2020)*

Independent non-executive Directors

Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*
Mr. Chiu King Yan *(Appointed on 22 April 2020)*

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

Mr. Lee Cheong Yuen ("**Mr. Lee**") has been appointed as executive Director of the Company with effect from 1 November 2020. Accordingly, Mr. Lee would retire from office by rotation in accordance with the Article 112 of the Articles at the extraordinary general meeting of the Company (the "**EGM**"). Mr. Lee, the retiring Director, being eligible, would offer himself for re-election at the EGM. For details, please refer to the circular of the Company dated 17 November 2020.

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

Mr. Leong Yeng Kit ("**Mr. Leong**") and Ms. Yvonne Low Win Kum are due to retire by rotation from the Board in accordance with Article 108 of the Articles at the forthcoming Annual General Meeting. The retiring Directors, being eligible, offer themselves for re-election. On the other hand, Mr. Gan Cheng Khuan would not offer himself for re-election and accordingly will retire as Director upon the conclusion of the forthcoming Annual General Meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors of the Group are set out on pages from 47 to 49 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his or her connected entities had a material interest, whether directly or indirectly, subsisted at the end or at any time during the years ended 31 March 2021 and 2020.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the years ended 31 March 2021 and 2020.

EMOLUMENT POLICY

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

MANDATORY PROVIDENT FUND RETIREMENT BENEFIT SCHEME

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

DIRECTORS' INTERESTS IN COMPETING INTERESTS

During the years ended 31 March 2021 and 2020, to the best knowledge of the Directors, none of the Directors and their respective associates was considered to have any interest in any businesses that competes with or is likely to compete with the businesses of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2021, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "**Shares**"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage to the issued capital of the Company
Mr. Leong (Note 2)	Interest of a controlled corporation	990,937,960 (L) (Note 1)	14.02%
Mr. Lee (Notes 3 and 4)	Beneficial owner; interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	24.33%

Notes:

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

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

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

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

5. As at 31 March 2021, the Company's issued ordinary share capital was HK$17,660,983 divided into 706,439,312 of HK$0.025 each.

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the years ended 31 March 2021 and 2020 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 March 2021, the following parties held interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage to the issued capital of the Company
Titan Wise Group Limited (Note 2)	Beneficial owner	990,937,960 (L) (Note 1)	14.02%
Mr. Leong (Note 2)	Interest of a controlled corporation	990,937,960 (L) (Note 1)	14.02%
Mr. Lee (Notes 3 and 4)	Beneficial owner; interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	24.33%
BIZ Cloud Limited (Notes 3 and 4)	Beneficial owner	1,717,156,000 (L) (Note 1)	24.30%
Ms. Saetia Ladda (Note 5)	Interest in spouse	1,718,948,000 (L) (Note 1)	24.33%
Mr. Chan (Notes 3 and 6)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	24.33%
Cloud Gear Limited (Notes 3 and 6)	Beneficial owner	1,717,156,000 (L) (Note 1)	24.30%
Friends True Limited (Notes 3 and 7)	Beneficial owner	1,717,156,000 (L) (Note 1)	24.30%
Mr. Tam (Notes 3 and 8)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	24.33%
Imagine Cloud Limited (Notes 3 and 8)	Beneficial owner	1,717,156,000 (L) (Note 1)	24.30%

Notes:

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

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

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

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

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

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

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

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

9. As at 31 March 2021, the Company's issued ordinary share capital was HK$17,660,983 divided into 706,439,312 of HK$0.025 each.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short positions in the Shares and underlying Shares of the Company as at 31 March 2021 which required to be recorded pursuant to Section 336 of SFO.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the years ended 31 March 2021 and 2020 are set out in note 35 to the consolidated financial statements. None of these related party transactions constitute connected transactions or continuing connected transactions as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the share option scheme, no equity-linked agreements were entered into during the year ended 31 March 2021 or subsisted as at 31 March 2021.

PERMITTED INDEMNITY PROVISION

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

EVENT 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 are no significant events after the reporting period of the Group up to the date of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 have been audited by Crowe (HK) CPA Limited.

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

The Audit Committee currently consists of three independent non-executive Directors namely Mr. Chiu King Yan (Chairman of the Audit Committee), Mr. Gan Cheng Khuan and Ms. Yvonne Low Win Kum. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 March 2021.

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

Hong Kong, 29 June 2021

Crowe

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

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

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ICO Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 68 to 159, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Recoverability of trade receivables and contract assets

Refer to notes 3(e), 21, 22 and 33(a) to the consolidated financial statements and the accounting policies in note 2(l) to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
The Group's operations gave rise to significant trade receivables and contract assets at the end of the reporting period. Given the size of the balances and the risk that some of the trade receivables and contract assets may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk. At 31 March 2021, the Group's gross trade receivables and contract assets amounted to approximately HK\$131,046,000 and HK\$79,806,000 respectively, against which impairment of HK\$484,000 and HK\$86,000 were provided respectively. Loss allowance for trade receivables and contract assets is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the recoverability of trade receivables and contract assets as a key audit matter because the assessment of the recoverability of trade receivables and contract assets and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our audit procedures to assess the recoverability of trade receivables and contract assets included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control and debt collection, assessing the expected credit loss of trade receivables and contract assets, and recognising the impairment loss for doubtful debts; • comparing, on a sample basis, the categorisation of trade receivables and contract assets in the ageing report with invoices issued, contract terms, contract progress reports and other relevant underlying documentation; • assessing the reasonableness of managements loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; and • inspecting cash receipts, on a sample basis, from customers subsequent to the end of the reporting period relating to trade receivables as at 31 March 2021.

Valuation of investment properties

Refer to notes 3(a) and 13 to the consolidated financial statements and the accounting policies note 2(h) to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
We identified the valuation of investment properties as a key audit matter, in the context of the Group's consolidation financial statements, the Group had significance balance of investment properties. Significant judgement and estimates are involved to assess the fair values of investment properties. The fair values of the Group's investment properties were assessed by management based on independent valuation prepared by an independent valuer.	Our procedures in relation to valuation of investment properties included: • assessing the competence, experience, qualifications and independence of the valuer; • reviewing the valuation reports for the investments properties valued by the valuer in the current year; • evaluating the appropriateness of the valuer's valuation approach to assess if it meets the requirements of HKFRSs; and • assessing the reasonableness of key assumptions and key data inputs used in the valuation.

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 29 June 2021

Poon Cheuk Ngai
Practising Certificate Number: P06711

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		(527,064)	(488,718)
Gross profit		110,276	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/(impairment) of trade receivables and contract assets	33(a)	120	(690)
Change in fair value of investment property	13	(14,123)	–
Change in fair value of contingent consideration payables	27	(990)	1,384
Change in fair value of derivative component in convertible bonds	28	–	(1,146)
Gain on conversion of convertible bonds	28	–	105,110
Impairment of deposits for acquisition of subsidiaries	22(c)	–	(43,336)
Share of profit/(loss) of associates		801	(782)
Share of profit/(loss) of joint ventures		227	(811)
Finance costs	7(a)	(754)	(5,154)
Profit before taxation	7	22,637	82,977
Income tax	8	(6,612)	(5,686)
Profit for the year		16,025	77,291
Attributable to:			
Equity shareholders of the Company		8,099	70,086
Non-controlling interests		7,926	7,205
Profit for the year		16,025	77,291
			(restated)
Earnings/(loss) per share	11		
Basic (HK cents per share)		1.2	13.4
Diluted (HK cents per share)		1.2	(5.2)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

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

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	12	46,756	49,655
Investment property	13	231,067	–
Goodwill	14	49,473	–
Intangible assets	15	21,965	316
Interests in associates	16	2,177	60,472
Interests in joint ventures	17	1,452	1,225
Other financial asset	18	7,700	6,900
Deposits for acquisition of subsidiaries	22(c)	–	202,230
		360,590	320,798
Current assets			
Inventories	20	851	–
Trade and other receivables	22	150,895	175,257
Contract assets	21(a)	79,720	28,010
Tax recoverable	31(a)	405	709
Pledged bank deposit	23	1,999	1,999
Time deposit	24(a)	–	1,198
Cash and cash equivalents	24(a)	106,810	45,366
		340,680	252,539
Current liabilities			
Trade and other payables	25	(103,013)	(88,906)
Contract liabilities	21(b)	(28,178)	(11,125)
Lease liabilities	29	(1,360)	(1,103)
Contingent consideration payables	27	(37,457)	–
Tax payable	31	(1,261)	(547)
		(171,269)	(101,681)
Net current assets		169,411	150,858
Total assets less current liabilities		530,001	471,656
Non-current liabilities			
Lease liabilities	29	(1,491)	(2,740)
Promissory note payable	30	(19,591)	(19,027)
Deferred tax liabilities	31(b)	(3,754)	(161)
		(24,836)	(21,928)
Net assets		505,165	449,728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	32(b)	**17,661**	15,562
Reserves		**465,967**	426,471
Total equity attributable to equity shareholders of the Company		**483,628**	442,033
Non-controlling interests		**21,537**	7,695
Total equity		**505,165**	449,728

Approved and authorised for issue by the board of directors on 29 June 2021 and were signed on its behalf by:

Leong Yeng Kit
Chairman and Executive Director

Lee Cheong Yuen
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to equity shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2019	11,741	186,488	(45)	(33,909)	163,543	327,818	12,068	339,886
Profit for the year	–	–	–	–	70,086	70,086	7,205	77,291
Other comprehensive income for the year								
– Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	–	–	–	(30,900)	–	(30,900)	–	(30,900)
– Exchange differences on translation of financial statements of overseas subsidiaries	–	–	(72)	–	–	(72)	–	(72)
Total comprehensive income for the year	–	–	(72)	(30,900)	70,086	39,114	7,205	46,319
Shares issued for settlement of contingent consideration payable in relation to acquisition of an associate	431	8,900	–	–	–	9,331	–	9,331
Shares issued upon conversion of convertible bonds	3,390	62,380	–	–	–	65,770	–	65,770
Interim dividend declared to non-controlling shareholders in respect of the current year	–	–	–	–	–	–	(11,578)	(11,578)
At 31 March 2020 and 1 April 2020	15,562	257,768	(117)	(64,809)	233,629	442,033	7,695	449,728
Profit for the year	–	–	–	–	8,099	8,099	7,926	16,025
Other comprehensive income for the year								
– Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	–	–	–	800	–	800	–	800
– Exchange differences on translation of financial statements of overseas subsidiaries	–	–	9,204	–	–	9,204	–	9,204
Total comprehensive income for the year	–	–	9,204	800	8,099	18,103	7,926	26,029
Issue of new shares	2,099	21,393	–	–	–	23,492	–	23,492
Step acquisition of subsidiaries	–	–	–	–	–	–	9,493	9,493
Interim dividend declared to non-controlling shareholders in respect of the current year	–	–	–	–	–	–	(3,577)	(3,577)
At 31 March 2021	17,661	279,161	9,087	(64,009)	241,728	483,628	21,537	505,165

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Operating activities			
Profit before taxation		22,637	82,977
Adjustments for:			
Depreciation and amortisation		6,603	4,007
Loss on disposal of property, plant and equipment	7(c)	–	17
Gain on remeasurement of existing interest in an associate upon business combination		5,615	–
Change in fair value of investment property		14,123	–
Change in fair value of contingent consideration payables	27	990	(1,384)
Bank interest income	5	(59)	(66)
Change in fair value of derivative component in convertible bonds	28	–	1,146
Gain on conversion of convertible bonds	28	–	(105,110)
Share of (profit)/loss of associates		(801)	782
Share of (profit)/loss of joint ventures		(227)	811
(Reversal of impairment)/impairment of trade receivables and contract assets	33(a)	(120)	690
Impairment of deposits for acquisition of subsidiaries	22(c)	–	43,336
Finance costs	7(a)	754	5,154
Net foreign exchange differences		–	(8)
		49,515	32,352
Changes in working capital:			
Increase in inventories		(249)	–
Decrease/(increase) in trade and other receivables		27,148	(61)
Increase in contract assets		(51,710)	(23,674)
Increase in trade and other payables		13,511	3,251
Increase in contract liabilities		17,053	636
Cash generated from operations		55,268	12,504
Income tax paid	31(a)	(6,605)	(8,196)
Income tax refunded	31(a)	304	6,095
Net cash generated from operating activities		48,967	10,403

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Investing activities			
Payment for purchase of property, plant and equipment		(848)	(407)
Payment for purchase of intangible assets		–	(368)
Withdrawal of pledged bank and security deposits		–	1,198
Dividend received from an associate		–	6,000
Withdrawal/(placement) of time deposit		1,198	(1,198)
Investment in an associate		–	(4,829)
Advance to joint ventures		–	(938)
Acquisition of subsidiaries	37(a)	288	–
Step acquisition from associates to subsidiaries	37(b)	(6,499)	–
Interest received		59	66
Net cash used in investing activities		(5,802)	(476)
Financing activities			
Proceeds from issue of shares		23,492	–
Dividend paid to non-controlling shareholders		(5,577)	(8,683)
Capital element of lease rentals paid	24(b)	(865)	(1,187)
Interest element of lease rentals paid	24(b)	(188)	(36)
Repayment of bank loans	24(b)	–	(7,591)
Interest on bank loan paid	24(b)	–	(44)
Bank overdraft interest paid		(2)	–
Net cash generated from/(used in) financing activities		16,860	(17,541)
Net increase/(decrease) in cash and cash equivalents		60,025	(7,614)
Effect of foreign exchange rate changes		1,419	–
Cash and cash equivalents at the beginning of the year		45,366	52,980
Cash and cash equivalents at the end of the year	24(a)	106,810	45,366

The accompanying notes form an integral part of these consolidated 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 statement.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

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

(b) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

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 properties (see note 2(h))

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

- Contingent consideration payables (see note 2(q))

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

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

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

(c) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f)(i) Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at their respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f)(i) Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Incomes Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f)(i) Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(f)(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On the disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

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

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

– Other items of plant and equipment

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

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

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

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

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(x)(vii).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets

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

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

Other intangible assets that are acquired by the Group are stated in the consolidated statement of financial position at fair value at the acquisition date less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(l)(iii)). Amortisation is recognised on a straight-line basis over their estimated useful lives of 5 years. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Both the period and method of amortisation are reviewed annually.

(j) Leased assets

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

As a lessee

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leased assets (Continued)

As a lessee (Continued)

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

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

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(x)(vii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(j), then the Group classifies the sub-lease as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Other investment in equity security

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

Investment in equity security is recognised/derecognised on the date the Group commits to purchase/sell the investment. The investment is initially stated at fair value plus directly attributable transaction costs, except for that investment measured at fair value recognized in profit and loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 33(f). This investment is subsequently accounted for as follows, depending on its classification.

Equity investment

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

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

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

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

Measurement of ECLs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

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

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

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

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

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

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

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

Write-off policy

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Credit losses from financial guarantee issued

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Impairment of other non-current assets

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

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

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

– Reversal of impairment losses

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

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

(iv) Interim financial reporting and impairment

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

(m) Contract assets and contract liabilities

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Trade and other receivables

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

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

(o) Cash and cash equivalents

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

(p) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(q) Other financial liabilities

(i) Trade and other payables

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

(ii) Contingent consideration

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Interest-bearing borrowings

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

(s) Derivative financial instruments

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

(t) Convertible bonds

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

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

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

(u) Employee benefits

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

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

(ii) Termination benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Income tax

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (Continued)

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(w) Provisions and contingent liabilities

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

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

(x) Revenue and other revenue

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue and other revenue (Continued)

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

(i) Revenue from IT application and solution development services

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

(ii) Revenue from IT infrastructure solution services

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

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

(iii) Revenue from IT secondment services

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

(iv) Revenue from IT maintenance and support services

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue and other revenue (Continued)

(v) Interest income

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

(vi) Marketing income

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

(vii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(y) Translation of foreign currencies

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

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

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

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

(z) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Segment reporting

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

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

(ac) Government grant

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

3. ACCOUNTING JUDGEMENT AND ESTIMATES

Key sources of estimation uncertainty are as follows:

(a) Fair value of investment properties

Investment properties, including those completed investment property are carried in the consolidated statement of financial position at their fair values, details of which are disclosed in note 13. The fair value of the investment property was determined by reference to valuations conducted on these property by an independent and professionally qualified valuer not related to the Group using property valuation techniques which involve certain assumptions of prevailing market conditions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment property included in the consolidated statement of financial position and corresponding adjustments to the changes in fair value reported in the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 March 2021, the carrying amount of investment property was HK$231,067,000 (2020: nil).

3. ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

At 31 March 2021, the carrying amount of goodwill was HK$49,473,000 (2020: nil).

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

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

At 31 March 2021, the carrying amounts of property, plant and equipment and intangible assets of the Group are HK$46,756,000 (2020: HK$49,655,000) and HK$21,965,000 (2020: HK$316,000) respectively.

(d) Valuation of unlisted equity security measured at FVOCI

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

At 31 March 2021, the carrying amount of unlisted equity security measured at FVOCI is HK$7,700,000 (2020: HK$6,900,000).

3. ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

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

The measurement of the expected credit loss allowance for trade and other receivables, and contract assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of debtors defaulting and the resulting losses). Further details are set out in note 33(a).

At 31 March 2021, the carrying amounts of trade and other receivables and contract assets are HK$150,895,000 (2020: HK$175,257,000) and HK$79,720,000 (2020: HK$28,010,000), respectively.

(f) Revenue recognition

As explained in notes 2(m) and 2(w), revenue recognition on an incomplete project is dependent on management's estimation of the total outcome of the service contract, as well as the work done to date. Based on the Group's recent experience and the nature of the services activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the contract assets and contract liabilities as disclosed in note 21 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in the future periods as an adjustment to the amounts recorded to date.

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

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

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

3. ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(g) Impairment assessment of interests in associates

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

At 31 March 2021, the carrying amount of interests in associates is HK$2,177,000 (2020: HK$60,472,000).

(h) Impairment assessment of deposits for acquisition of subsidiaries

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

At 31 March 2021, the carrying amount of deposits for acquisition of subsidiaries is HK$nil (2020: HK$202,230,000).

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 HK$'000	2020 HK$'000
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	–	–
	637,340	606,290
Property leasing	–	–
	637,340	606,290

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (Continued)

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 HK$'000	2020 HK$'000
Customer 1	133,569	–
Customer 2	76,804	–

For the year ended 31 March 2021, both 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.

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

Disaggregate of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2021 and 2020 is set out below.

	Year ended 31 March 2021					
	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$'000	Total HK$'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	129,081	352,851	21,981	133,427	–	637,340
Reportable segment gross profit	22,999	48,665	7,234	31,378	–	110,276
Lease	–	–	–	–	–	–

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

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Geographic information

Revenue form external customers

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

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

Non-current assets

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

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 HK$'000	2020 HK$'000
Bank interest income*	59	66
Income from government subsidies	9,198	–
Marketing income	122	501
Others	99	59
	9,478	626

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

6. OTHER NET (LOSS)/GAIN

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

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2021 HK$'000	2020 HK$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank overdraft	2	–
– Interest on bank loans (note 24(b))	–	44
– Interest on lease liabilities (note 12(b))	188	36
Effective interest expense of convertible bonds (note 28)	–	4,862
Effective interest expense of promissory note (note 30)	564	212
	754	5,154

7. PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (including directors' emoluments)

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

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

(c) Other items

	2021 HK$'000	2020 HK$'000
Cost of hardware and software sold	422,587	356,761
Amortisation of intangible assets (note 15)	2,542	192
Depreciation charge (note 12)		
– 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)/impairment of trade receivables and contract assets	(120)	690

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

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

	2021 HK$'000	2020 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year (note 31(a))	7,011	5,686
Deferred tax (note 31(b))	(399)	–
	6,612	5,686

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

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

(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.

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

	2021 HK$'000	2020 HK$'000
Profit before taxation	22,637	82,977
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	3,735	13,691
Effect of non-deductible expenses	4,408	9,014
Effect of non-taxable income	(2,133)	(17,597)
Effect of unused tax losses not recognised	612	762
Effect of temporary differences not recognised	215	21
Effect of change in tax rates	(165)	(165)
Statutory tax concession	(60)	(40)
Actual tax expense	6,612	5,686

9. DIRECTORS' EMOLUMENTS

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

For the year ended 31 March 2021

	Directors' fees HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors				
Leong Yeng Kit *(Chairman)* (note (i))	1,130	–	–	1,130
Lee Pei Ling (note (ii))	452	–	–	452
Lee Cheong Yuen (note (iii))	250	2,536	18	2,804
Chan Kwok Pui (note (iv))	–	425	15	440
Tam Wing Yuen (note (v))	37	–	2	39
Non-executive directors				
Leong Yeng Kong (note (vi))	51	–	–	51
Leong Poh Chih (note (vi))	51	–	–	51
Leong Yeng Weng (note (vi))	51	–	–	51
Walaiporn Orakij (note (vi))	51	–	–	51
Durgadewi Yoganathan (note (vi))	51	–	–	51
Tam Kwok Wah (note (iv))	–	295	–	295
Tuon Wai Man (note (iv))	12	–	1	13
Tso Hon Sai Bosco (note (vii))	15	–	–	15
Independent non-executive directors				
Tan Eng Wah (note (vi))	51	–	–	51
Gan Cheng Khuan (note (ii))	113	–	–	113
Yvonne Low Win Kum (note (ii))	113	–	–	113
Chiu King Yan (note (ii))	113	–	–	113
Kam Man Yi Margaret (note (iv))	10	–	1	11
Cheung Siu Nang Bruce (note (iv))	10	–	1	11
Ko Sebastian Yat Fung (note (ix))	10	–	1	11
	2,571	3,256	39	5,866

9. DIRECTORS' EMOLUMENTS (CONTINUED)

For the year ended 31 March 2020

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

Notes:

(i) Leong Yeng Kit was appointed as an executive director of the Company on 22 April 2020 and as Chairman of the Company on 23 April 2020. The amount for the relevant year represented the remuneration of this director from the date of appointment.

(ii) These directors were appointed on 22 April 2020. The amount for the relevant year represented the remuneration of these directors from the date of appointment.

(iii) Lee Cheong Yuen was removed on 22 April 2020 and also ceased to be Chairman and Chief Executive Officer of the Company. Lee Cheong Yuen was re-appointed as an executive director of the Company on 1 November 2020. The amount for the relevant year represented the remuneration of this director for the capacity as the director.

(iv) These directors were removed on 22 April 2020. The amount for the years ended 31 March 2021 represented the remuneration of these directors from 1 April 2020 to the date of removal.

(v) Tam Wing Yuen was appointed as an executive director of the Company on 11 October 2019 and was removed on 22 April 2020. The amount for the years ended 31 March 2021 and 2020 represented the remuneration of this director from 1 April 2020 to the date of resignation and from the date of appointment to 31 March 2020 respectively.

(vi) These directors were appointed on 22 April 2020 and retired on 25 September 2020. The amounts for the relevant year represented the remuneration of these directors for the capacity as the directors.

(vii) Tso Hon Sai Bosco was appointed as a non-executive director of the Company on 11 October 2019 and was removed on 22 April 2020. The amounts for the years ended 31 March 2021 and 2020 represented the remuneration of this director from 1 April 2020 to the date of resignation and from the date of appointment to 31 March 2020 respectively.

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

(ix) Ko Sebastian Yat Fung was appointed as an independent non-executive director of the Company on 30 August 2019 and was removed on 22 April 2020. The amounts for the years ended 31 March 2021 and 2020 represented the remuneration of this director from 1 April 2020 to the date of resignation and from the date of appointment to 31 March 2020 respectively.

(x) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2021 and 2020. No director waived or agreed to waive any emoluments during the years ended 31 March 2021 and 2020.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2020: two) is director whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the remaining four (2020: three) individuals are as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other emoluments	6,952	6,875
Retirement scheme contributions	72	54
	7,024	6,929

The emoluments of these four (2020: three) individuals with the highest emoluments are within the following bands:

	2021 Number of individuals	2020 Number of individuals
HK$1,000,001 to HK$1,500,000	1	–
HK$1,500,001 to HK$2,000,000	3	2
HK$2,000,001 to HK$2,500,000	–	1

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2021 and 2020.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of 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

	2021 Number of shares	2020 Number of shares (restated)
Issued ordinary shares at 1 April	622,539,313	469,650,522
Effect of shares issued (note 32(b))	49,880,274	51,910,439
Weighted average number of ordinary shares at 31 March	672,419,587	521,560,961

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

(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)

	2021 HK$'000	2020 HK$'000
Profit attributable to equity shareholders of the Company	8,099	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
Profit/(loss) attributable to equity shareholders of the Company (diluted)	8,099	(30,400)

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

	2021 Number of shares	2020 Number of shares (restated)
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
Weighted average number of ordinary shares (diluted) at 31 March	672,419,587	579,177,229

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. Details of share consolidation is set in note 32(b)(ii).

12. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold land and buildings held for own use carried at cost HK$'000	Other properties leased for owned use carried at cost HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and other office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 April 2019	48,524	1,421	4,446	3,322	686	1,108	59,507
Additions	–	3,726	–	407	–	–	4,133
Disposals	–	–	–	(21)	–	–	(21)
Exchange adjustments	–	–	–	(16)	–	–	(16)
At 31 March 2020 and 1 April 2020	48,524	5,147	4,446	3,692	686	1,108	63,603
Additions	–	–	130	718	–	–	848
Disposals	–	(1,421)	–	–	–	–	(1,421)
Addition arising from step acquisition from associates to subsidiaries (note 37(b))	–	374	–	–	–	51	425
Lease modification	–	(127)	–	–	–	–	(127)
Exchange adjustments	–	–	–	27	–	–	27
At 31 March 2021	48,524	3,973	4,576	4,437	686	1,159	63,355
Accumulated depreciation							
At 1 April 2019	5,478	–	890	2,836	310	637	10,151
Depreciation for the year	1,565	1,218	445	296	134	157	3,815
Written back on disposals	–	–	–	(4)	–	–	(4)
Exchange adjustments	–	–	–	(14)	–	–	(14)
At 31 March 2020 and 1 April 2020	7,043	1,218	1,335	3,114	444	794	13,948
Depreciation for the year	1,565	1,442	463	327	125	174	4,096
Written back on disposals	–	(1,421)	–	–	–	–	(1,421)
Lease modification	–	(35)	–	–	–	–	(35)
Exchange adjustments	–	–	–	11	–	–	11
At 31 March 2021	8,608	1,204	1,798	3,452	569	968	16,599
Carrying amount							
At 31 March 2021	39,916	2,769	2,778	985	117	191	46,756
At 31 March 2020	41,481	3,929	3,111	578	242	314	49,655

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (Continued)

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

(b) Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	31 March 2021 HK$'000	1 April 2020 HK$'000
Ownership interests in leasehold land and buildings held for own use, carried at cost in Hong Kong, with remaining lease term of between 10 and 50 years	39,916	41,481
Other properties leased for own use, carried at depreciated cost	2,769	3,929

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

	2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	1,565	1,565
Other properties leased for own use	1,442	1,218
	3,007	2,783
Interest on lease liabilities (note 7(a))	188	36

During the year ended 31 March 2021, addition to right-of-use asset was HK$nil (2020: HK$3,726,000). This amount represents the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that have not yet commenced are set out in notes 24(c) and 29, respectively.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Other properties leased for own use

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

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

	Lease liabilities recognised (discounted) HK$'000	Potential future lease payments under extension options not included in lease liabilities (undiscounted) HK$'000
For the year ended 31 March 2021		
Office – Hong Kong	**2,851**	**–**
For the year ended 31 March 2020		
Office – Hong Kong	3,843	–

(d) Leasehold land and buildings held for own use

The Group holds the building for its business, where its office is primarily located. The Group is the registered owner of these property interests, including part of undivided share in the underlying land.

13. INVESTMENT PROPERTY

	HK$'000
At fair value	
At 1 April 2020	–
Addition arising from acquisition of subsidiaries (note 37(a))	237,566
Fair value change	(14,123)
Exchange adjustments	7,624
At 31 March 2021	231,067

On 2 June 2020 (the completion date of the acquisition) and 31 March 2021, independent valuations were undertaken by B.I. Appraisals Limited. This firm is independent qualified external valuer not related to the Group and has professional qualifications and recent experience in the valuation of similar properties in the relevant location. The valuations of the property were principally arrived at using income capitalisation approach by taking into account the current rents and the reversionary income potential of the property which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. In the valuation, which falls under Level 3 of fair value hierarchy, the market rentals of all lettable units of the property are assessed and capitalized at market yield expected by investors for this type of the property. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the period. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. The market rentals are assessed by reference to the rentals achieved in the lettable units of the property as well as other lettings of similar properties in the neighbourhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions of similar properties in Malaysia and adjusted to take account of the valuer's knowledge of the market expectation from property investors to reflect factors specific to the property.

On 31 March 2021, the adopted capitalisation rates in the valuation range from 4.0% – 5.5% and the monthly market rent per square foot ranged from RM19.3 (equivalent to approximately HK$36.2) to 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 external valuer. The fair value measurement is positively correlated to the monthly market rent per square foot and negatively correlated to the capitalisation rate.

14. GOODWILL

	HK$'000
Cost	
At 1 April 2019, 31 March 2020 and 1 April 2020	–
Arising from acquisition of subsidiaries	49,473
At 31 March 2021	49,473
Impairment	
At 1 April 2019, 31 March 2020 and 1 April 2020	–
Impairment loss during the year	–
At 31 March 2021	–
Carrying amount	
At 31 March 2021	49,473
At 31 March 2020	–

Goodwill is allocated to the Group's CGU of the business in IT infrastructure solutions services income and IT maintenance and support services income.

The recoverable amount of the CGU was based on its value in use and was determined by Peak Vision Appraisals Limited, an independent qualified external valuer firm not related to the Group and has professional qualifications and recent experience for similar valuation. The valuation used cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate stated below which does not exceed the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate stated below. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

Key assumptions used for the value in use calculation are as follows:

Terminal growth rate	3%
Discount rate	13.4%

15. INTANGIBLE ASSETS

	Acquired computer software HK$'000	Customer relationship HK$'000	Software and knowhow HK$'000	Total HK$'000
Cost				
At 1 April 2019	735	–	–	735
Additions	368	–	–	368
At 31 March 2020 and 1 April 2020	1,103	–	–	1,103
Additions through step acquisition of subsidiaries	–	18,750	5,441	24,191
At 31 March 2021	1,103	18,750	5,441	25,294
Accumulated amortisation				
At 1 April 2019	595	–	–	595
Charge for the year	192	–	–	192
At 31 March 2020 and 1 April 2020	787	–	–	787
Charge for the year	124	1,875	543	2,542
At 31 March 2021	911	1,875	543	3,329
Carrying amount				
At 31 March 2021	192	16,875	4,898	21,965
At 31 March 2020	316	–	–	316

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

16. INTERESTS IN ASSOCIATES

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

Name of associate	Place of incorporation and operations	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest 2021	Group's effective interest 2020	Held by the Company 2021	Held by the Company 2020	Principal activity
PS International Company Limited ("PS International")	BVI	10,000 ordinary shares of US$1 each	Note	40%	–	–	Investment holding
PointSoft Limited	Hong Kong	10,000 ordinary shares	Note	40%	–	–	Computer engineering
Bao Cheng Holdings (HK) Limited ("Bao Cheng HK")	Hong Kong	2,000 ordinary shares	25%	25%	–	–	Investment holding
深圳市寶誠生物發展有限公司 ("Bao Cheng PRC")	The PRC	Registered capital RMB30,000,000	20%	20%	–	–	Not yet commenced business

PS International holds 100% interest in PointSoft Limited are collectively referred to as the PointSoft Group and Bao Cheng HK holds 80% interest in Bao Cheng PRC are collectively referred to as the Bao Cheng Group.

Note: The Group acquired further equity interest of Pointsoft Group from 40% to 70% and Pointsoft Group became a subsidiary accordingly. The completion date of this transaction is on 6 October 2020.

16. INTERESTS IN ASSOCIATES (CONTINUED)

(a) Summarised financial information of PointSoft Group

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

	PointSoft Group 2020 HK$'000
Non-current assets	16,067
Current assets	8,685
Non-current liabilities	(2,640)
Current liabilities	(3,157)
Equity	18,955
Revenue	25,635
Profit for the year	4,038
Other comprehensive income for the year	–
Total comprehensive income for the year	4,038
Dividend received for the year	6,000

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

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

Note: For the year ended 31 March 2020, the recoverable amount of the CGU is determined based on the value in use calculations, with reference to the estimated cash flows in the coming five years. Cash flows beyond five years were extrapolated by assuming a 3% growth rate using a pre-tax discount rate of 12.5%.

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

16. INTERESTS IN ASSOCIATES (CONTINUED)

(b) Summarised financial information of Bao Cheng Group

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

	Bao Cheng Group	
	2021	2020
	HK$'000	HK$'000
Net loss for the year	**(823)**	(12,607)
Other comprehensive (loss)/income for the year	**(720)**	309
Total comprehensive loss for the year	**(1,543)**	(12,298)
Carrying amount of the associate in the consolidated financial statements	**2,177**	2,342

17. INTERESTS IN JOINT VENTURES

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

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

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

17. INTERESTS IN JOINT VENTURES (CONTINUED)

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

	DeepSolutions Group	
	2021	2020
	HK$'000	HK$'000
Non-current assets	**481**	820
Current assets	**4,216**	2,777
Non-current liabilities	**–**	–
Current liabilities	**(6,024)**	(5,604)
Equity	**(1,327)**	(2,007)
Included in the above assets and liabilities:		
Cash and cash equivalents	**3,057**	2,685
Revenue	**3,764**	410
Profit/(loss) for the year	**680**	(2,431)
Other comprehensive income for the year	**–**	–
Total comprehensive income/(loss) for the year	**680**	(2,431)

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

	DeepSolutions Group	
	2021	2020
	HK$'000	HK$'000
Gross amounts of joint ventures' net liabilities	**(1,327)**	(2,007)
Group's effective interest	**33.33%**	33.33%
Group's share of joint ventures' net liabilities	**(442)**	(669)
Group's share of shareholders' loan	**1,894**	1,894
Carrying amount of the Group's interest	**1,452**	1,225

In accordance with the terms of the joint ventures agreement, all parties to the joint ventures have provided loan capital to the joint ventures in proportion to their shareholdings and under equal terms. The loans are unsecured, interest-free and with no fixed term of repayment. Repayment of any amount of the loan requires all joint venturers' approval and is subject to the joint ventures having sufficient assets after taking into account the external financing and retained profits. Accordingly, the shareholders' loan of approximately HK$1,894,000 (2020: HK$1,894,000) forms an integral part of the Group's equity investment in joint venture and is recognised as such.

18. OTHER FINANCIAL ASSET

	2021	2020
	HK$'000	HK$'000
Financial asset measured at FVOCI (non-recycling)		
– Unlisted shares in Hong Kong	**7,700**	6,900

19. INVESTMENTS IN SUBSIDIARIES

(a) The following list contains the particulars of subsidiaries as at 31 March 2021. The class of shares held is ordinary unless otherwise stated.

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

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) (Continued)

Name of company	Place of incorporation and business and kind of legal entity	Particulars of issued and paid up/registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
ICO Limited	Hong Kong, limited liability company	1,000,000 shares	100%	–	100%	Provision of information technology service
ICO Technology Limited	Hong Kong, limited liability company	1,000,000 shares	51%	–	51%	Provision of information technology service
ICO IT Properties (Malaysia) Limited	BVI, limited liability company	1 share of US$1 each	100%	–	100%	Investment holding
ICO Malaysia SDN. BHD.	Malaysia, limited liability company	2 shares of RM1 each	100%	–	100%	Not yet commenced business
Absolute Robust Limited	BVI, limited liability company	11,000 shares of US$1 each	100%	–	100%	Investment holding
Catering Automation Limited	BVI, limited liability company	15,000 shares of US$1 each	100%	–	100%	Investment holding
Tian Li Shi Software Development (Shenzhen) Co. Ltd. (note) (天利時軟件開發（深圳）有限公司)	PRC, wholly-foreign-owned enterprise	HK$600,000	100%	–	100%	Dormant
PS International Company Limited	BVI, limited liability company	10,000 shares of US$1 each	70%	–	70%	Investment holding
O2O Limited	BVI, limited liability company	1 share of US$1 each	100%	–	100%	Investment holding
PointSoft Limited	Hong Kong, limited liability company	10,000 shares	70%	–	70%	Development and sales of software
Nexus Primo Sdn. Bhd.	Malaysia, limited liability company	1,000,000 shares of RM1 each	100%	–	100%	Property holding

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

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	ICOT		PointSoft Group (note)
	2021 HK$'000	2020 HK$'000	2021 HK$'000
NCI percentage	49%	49%	30%
Current assets	102,198	97,699	18,037
Non-current assets	701	446	21,981
Current liabilities	(79,042)	(82,432)	(3,588)
Non-current liabilities	(9)	(9)	(3,592)
Net assets attributable to owners	23,848	15,704	32,838
Carrying amount of NCI	11,686	7,695	9,851

	ICOT		PointSoft Group (note)
	2021 HK$'000	2020 HK$'000	2021 HK$'000
Revenue	359,389	460,354	10,912
Profit for the year	15,445	14,704	1,190
Total comprehensive income	15,445	14,704	1,190
Profit and total comprehensive income allocated to NCI	7,568	7,205	358
Dividend declared to NCI	3,577	11,578	–
Cash flows generated from operating activities	34,098	8,243	2,019
Cash flows (used in)/generated from investing activities	(446)	(474)	135
Cash flows generated from/(used in) financing activities	11,384	(25,355)	–

Note: The amounts represented the results calculated from the date these entities became subsidiaries and up to 31 March 2021.

20. INVENTORIES

	2021 HK$'000	2020 HK$'000
Finished goods	851	–

21. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021 HK$'000	2020 HK$'000
Contract assets		
Arising from performance under IT application and solution development services	79,806	28,157
Less: Allowances for doubtful debts	(86)	(147)
	79,720	28,010

Contract assets has increased as the Group has provided more services ahead of the agreed payment schedules for fixed-price contracts.

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

IT application and solution development services

Contracts for the provision of IT application and solution development services include payment schedules which require stage payments over the development period once specified milestones are reached. Certain conditions have to be satisfied before the Group is entitled to the consideration under the payment terms set out in the contracts.

At 31 March 2021, no contract assets (2020: nil) was expected to be recovered after more than one year.

21. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	2021 HK$'000	2020 HK$'000
Contract liabilities		
– Billings in advance of performance	**28,178**	11,125

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

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

Movement in contract liabilities

	HK$'000
At 1 April 2019	10,489
Decrease in contract liabilities as a result of recognising revenue during the year included in the contract liabilities at the beginning of the period	(7,439)
Increase in contract liabilities as a result of billings in advance	8,075
At 31 March 2020 and 1 April 2020	11,125
Decrease in contract liabilities as a result of recognising revenue during the year included in the contract liabilities at the beginning of the period	(10,830)
Increase in contract liabilities as a result of billings in advance	27,883
At 31 March 2021	28,178

The amount of billings in advance of performance expected to be recognised as income after more than one year is HK$nil (2020: nil).

22. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Non-current		
Deposits for acquisition of subsidiaries (note 22(c))	–	202,230
Current		
Trade receivables	131,046	166,314
Less: Allowances for doubtful debts	(484)	(543)
	130,562	165,771
Other receivables	4	16
Rental and other deposits	2,524	1,931
Prepayments	17,805	7,539
	150,895	175,257

(a) Ageing analysis of trade receivables

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

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

Trade receivables are due within 30 days from the date of billing. Further details on the Group's credit policy are set out in note 33(a).

(b) Impairment losses of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(l)(i)). Details of impairment assessment of trade receivables for the years ended 31 March 2021 and 2020, are set out in note 33(a).

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Deposits for acquisition of subsidiaries

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

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

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

At 31 March 2020, cash of RM4,500,000 (equivalent to approximately HK$8,659,000) has been paid and convertible bonds and promissory note measured at fair value at the dates of issue totalling approximately HK$236,907,000 have been issued as part of the deposits for acquisition of subsidiaries pursuant to the payment schedule as set out in the Acquisition Agreements. The details of convertible bonds and promissory note are set out in note 28 and note 30 to the financial statements.

During the year ended 31 March 2020, the construction of the shopping mall property (the "Property") is completed and the Electronic Platform requires for further revision and development. The acquisition of these subsidiaries was completed on 2 June 2020. As at 31 March 2020, the outbreak of coronavirus (the "COVID-19") in early 2020 has adversely impacted the worldwide economy. On 18 March 2020, the Malaysian Government implemented the 2020 Movement Control Order (the "MCO") as a preventive measure for the spreading of COVID-19 pandemic in Malaysia. The Group therefore has to assess the impact of COVID-19 and the MCO on the overall retail industry in Malaysia and the Project CKB, and was of the view that the rental value of the Property would be significantly affected, which served as an impairment indicator and therefore the Group performed an impairment assessment on the deposits for acquisition of subsidiaries. The recoverable amount is assessed to be approximately HK$202,230,000 based on fair value less costs of disposal. The directors assessed the impairment of deposits for acquisition of subsidiaries with reference to the fair value of the Property located in Malaysia which was valued by an independent valuer, B.I. Appraisals Limited. This firm has independent qualified external valuers not related to the Group with appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant location. The valuation of the Property was principally arrived at using income capitalisation approach by taking into account the current rents and the reversionary income potential of the Property which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. In the valuation, which falls under Level 3 of fair value hierarchy (as defined in note 33(f)), the market rentals of all lettable units of the Property are assessed and capitalized at market yield expected by investors for this type of the Property. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the year. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. The market rentals are assessed by reference to the rentals achieved in the lettable units of the Property as well as other lettings of similar properties in the neighbourhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions of similar properties in Malaysia and adjusted to take account of the valuer's knowledge of the market expectation from property investors to reflect factors specific to the Property.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Deposits for acquisition of subsidiaries (Continued)

The adopted capitalisation rates in the valuation range from 4.1%–5.0% and the monthly market rent per square foot ranges from RM9.8 (equivalent to approximately HK$17.7) to RM18.0 (equivalent to approximately HK$32.3). The capitalisation rate and the monthly market rent per square 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 impairment assessment, the directors of the Company consider that it is appropriate to make an impairment loss on deposits for acquisition of subsidiaries of HK$43,336,000 for the year ended 31 March 2020.

23. PLEDGED BANK DEPOSIT

As at 31 March 2021, bank deposit of HK$1,999,000 (2020: HK$1,999,000) was pledged to a bank for performance guarantee issued by the bank.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

	2021 HK$'000	2020 HK$'000
Cash and cash equivalents in the consolidated statements of financial position and cash flows:		
Cash at financial institutions and on hand	106,810	45,366
Time deposit with original maturity		
– Over three months	–	1,198

Notes:

(i) At 31 March 2021, cash and cash equivalents in the amount of HK$9,597,000 (2020: HK$10,000) are denominated in Renminbi.

(ii) Deposits with financial institutions carry interest at market rates ranging from 0.01% to 0.2% (2020: 0.01% to 0.2%) per annum.

24. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

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

	Promissory note payable HK$'000 (note 30)	Lease liabilities HK$'000 (note 29)	Total HK$'000
At 1 April 2020	19,027	3,843	22,870
Changes from financing cash flows			
Capital element of lease rentals paid	–	(865)	(865)
Interest element of lease rentals paid	–	(188)	(188)
Total changes from financing cash flows	–	(1,053)	(1,053)
Other changes			
Modification of lease	–	(127)	(127)
Interest on promissory note payable	564	–	564
Interest on lease liabilities	–	188	188
Total other changes	564	61	625
At 31 March 2021	19,591	2,851	22,442

24. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Promissory note payable HK$'000 (note 30)	Lease liabilities HK$'000 (note 29)	Bank loans HK$'000 (note 26)	Liability and derivative components in convertible bonds HK$'000 (note 28)	Total HK$'000
At 1 April 2019	–	1,304	7,591	55,724	64,619
Changes from financing cash flows					
Repayment of bank loans	–	–	(7,591)	–	(7,591)
Interest on bank loans paid	–	–	(44)	–	(44)
Capital element of lease rentals paid	–	(1,187)	–	–	(1,187)
Interest element of lease rentals paid	–	(36)	–	–	(36)
Total changes from financing cash flows	–	(1,223)	(7,635)	–	(8,858)
Other changes					
Increase in lease liabilities from entering into new leases during the period	–	3,726	–	–	3,726
Interest on lease liabilities	–	36	–	–	36
Interest on bank loans (note 7(a))	–	–	44	–	44
Interest on promissory note payable	212	–	–	–	212
Initial recognition on issuance of convertible bonds as part of the deposits for acquisition of subsidiaries	–	–	–	109,149	109,149
Payments for deposit for acquisition of a subsidiary	18,815	–	–	–	18,815
Conversion of convertible bonds	–	–	–	(170,881)	(170,881)
Amortisation of liability component in convertible bonds	–	–	–	4,862	4,862
Fair value change on derivative component in convertible bonds	–	–	–	1,146	1,146
Total other changes	19,027	3,762	44	(55,724)	(32,891)
At 31 March 2020	19,027	3,843	–	–	22,870

24. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Total cash outflow for leases

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

	2021 HK$'000	2020 HK$'000
Within operating cash flows	–	–
Within investing cash flows	–	–
Within financing cash flows	1,053	1,223
	1,053	1,223

These amounts relate to the following:

	2021 HK$'000	2020 HK$'000
Lease rentals paid	1,053	1,223

(d) Major non-cash transactions

During the year ended 31 March 2020, the Company entered into the following major non-cash transactions:

(i) The Company allotted and issued 172,811,060 new shares to vendors in respect of the acquisition of associates (see note 16), pursuant to the respective sale and purchase agreements.

(ii) The Company issued convertible bonds measured at fair value at the date of issue of approximately HK$109,149,000 as part of the deposits for acquisition of subsidiaries (see note 22(c)).

(iii) The Company issued promissory notes measured at fair value at the date of issue of approximately HK$18,815,000 as part of the deposits for acquisition of subsidiaries (see note 22(c)).

25. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	83,411	63,941
Accrued expenses and other payables	18,708	22,070
Dividend payable to non-controlling interests	894	2,895
	103,013	88,906

(a) Ageing analysis of trade payables

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

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

26. BANKING FACILITIES

The banking facilities (including bank loans and performance bonds) granted to the Group amounted to HK$67,000,000 (2020: HK$67,000,000). The banking facilities were utilised to the extent of HK$nil (2020: HK$10,221,000), comprising of bank loans of HK$nil (2020: nil) and performance bond given by a bank of HK$nil (2020: HK$10,221,000).

At 31 March 2021, the banking facilities of the Group were secured by mortgages over the Group's leasehold land and buildings with an aggregate carrying amount of HK$39,916,000 (2020: HK$39,859,000) and a corporate guarantee provided by the Company.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 33(b). At 31 March 2021, none of the covenants relating to drawn down facilities had been breached.

27. CONTINGENT CONSIDERATION PAYABLES

The movements of contingent consideration payables are as follow:

	2021 HK$'000	2020 HK$'000
Fair value		
At 1 April	–	10,715
Initial recognition in respect of acquisition of subsidiaries (note (a))	36,467	–
Change in fair value up to settlement date in respect of acquisition of associates	–	(1,384)
Change in fair value in respect of acquisition of subsidiaries	990	–
Derecognition upon settlement in respect of acquisition of associates (note 32(b)(iii))	–	(9,331)
At 31 March	37,457	–
Total gain/(loss) for the year recognised in profit or loss	990	(1,384)

Notes:

(a) During the year ended 31 March 2021, the fair value of contingent consideration payables at initial recognition was determined by the Directors with reference to the valuation report prepared by an independent professional external valuer by applying probabilistic approach on the estimated revenue for a period of eighteen months from the completion date and the probability of occurrence of expected scenario.

Pursuant to the acquisition agreement, the Vendor guarantees to the Company that for 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.

(b) On 31 December 2020, 172,811,060 ordinary shares of the Company were issued and contingent consideration payables for the acquisition of Pointsoft Group, the associates, of HK$9,331,000 was settled accordingly.

28. CONVERTIBLE BONDS

During the year ended 31 March 2020, the Company issued convertible bonds denominated in HK dollars as deposits for acquisition of subsidiaries (see note 22(c)) in an aggregate principal amount of HK$106,581,000 with an initial conversion price of HK$0.1323 per share with adjustments clauses, which will mature on the third anniversary of the respective issue dates. The convertible bonds carry no interest.

During the year ended 31 March 2020, convertible bonds with principal amount of HK$179,409,000 were converted and the Company allotted and issued 1,356,076,848 new ordinary shares on 27 August 2019 and 16 January 2020 accordingly.

The convertible bonds contained two components, a liability component and a derivative component. The derivative component represented the conversion option given to the holders the right at any time to convert the convertible bonds into ordinary shares of the Company. However, since the conversion option would be settled other than by the exchange of a fixed amount of the Company's own equity instruments, the conversion option was accounted for as derivative financial instrument.

At initial recognition, the derivative component in the convertible bonds is measured at fair value and is separately presented. Any excess of the fair values of the convertible bonds over the amounts initially recognised as derivative component in convertible bonds is recognised as liability component in the convertible bonds.

At the end of the reporting period, the fair values of the derivative component in convertible bonds are remeasured and the gain or loss on remeasurement to fair value are recognised in profit or loss.

The liability component in convertible bonds is subsequently carried at amortised cost with interest expenses calculated using the effective interest method recognised in profit or loss. The effective interest rate of the liability component in the convertible bonds range from 2.94% to 15.86% per annum.

When the convertible bonds are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components in the convertible bonds are recognised in profit or loss. During the year ended 31 March 2020, the difference between the fair value of shares issued upon conversion of convertible bonds of HK$65,771,000 and the carrying amounts of the derivative and liability components of convertible bonds of HK$170,881,000 were recognised as "gain on conversion of convertible bonds" in profit or loss with an amount of HK$105,110,000.

28. CONVERTIBLE BONDS (CONTINUED)

The fair values of the convertible bonds as at each issue date and the derivative components in convertible bonds as at each issue date and conversion date are determined by Integrated Professional Appraisals Limited, an independent and professionally qualified valuer not connected to the Group, based on the binomial option pricing model. The significant inputs used for the calculation of fair values of the convertible bonds and the derivative components, at issue and subsequent measurement dates, are as follows:

	At conversion date	At issue date
– Share price (HK$)	0.045–0.058	0.049–0.058
– Expected volatility (%)	77.202–94.368	77.113–109.927
– Expected option life (year)	1.557–2.822	3.000
– Risk-free rate (%)	1.556–1.673	1.409–1.682

The movements of the liability and derivative components in the convertible bonds are as follows:

	Liability component HK$'000	Derivative component HK$'000	Total HK$'000
At 1 April 2019	52,773	2,951	55,724
Initial recognition on issuance of convertible bonds	97,592	11,557	109,149
Amortisation of liability component in convertible bonds	4,862	–	4,862
Fair value change on derivative component in convertible bonds	–	1,146	1,146
Conversion of convertible bonds	(155,227)	(15,654)	(170,881)
At 31 March 2020	–	–	–

29. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 March 2021		31 March 2020	
	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	1,360	1,506	1,103	1,224
After 1 year but within 2 years	1,491	1,549	1,232	1,328
After 2 years but within 5 years	–	–	1,508	1,549
	2,851	3,055	3,843	4,101
Less: total future interest expenses		(204)		(258)
Present value of lease liabilities		2,851		3,843

30. PROMISSORY NOTES PAYABLE

On 12 November 2019, the Company issued promissory note with a fair value of HK$18,815,000 which will mature on the third anniversary from the date of issuance carrying interest at 2% per annum. The fair value was determined by Integrated Professional Appraisals Limited, an independent and professionally qualified valuer not connected to the Group. Valuation were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate used in the calculation of the fair value is 2.97%. The directors of the Company considered that no derivatives were embedded in the promissory notes payable and it is appropriate to use amortised cost to account for the promissory notes payable in the consolidated statement of financial position. For the year ended 31 March 2021, effective interest expenses of HK$564,000 (2020: HK$212,000) on the promissory note was recognised in the consolidated statement of profit or loss.

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents

Current taxation movement	2021 HK$'000	2020 HK$'000
At 1 April	162	3,747
Arising from step acquisition of subsidiaries	(308)	–
Charged to profit or loss (note 8(a))	(7,011)	(5,686)
Tax paid for the year	6,605	8,196
Tax refunded for the year	(304)	(6,095)
At 31 March	(856)	162
Analysed for reporting purpose as:		
Tax recoverable	405	709
Tax payable	(1,261)	(547)
	(856)	162

(b) Deferred tax liabilities recognised

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowance in excess of related depreciation HK$'000	Intangible assets HK$'000	Total HK$'000
At 1 April 2019, 31 March 2020 and 1 April 2020	161	–	161
Arising from step acquisition of subsidiaries	–	3,992	3,992
Charged to profit or loss	–	(399)	(399)
At 31 March 2021	161	3,593	3,754

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$5,836,000 (2020: approximately HK$5,836,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and the entity. The tax losses do not expire under current legislation.

(d) Deferred tax liabilities not recognised

There were no other material unrecognised deferred tax liabilities as at 31 March 2021 and 2020.

32. CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2019	186,488	30,705	217,193
Profit and total comprehensive income for the year	–	18,589	18,589
Shares issued for settlement of contingent consideration payables in relation to acquisition of an associate	8,900	–	8,900
Shares issued upon conversion of convertible bonds	62,380	–	62,380
At 31 March 2020 and 1 April 2020	**257,768**	**49,294**	**307,062**
Loss and total comprehensive expense for the year	**–**	**(12,703)**	**(12,703)**
Issue of new shares	**21,393**	**–**	**21,393**
At 31 March 2021	**279,161**	**36,591**	**315,752**

32. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

Authorised and issued share capital

	Nominal Value	Number of shares	HK$'000
Authorised			
At 1 April 2019, 31 March 2020 and 1 April 2020	0.0025	40,000,000,000	100,000
Share consolidation (note (ii))		(36,000,000,000)	–
At 31 March 2021	0.025	4,000,000,000	100,000
Issued and fully paid			
At 1 April 2019	0.0025	4,696,505,221	11,741
Shares issued for settlement of contingent consideration payables in relation to acquisition of associates (note (iii))	0.0025	172,811,060	431
Shares issued upon conversion of convertible bonds (note (iv))	0.0025	1,356,076,848	3,390
At 31 March 2020 and 1 April 2020	0.0025	6,225,393,129	15,562
Issue of new shares (note (v))	0.0025	839,000,000	2,099
	0.0025	7,064,393,129	17,661
Share consolidation (note (ii))		(6,357,953,817)	–
At 31 March 2021	0.025	706,439,312	17,661

Notes:

(i) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 4 December 2020, the share consolidation of every ten issued and unissued shares of HK$0.0025 each into one consolidated share of HK$0.025 each became effective on 8 December 2020 (the "Share Consolidation").

(iii) On 11 September 2019, the Company allotted and issued 172,811,060 new shares to the vendors in respect of the acquisition of associates (see note 16) pursuant to the sale and purchase agreement.

(iv) On 27 August 2019 and 16 January 2020, the Company allotted and issued 365,138,888 and 990,937,960 new shares respectively upon the conversion of convertible bonds issued as part of the deposits for acquisition of subsidiaries pursuant to the sale and purchase agreement (see note 28).

(v) On 27 August 2020, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent 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 was approximately HK$23,492,000. The net proceeds (after deducting related costs and expenses) from the placing, was approximately HK$22,759,000. The placing shares were issued on 24 September 2020.

32. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves

(i) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares.

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of companies outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 2(y).

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at FVOCI (non-recycling)/available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies set out in notes 2(k) and 2(l)(i).

(d) Dividends

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

32. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors its capital structure on the basis of an adjusted debt-to-capital ratio. For this purpose, the Group defines adjusted debt as total debt (which includes interest-bearing bank loans, liability component in convertible bonds, lease liabilities, promissory note payable and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents and pledged bank deposits. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During the year, the Group's strategy (which was unchanged from 2020) was to maintain an adjusted debt-to-capital ratio of no more than 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to equity owners of the Company, issue new shares, raise new debt financing or sell assets to reduce debt. At 31 March 2021, the adjusted debt-to-capital ratio of the Group was 2.9% (2020: 14.1%).

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, currency risks arise in the normal course of the Group's business. The Group is also exposed to equity price risk arising from moments in its own equity share price. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, deposits for acquisition of subsidiaries, pledged bank deposits, cash at banks and other financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Trade receivable and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 March 2021, 22% (2020: 40%) of the trade receivables was due from the Group's largest debtor; and 33% (2020: 57%) of the trade receivables was due from the Group's five largest debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the past history of making payments of the customers when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. For project contracts, the Group generally requires customers to settle billings in accordance with the contracted terms, whereas for sales of goods and provision of services, the Group generally requires customers to settle billings (a) immediately after the completion of related transactions or (b) in accordance with the contracted terms. Normally, the Group does not obtain collateral from customers.

The Group applies the HKFRS 9 simplified approach to measuring ECL and uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The Group measures loss allowances for trade receivables and contract assets individually or at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Trade receivables and contract assets of HK$131,046,000 and HK$79,720,000 (2020: HK$166,314,000 and HK$28,157,000) respectively are assessed within lifetime ECLs.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivable and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
At 31 March 2021				
– Current (not past due)	0.01%–1.27%	182,676	258	182,418
– 1–30 days past due	0.02%–4.81%	7,657	44	7,613
– 31–90 days past due	0.07%–17.62%	14,292	114	14,178
– 91–180 days past due	0.46%–17.62%	3,438	49	3,389
– 181–360 days past due	0.63%–12.26%	2,425	86	2,339
– Over 360 days past due	4.81%–33.83%	371	26	345
		210,859	577	210,282
At 31 March 2020				
– Current (not past due)	0.01%–1.28%	154,685	453	154,232
– 1–30 days past due	0.03%–1.28%	22,362	35	22,327
– 31–90 days past due	0.03%–1.28%	10,050	37	10,013
– 91–180 days past due	1.86%	5,235	98	5,137
– 181–360 days past due	3.01%	2,130	64	2,066
– Over 360 days past due	33.81%	9	3	6
		194,471	690	193,781

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivable and contract assets (Continued)

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2021 HK$'000	2020 HK$'000
At 1 April	690	–
(Reversal of impairment)/impairment recognised during the year	(120)	690
At 31 March	570	690

No trade receivables and contract assets (2020: nil) has been written off during the year.

(ii) Other receivables and deposits for acquisition of subsidiaries

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which was immaterial.

(iii) Pledged bank deposits and cash at bank

Cash is deposited with financial institutions with sound credit ratings and the Group has an exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The Group does not provide any guarantees which would expose the Group to credit risk excepted of contingent liabilities disclosed set out in note 36.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from contract assets and trade and other receivables are set out in notes 21 and 22 respectively.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at 31 March 2021 and 2020 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount at 31 March HK$'000
At 31 March 2021					
Non-derivative financial liabilities					
Trade and other payables	103,013	–	–	103,013	103,013
Lease liabilities	1,506	1,549	–	3,055	2,851
Promissory note payable	–	20,541	–	20,541	19,591
Consideration payable	37,457	–	–	37,457	37,457
	141,976	22,090	–	164,066	162,912
At 31 March 2020					
Non-derivative financial liabilities					
Trade and other payables	88,906	–	–	88,906	88,906
Lease liabilities	1,224	1,328	1,549	4,101	3,843
Promissory note payable	–	–	20,541	20,541	19,027
	90,130	1,328	22,090	113,548	111,776

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash at banks.

The Group does not anticipate significant interest rate risk to cash at banks because the interest rates of bank deposits are not expected to change significantly.

However, the interest expenses derived therefrom are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors of the Company are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

(d) Foreign currency exchange risk

For presentation purposes, the Group's financial statements are shown in Hong Kong dollars, which is also the functional currency of the Company. The companies within the Group, whose functional currencies are different from Hong Kong dollars, have translated their financial statements into Hong Kong dollars for consolidation purpose.

The management considers that the Group is not exposed to significant foreign currency risk as majority of the Group's transactions are denominated in Hong Kong dollars. For the monetary assets and monetary liabilities denominated in other currencies, since the amounts are not material, the management considers the exposure of exchange rate fluctuation is not significant for the year. Accordingly, no foreign currency sensitivity analysis is presented.

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Equity price risk

The Group is exposed to equity price changes arising from unlisted equity investments which are held for long term strategic purpose. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

At 31 March 2020, it is estimated that the possible increase of 5% in the price/earning ratios of comparable listed companies (for unlisted investments) with other variables held constant would have increased the Group's other components of consolidated equity by approximately HK$390,000 (2020: HK$400,000). Had the relevant price/earning ratios of comparable listed companies been 5% lower, there would have a decrease in the Group's other components of consolidated equity by approximately HK$390,000 (2020: HK$300,000).

The Group is also exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of (i) the contingent consideration payables; and (ii) derivative component in convertible bonds of the Group at the end of reporting period.

At 31 March 2020 and 2021, the management considers that the equity price risk of the contingent consideration payables and the derivative component in convertible bonds are insignificant and not applicable respectively and therefore no sensitivity analysis on such risk has been prepared.

(f) Fair values measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group engages an independent professional valuer performing valuation for its other financial asset, derivative component in convertible bonds and contingent consideration payables, which are categorised into Level 3 of the fair value hierarchy. Valuation report with analysis of changes in fair value measurement is prepared by independent valuer at each interim and annual reporting date, and is reviewed by management and approved by the directors of the Company. Discussion of the valuation process and results with management and the audit committee is held twice a year, to coincide with the reporting dates.

Description	Fair value at 31 March 2021 HK$'000	Fair value measurements as at 31 March 2021 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value at 31 March 2020 HK$'000	Fair value measurements as at 31 March 2020 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements								
Assets:								
Other financial asset	7,700	-	-	7,700	6,900	-	-	6,900
Liabilities:								
Contingent consideration payables	37,457	37,457	-	-	-	-	-	-

During the years ended 31 March 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Information about Level 3 fair value measurements

Description	Fair value at 31 March		Valuation technique	Significant inputs	Range of inputs	Change in the relevant significant inputs	Favourable/ (unfavourable) change in profit or loss	
	2021	2020					2021	2020
	HK$'000	HK$'000					HK$'000	HK$'000
Financial asset at fair value								
Other financial asset	7,700	6,900	Market-based approach	Marketability discount (note 1)	20.6%	+5%	390	(400)
						-5%	390	500

Note:

1. The fair value measurement of other financial asset is negatively correlated to the marketability discount.

At 31 March 2021, the management considers that the probability-weighted profit would have insignificant effect to the fair value of contingent consideration payables and therefore no sensitivity analysis has been prepared.

The movements of contingent consideration payables and derivative components in convertible bonds during the year of these Level 3 fair value measurements are set out in notes 27 and 28 respectively.

The movement of other financial asset during the year of this Level 3 fair value measurement is set out below:

	2021	2020
	HK$'000	HK$'000
At 1 April	6,900	37,800
Fair value change recognised in other comprehensive income	800	(30,900)
At 31 March	7,700	6,900

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2021 and 2020.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Year ended 31 March 2021			Year ended 31 March 2020		
	Financial assets measured at fair value through profit or loss HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000	Financial assets measured at fair value through profit or loss HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Other financial asset	7,700	–	7,700	6,900	–	6,900
Trade and other receivables	–	133,090	133,090	–	167,718	167,718
Contract assets	–	79,720	79,720	–	28,010	28,010
Pledged bank deposit	–	1,999	1,999	–	1,999	1,999
Time deposit	–	–	–	–	1,198	1,198
Cash and cash equivalents	–	106,810	106,810	–	45,366	45,366
	7,700	321,619	329,319	6,900	244,291	251,191

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Year ended 31 March 2021			Year ended 31 March 2020		
	Financial liabilities measured at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000	Financial liabilities measured at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and other payables	–	103,013	103,013	–	88,906	88,906
Lease liabilities	–	2,851	2,851	–	3,843	3,843
Contingent consideration payables	37,457	–	37,457	–	–	–
Promissory notes payables	–	19,591	19,591	–	19,027	19,027
	37,457	125,455	162,912	–	111,776	111,776

35. CAPITAL COMMITMENT

For the year ended 31 March 2020

Acquisition of O2O Limited

On 6 December 2017, ICO IT Properties (Malaysia) Limited, a wholly-owned subsidiary of the Company, has entered into the conditional sale and purchase agreement with Rainbow Field Investment Limited, Teoh Teng Guan, Tan Yun Harn and Lau Chuen Yien Calvin in relation to acquisition of the entire issued capital of O2O Limited. As at 31 March 2020 at a consideration of RM145 million, there was a capital commitment of RM30.2 million in relation to the proposed acquisition of O2O Limited. Completion of the acquisition of O2O Limited is subject to the satisfaction of conditions precedent as set out in the conditional sale and purchase agreement. Subsequent to the year ended 31 March 2020, the proposed acquisition was completed. Details of the acquisition of O2O Limited are disclosed in note 22(c) to the consolidated financial statements.

36. CONTINGENT LIABILITIES

At 31 March 2021, performance bonds of HK$10,221,000 (2020: HK$10,221,000) were given by a bank in favour of customers of the Group to protect the customers from the Group's default on its obligation under the contracts. At 31 March 2021 and 2020, the directors of the Company do not consider it probable that a claim will be made against the Group.

37. ACQUISITIONS OF SUBSIDIARIES

(a) O2O Group

As set out in note 22(c), on 2 June 2020, the Group completed its acquisition of O2O Limited and its subsidiary (together "O2O Group"). After the acquisition, the Group can enter into the property investment and e-commerce business in Malaysia.

The acquisition was determined by the Directors to be acquisitions of assets and liabilities through acquisition of subsidiaries rather than a business combination as the assets acquired and liabilities assumed did not constitute a business as defined under HKFRS 3 (revised) "Business Combinations".

Assets acquired and liabilities assumed at the date of acquisition:

	HK$'000
Consideration	
Deposit	202,230
Contingent consideration payables	36,467
Total consideration	238,697
Assets acquired and liabilities recognised at the date of acquisition	
Investment property	237,566
Trade and other receivables	877
Cash and cash equivalents	288
Trade and other payables	(34)
	238,697
Net cash inflow on acquisition of subsidiaries	
Cash consideration paid	–
Less: Cash and cash equivalent balances acquired	288
	288

37. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) 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, was 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. 6 October 2020.

The Group paid HK$9,000,000 in cash to the vendors and settled the remaining consideration of HK$9,000,000 subject to adjustment as set out below.

Pursuant to the Agreement, the vendors irrevocably warrants and guarantees that the audited net profit after tax of the PS Group for the six months period ended 30 September 2020 shall be not less than HK$5,000,000 (the "Guaranteed Profit"). In the event that the audited net profits after tax of PS Group fails to meet the Guaranteed Profit, the vendors irrevocably undertakes to indemnify the Company the shortfall (the "Shortfall"). Accordingly, this constitutes a contingent consideration arrangement to the Group.

After the acquisition, the Group can extend the scope of its existing IT businesses in Hong Kong in order to further enhance the Group's product portfolio and its future earning capability. PS Group is the market leader of promoting, selling and offering food and beverage point-of-sale system and its existing clients are all first tier restaurants and chain food stores. This acquisition is accounted for using purchase price allocation method.

Assets acquired and liabilities assumed at the date of acquisition:

	HK$'000
Consideration	
Cash	18,000
Contingent consideration payable	–
Fair value of the existing shareholdings	53,626
Total consideration	71,626

37. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Step acquisition from associates to subsidiaries (Continued)

	Fair value HK$'000
The fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition were as follows:	
Property, plant and equipment	425
Intangible asset	24,191
Inventories	602
Trade and other receivables	1,789
Cash and cash equivalents	11,501
Trade and other payables	(2,562)
Tax payables	(308)
Deferred tax liabilities	(3,992)
	31,646
Non-controlling interests (note (a))	(9,493)
Goodwill arising on acquisition (note (b))	49,473
Total consideration	71,626
Net inflow of cash and cash equivalents included in cash flows from investing activities	
Cash considerations	18,000
Cash and bank balances acquired	(11,501)
	6,499

Notes:

(a) The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests, proportionate share of the recognised amounts of acquiree's identifiable net assets.

(b) Goodwill is arisen in the acquisition of PS Group. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue of growth, future market development and the assembled workforce of the subsidiaries. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

37. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Step acquisition from associates to subsidiaries (Continued)

PS Group contributed approximately HK$10,912,000 of revenue and HK$1,190,000 of profit for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had occurred on 1 April 2020, the revenue and profit for the year of the Group for the year ended 31 March 2021 would have been HK$651,285,000 and HK$23,922,000, respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed on 1 April 2020, nor is it intended to be a projection of future results.

Acquisition related costs amounting to HK$1,743,000 have been excluded from the consideration and have been recognised as general and administrative expenses in the consolidated statement of profit or loss for the year ended 31 March 2021.

The fair value of trade and other receivables at the date of acquisition approximated their gross contractual amounts and were expected to be fully recovered in the future.

38. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group has entered into the following transactions:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees of the Group as disclosed in note 10, is as follows:

	2021 **HK$'000**	2020 HK$'000
Short-term employee benefits	**12,781**	15,055
Post-employment benefits	**109**	113
	12,890	15,168

Total remuneration is included in staff costs (see note 7(b)).

39. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Investments in subsidiaries	19	1	1
Amounts due from subsidiaries		–	–
		1	1
Current assets			
Amounts due from subsidiaries		391,275	344,465
Other receivables		–	41
Cash and cash equivalents		70	460
Tax recoverable		–	–
		391,345	344,966
Current liabilities			
Accrued expenses		(885)	(3,316)
Contingent consideration payables		(37,457)	–
		(38,342)	(3,316)
Net current assets		353,003	341,650
Total assets less current liabilities		353,004	341,651
Non-current liability			
Promissory note payable		(19,591)	(19,027)
		(19,591)	(19,027)
Net assets		333,413	322,624
Capital and reserves	32		
Share capital		17,661	15,562
Reserves		315,752	307,062
Total equity		333,413	322,624

Approved and authorised for issue by the board of directors on 29 June 2021 and were signed on its behalf by:

Leong Yeng Kit
Chairman and Executive Director

Lee Cheong Yuen
Executive Director

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, which are not yet effective for the year ended 31 March 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

HKFRS 17	Insurance Contracts and the Related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2017	2018	2019	2020	**2021**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	487,468	409,935	595,467	606,290	**637,340**
Profit/(loss) before taxation	41,592	(5,559)	96,918	82,977	**22,637**
Income tax	(7,684)	(1,524)	(3,734)	(5,686)	**(6,612)**
Profit/(loss) for the year	33,908	(7,083)	93,184	77,291	**16,025**
Profit/(loss) attributable to:					
Equity shareholders of the Company	30,445	(11,169)	83,920	70,086	**8,099**
Non-controlling interests	3,463	4,086	9,264	7,205	**7,926**
	33,908	(7,083)	93,184	77,291	**16,025**

ASSETS AND LIABILITIES

	At 31 March				
	2017	2018	2019	2020	**2021**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	248,250	329,493	509,503	573,337	**701,270**
Total liabilities	(64,224)	(117,594)	(169,617)	(123,609)	**(196,105)**
Total equity	184,026	211,899	339,886	449,728	**505,165**
Non-controlling interests	(4,500)	(5,989)	(12,068)	(7,695)	**(21,537)**
Total equity attributable to equity shareholders of the Company	179,526	205,910	327,818	442,033	**483,628**