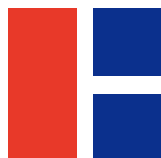


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ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1460)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2022	2021	Change in %
Revenue (<i>HK\$'000</i>)	712,450	637,340	+12%
Gross profit (<i>HK\$'000</i>)	131,028	110,276	+19%
Profit for the year (<i>HK\$'000</i>)	18,914	16,025	+18%
Earnings per share – Basic (<i>HK cents per share</i>)	0.9	1.2	-25%

The Board does not recommend the payment of any final dividend for the year ended 31 March 2022.

* For identification purposes only

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of ICO Group Limited (the “**Company**”) is presenting the audited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	4	712,450	637,340
Cost of sales		(581,422)	(527,064)
Gross profit		131,028	110,276
Other revenue	5	1,334	9,478
Other net gain/(loss)	6	2,385	(5,974)
General and administrative expenses		(96,370)	(76,424)
Reversal of impairment loss on trade receivables and contract assets		16	120
Gain on disposal of interests in joint ventures		4,539	–
Change in fair value of investment property		(10,261)	(14,123)
Change in fair value of contingent consideration payables		(215)	(990)
Equity-settled share-based payment expenses		(3,986)	–
Share of (loss)/profit of associates		(2,177)	801
Share of profit of joint ventures		509	227
Finance costs	7(a)	(954)	(754)
Profit before taxation	7	25,848	22,637
Income tax	8	(6,934)	(6,612)
Profit for the year		18,914	16,025
Attributable to:			
Equity shareholders of the Company		8,122	8,099
Non-controlling interests		10,792	7,926
Profit for the year		18,914	16,025
Earnings per share	10		
Basic (HK cents per share)		0.9	1.2
Diluted (HK cents per share)		0.9	1.2

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

For the year ended 31 March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	18,914	16,025
Other comprehensive income 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)	(3,200)	800
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(2,037)	9,204
Total comprehensive income for the year	13,677	26,029
Attributable to:		
Equity shareholders of the Company	2,885	18,103
Non-controlling interests	10,792	7,926
Total comprehensive income for the year	13,677	26,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		42,871	46,756
Investment property		220,108	231,067
Goodwill		49,473	49,473
Intangible assets		17,034	21,965
Interests in associates		–	2,177
Interests in joint ventures		–	1,452
Other financial asset		–	7,700
		<u>329,486</u>	<u>360,590</u>
Current assets			
Inventories		902	851
Trade and other receivables	11	216,576	150,895
Contract assets		119,660	79,720
Tax recoverable		1,404	405
Pledged bank deposit		1,999	1,999
Cash and cash equivalents		107,423	106,810
		<u>447,964</u>	<u>340,680</u>
Current liabilities			
Trade and other payables	12	(106,549)	(103,013)
Contract liabilities		(52,282)	(28,178)
Lease liabilities		(1,271)	(1,360)
Contingent consideration payables		–	(37,457)
Promissory note payables		(20,172)	–
Tax payable		(1,641)	(1,261)
		<u>(181,915)</u>	<u>(171,269)</u>
Net current assets		<u>266,049</u>	<u>169,411</u>
Total assets less current liabilities		<u>595,535</u>	<u>530,001</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	(220)	(1,491)
Promissory note payables	(37,901)	(19,591)
Deferred tax liabilities	(2,694)	(3,754)
	<u>(40,815)</u>	<u>(24,836)</u>
Net assets	<u><u>554,720</u></u>	<u><u>505,165</u></u>
Capital and reserves		
Share capital	21,940	17,661
Reserves	509,037	465,967
	<u>530,977</u>	<u>483,628</u>
Total equity attributable to equity shareholders of the Company	530,977	483,628
Non-controlling interests	23,743	21,537
	<u>554,720</u>	<u>505,165</u>
Total equity	<u><u>554,720</u></u>	<u><u>505,165</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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. 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

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

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2022 comprise the Group and its interests in associates and joint ventures.

Items included in the consolidated 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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following asset and liabilities are stated at their fair value:

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

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

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

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
IT application and solution development services	128,574	129,081
IT infrastructure solutions services	413,603	352,851
IT secondment services	22,911	21,981
IT maintenance and support services	147,362	133,427
E-commerce business (<i>note</i>)	–	–
	<u>712,450</u>	<u>637,340</u>
Property leasing business (<i>note</i>)	–	–
	<u><u>712,450</u></u>	<u><u>637,340</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer 1	87,645	133,569
Customer 2	–	76,804
	<u><u>87,645</u></u>	<u><u>210,373</u></u>

For the years ended 31 March 2022 and 2021, the customers are from IT application and solution development services segment, IT infrastructure solutions services segment, and IT maintenance and support services segment.

Note: Since the outbreak of novel coronavirus disease 2019 has adversely impacted the worldwide economy, the e-commerce business and property leasing business have yet to commence.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management (that is, the chief operating decision maker ("CODM")), for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- IT application and solution development services: this segment provides design and implementation of IT application solution services and procurement of third party hardware and software.
- IT infrastructure solutions services: this segment provides IT infrastructure solutions services and sale of IT infrastructure solution related hardware and software.
- IT secondment services: this segment provides IT secondment services for a fixed period of time pursuant to the secondment service agreements.
- IT maintenance and support services: this segment provides IT maintenance and support services.
- Property leasing and e-commerce business: this segment provides property leasing services and online trading platform services.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred during the year. The Group's other revenue and expense items, such as general and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, depreciation and amortisation, interest income and interest expense is presented.

Disaggregate of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2022 and 2021 is set out below.

	Year ended 31 March 2022					
	IT application and solution development services <i>HK\$'000</i>	IT infrastructure solutions services <i>HK\$'000</i>	IT secondment services <i>HK\$'000</i>	IT maintenance and support services <i>HK\$'000</i>	Property leasing and e-commerce business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition						
– Point in time	-	413,603	-	72,573	-	486,176
– Over time	128,574	-	22,911	74,789	-	226,274
Revenue from external customers and reportable segment revenue	<u>128,574</u>	<u>413,603</u>	<u>22,911</u>	<u>147,362</u>	<u>-</u>	<u>712,450</u>
Reportable segment gross profit	<u>22,142</u>	<u>55,978</u>	<u>7,663</u>	<u>45,245</u>	<u>-</u>	<u>131,028</u>
	Year ended 31 March 2021					
	IT application and solution development services <i>HK\$'000</i>	IT infrastructure solutions services <i>HK\$'000</i>	IT secondment services <i>HK\$'000</i>	IT maintenance and support services <i>HK\$'000</i>	Property leasing and e-commerce business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition						
– Point in time	-	352,851	-	50,345	-	403,196
– Over time	129,081	-	21,981	83,082	-	234,144
Revenue from external customers and reportable segment revenue	<u>129,081</u>	<u>352,851</u>	<u>21,981</u>	<u>133,427</u>	<u>-</u>	<u>637,340</u>
Reportable segment gross profit	<u>22,999</u>	<u>48,665</u>	<u>7,234</u>	<u>31,378</u>	<u>-</u>	<u>110,276</u>

(ii) *Geographic information*

All of the Group's revenue from external customers are derived in Hong Kong.

Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	109,336	121,782
The PRC, excluding Hong Kong	42	41
Malaysia	220,108	231,067
	<u>329,486</u>	<u>352,890</u>

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

5. **OTHER REVENUE**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income*	144	59
Income from government subsidies	–	9,198
Marketing income	330	122
Others	860	99
	<u>1,334</u>	<u>9,478</u>

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss on remeasurement of existing interest in an associate upon business combination	–	(5,615)
Net foreign exchange gain/(loss)	2,385	(359)
	<u>2,385</u>	<u>(5,974)</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank overdraft	1	2
– Interest on lease liabilities	144	188
Effective interest expense of promissory note	<u>809</u>	<u>564</u>
	<u>954</u>	<u>754</u>

(b) Staff costs (including directors' emoluments)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries, wages and other benefits	131,936	109,182
Contributions to defined contribution retirement plan	<u>4,085</u>	<u>3,451</u>
	<u>136,021</u>	<u>112,633</u>

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.

The Group contributes to defined contribution retirement plans which are available for eligible employees in Malaysia. As required by the Employees Provident Fund Act 1991 of Malaysia, the Group makes contributions to the federal statutory body, Employees Provident Fund (“**EPF**”), which manages the compulsory savings plan and retirement planning for employees in Malaysia. Contributions to each of the EPF by the Group and employees are calculated at certain percentages of employees’ monthly salaries stipulated by the relevant government authorities. The obligation of the Group with respect to the EPF is to make the specified contributions which are recognised as an expense in profit or loss when the services are rendered by the employees.

The assets of the MPF scheme are held separately from those of the Group in an independently administered fund while EPF is state-managed.

There are no forfeited contributions for the EPF and MPF scheme as the contributions are fully vested with the employees upon payment to the plans.

(c) **Other items**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of hardware and software sold	513,648	466,995
Amortisation of intangible assets	4,931	2,542
Depreciation charge		
– owned property, plant and equipment	1,121	1,089
– right-of-use assets	2,935	3,007
Auditor's remuneration		
– audit services	950	880
– other services	150	88
	<u>519,625</u>	<u>474,501</u>

8. INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	8,075	7,011
Over-provision from prior year	(81)	–
	<u>7,994</u>	<u>7,011</u>
Deferred tax	<u>(1,060)</u>	<u>(399)</u>
	<u>6,934</u>	<u>6,612</u>

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 March 2022 and 2021, 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 2021.

The provision for Hong Kong Profits Tax for the year ended 31 March 2022 has taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22 subject to a maximum reduction of HK\$10,000 for each business (2021: a maximum reduction of HK\$10,000 was granted for the year of assessment 2020/21 and was taken into account in calculating the provision for the year ended 31 March 2021).

- (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 is 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 2022 and 2021.

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2022 (2021: nil).

10. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average numbers of ordinary shares in issue during the year.

	2022	2021
Profit attributable to equity shareholders of the Company (HK\$)	<u>8,122,000</u>	<u>8,099,000</u>
Weighted average number of ordinary shares in issue (Note)	<u>861,032,139</u>	<u>672,419,587</u>
Basic earnings per share (HK cents per share)	<u>0.9</u>	<u>1.2</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares are comprised of share options.

	2022	2021
Profit attributable to equity shareholders of the Company (HK\$)	<u>8,122,000</u>	<u>8,099,000</u>
Weighted average number of ordinary shares in issue (Note)	<u>861,032,139</u>	672,419,587
Adjustments for share options	<u>2,668,913</u>	–
Weighted average number of ordinary shares for diluted earnings per share	<u>863,701,052</u>	<u>672,419,587</u>
Diluted earnings per share (HK cents per share)	<u>0.9</u>	<u>1.2</u>

Note: The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for consolidation of every ten existing shares into one consolidated share during the year ended 31 March 2021 as if effective since 1 April 2020.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	190,115	131,046
Less: impairment loss	<u>(307)</u>	<u>(484)</u>
	189,808	130,562
Other receivables	164	4
Rental and other deposits	18,066	2,524
Prepayments	<u>8,538</u>	<u>17,805</u>
	<u>216,576</u>	<u>150,895</u>

Trade receivables are due within 30 days from the date of billing.

As of the end of the reporting period, the ageing analysis of trade receivables (net of impairment loss), based on the date of billing, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	161,342	104,477
1 to 3 months	17,503	11,865
Over 3 months	<u>10,963</u>	<u>14,220</u>
	<u>189,808</u>	<u>130,562</u>

12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	77,217	83,411
Accrued expenses and other payables	27,936	18,708
Dividend payable to non-controlling interests	<u>1,396</u>	<u>894</u>
	<u>106,549</u>	<u>103,013</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	34,979	40,998
1 to 3 months	41,991	42,145
Over 3 months	<u>247</u>	<u>268</u>
	<u>77,217</u>	<u>83,411</u>

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 2022 (“**FY2022**”). 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 FY2022, the revenue of the Group was approximately HK\$712.5 million, representing an increase of approximately HK\$75.1 million or 12% as compared to the year ended 31 March 2021 (“**FY2021**”), the increase was primarily attributable to the significant increase in revenue derived from (i) the IT infrastructure solutions services segment and (ii) the IT maintenance and support services segment. For FY2022, the Group recorded profit before taxation of approximately HK\$25.8 million (2021: approximately HK\$22.6 million), profit before interests, tax, depreciation and amortisation of approximately HK\$35.8 million (2021: approximately HK\$30.0 million) and profit attributable to equity shareholders of the Company of approximately HK\$8.1 million (2021: approximately HK\$8.1 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\$128.6 million, representing approximately 18% of the total revenue for FY2022. The revenue derived from this segment decreased by approximately 0.4% from approximately HK\$129.1 million for FY2021 to approximately HK\$128.6 million for FY2022. The decrease was primarily due to the implementation phase of various one-off projects, which commenced in last financial year, was completed during FY2022.

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\$413.6 million, representing approximately 58% of the total revenue for FY2022. The revenue derived from this segment increased by approximately 17% from approximately HK\$352.9 million for FY2021 to approximately HK\$413.6 million for FY2022. The increase were primarily due to (i) increase in the number of active customers for the Group as a result of the Group's effort to expand its sales channel and customer portfolio and (ii) 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\$22.9 million, representing approximately 3% of the total revenue for FY2022. The revenue derived from this segment increased by approximately 4% from approximately HK\$22.0 million for FY2021 to approximately HK\$22.9 million for FY2022. The increase were primarily due to (i) the increase in demand for services from the major customers in banking and finance sector and (ii) the revenue of new IT secondment services contracts awarded to the Group during FY2022.

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\$147.4 million, representing approximately 21% of the total revenue for FY2022. The revenue derived from this segment increased by approximately 10% from approximately HK\$133.4 million for FY2021 to approximately HK\$147.4 million for FY2022. The increase were primarily due to (i) the increase of new IT maintenance and support services contracts awarded to the Group offset the subsequent completion of some contracts during FY2022; (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 Malaysian Ringgit (“**RM**”) 145 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 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 novel coronavirus disease 2019 (the “**COVID-19**”) has adversely impacted the worldwide economy, the Project CKB was not started its operation during FY2022.

OUTLOOK AND FUTURE PROSPECTS

With the outbreak of COVID-19, different industries in Hong Kong have suffered from weakened economic activities and intensified business competition. Despite the uncertainties surrounding the COVID-19 outbreak, the Group maintain healthy financial position and steady growth in business operation during the financial year 2022.

In recent years, the Group has managed to optimize asset allocation and cost control by continuing monitor the staff costs and the financial performance for different investments. Looking forward, the Group will continue to develop the current business segments and utilize the resources effectively to maintain sustainable long-term growth. On the other hand, the Group will closely monitor the changes in the market and continue to be cautiously in exploring valuable and suitable investment opportunities to develop its businesses.

The Group will build on the solid foundation and good reputation it has accumulated over the years as dedicated as ever to strive for the continuous growth of its business in the future. We believe that with the constant efforts of all our staff and the support of our stakeholders, the Group’s business performance will maintain steady growth in the coming financial years.

FINANCIAL REVIEW

Revenue

The Group’s revenue for FY2022 amounted to approximately HK\$712.5 million, representing an increase by approximately 12% from approximately HK\$637.3 million for FY2021 to approximately HK\$712.5 million for FY2022. The increase was mainly attributable to the increase in revenue generated from (i) the IT infrastructure solutions services segment; (ii) the IT secondment services segment and (iii) the IT maintenance and support services segment of approximately HK\$60.8 million, approximately HK\$0.9 million and approximately HK\$13.9 million respectively. This offset by the decrease in revenue generated from the IT application and solution development services segment of approximately HK\$0.5 million.

Gross profit and gross profit margin

The Group's gross profit for FY2022 amounted to approximately HK\$131.0 million, representing an increase by approximately 19% from approximately HK\$110.3 million for FY2021 to approximately HK\$131.0 million for FY2022, while the gross profit margin of the Group increased from approximately 17% for FY2021 to approximately 18% for FY2022. For (i) IT infrastructure solutions services segment; (ii) IT secondment services segment and (iii) IT maintenance and support services segment, the gross profits increased in line with the increase in revenue in these segments; for IT application and solution development services segment, the gross profit decreased in line with the decrease in revenue.

Due to the effective control of staff costs and resources utilisation during FY2022, the gross profit margin was increased in IT maintenance and support services segment. For the gross profit margin in (i) IT application and solution development services segment; (ii) IT infrastructure solutions services segment and (iii) IT secondment services segment, they are remained stable for FY2022.

General and administrative expenses

The Group's general and administrative expenses for FY2022 amounted to approximately HK\$96.4 million (2021: approximately HK\$76.4 million), representing an increase by approximately HK\$20.0 million or 26% as compared to FY2021. The increase was mainly due to the increase in staff costs of approximately HK\$15.9 million as compared to FY2021, which attributed to (i) expansion of the Group's sales team so as to expand its sales channels; (ii) commission paid to sales team which was in line with the increase in revenue of the Group during FY2022 and (iii) the increase of staff cost from PointSoft, since it became the subsidiary of the Company in the second half of FY2021.

Change in fair value of contingent investment property and contingent consideration payables

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 the independent professional valuer, the valuation gain or loss on these investment property and financial liabilities were determined and recognised for FY2022 and FY2021. 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. During FY2022, due to the fulfilment of certain condition, the contingent consideration payables were derecognised and the relevant promissory note payable was recognised.

Finance costs

The Group's finance costs for FY2022 amounted to approximately HK\$1.0 million (2021: approximately HK\$0.8 million), representing an increase of approximately HK\$0.2 million or approximately 27% as compared to FY2021. The finance costs for FY2022 and FY2021 were mainly comprised of imputed interest expenses arising from amortisation of the liability component in promissory notes in accordance with the relevant accounting standards. Such imputed interest expenses do not have any actual impact on the operation result and cash flow of the Group.

Income tax

The Group's income tax for FY2022 amounted to approximately HK\$6.9 million (2021: approximately HK\$6.6 million), representing an increase of approximately HK\$0.3 million or approximately 5% as compared to FY2021. The increase was primarily due to the net profit of the operating units increased during FY2022.

Profit for the year

The Group recorded a net profit of approximately HK\$18.9 million for FY2022 (2021: approximately HK\$16.0 million), representing an increase of approximately HK\$2.9 million or approximately 18% as compared to FY2021. The increase were primarily due to the combined effect of (i) the increase in gross profit of approximately HK\$20.8 million as compared to FY2021; (ii) the decrease in change in fair value of contingent consideration payables and change in fair value of investment property by approximately HK\$4.6 million and (iii) the increase in general and administrative expenses by approximately HK\$20.0 million, which was mainly due to the increase in staff costs of approximately HK\$15.9 million.

NON-FULFILLMENT OF THE PERFORMANCE GUARANTEE

On 6 December 2017, ICO IT Properties (Malaysia) Limited, a wholly-owned subsidiary of the Company (the "**Purchaser**"), has entered into the conditional sale and purchase agreement with Rainbow Field Investment Limited (the "**Vendor**") and Mr. Teoh Teng Guan, Mr. Tan Yun Harn and Mr. Lau Chuen Yien Calvin (together as the "**Guarantors**") (the "**Acquisition Agreement**"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the sale shares and the sale loan of the entire issued capital of O2O Limited, at a consideration of RM145 million (subject to adjustment), which would be satisfied by a combination of cash, the issue of convertible bonds and the issue of promissory notes.

On 2 June 2020, the Group completed its acquisition of O2O Limited and its subsidiary. Pursuant to the Acquisition Agreement, the Vendor guarantees to the Purchaser that for a period of eighteen months from the completion date (the "**Performance Guarantee Period**"), the total gross rental net of taxes of Malaysia (including Goods and Services Tax) received in full by Nexus Primo Sdn. Bhd. (the wholly-owned subsidiary of O2O Limited) generated by the leases entered into for Chow Kit Baru shall reach the sum of not less than RM10.15 million (the "**Performance Guarantee**").

Due to the outbreak of COVID-19, the operational commencement of Chow Kit Baru had been delayed and the leasing of Chow Kit Baru was halted with no rental income generated as at the date on 2 December 2021. Accordingly, the Performance Guarantee for the Performance Guarantee Period was not fulfilled by the Vendor. As such, the parties to the Acquisition Agreement agreed that the Payment Condition (K) shall lapse, and the final payment would be waived and the promissory note in the principal amount of RM10,150,000 will not be issued to the Vendor.

USE OF PROCEEDS

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 (“**2020 Placing Shares Proceeds**”).

On 29 March 2021, the Company entered into the placing agreement with the placing agent, in relation to placing of 141,287,000 placing shares, at the placing price of HK\$0.220 per placing share to independent investors under general mandate. On 20 April 2021, the Company completed the placing of 141,287,000 placing shares. The net proceeds from the placing amounted to approximately HK\$30.5 million (“**2021 Placing Shares Proceeds**”).

The below table sets out the intended use of net proceeds for 2020 Placing Shares Proceeds and 2021 Placing Shares Proceeds as at 31 March 2022:

	Intended use of net proceeds <i>HK\$ million</i>	Utilised of the net proceeds up to 31 March 2022 <i>HK\$ million</i>	Unutilised of the net proceeds up to 31 March 2022 <i>HK\$ million</i>	Expected timeline for the application of the unutilised of the net proceeds
2020 Placing Shares Proceeds				
Settlement of the consideration	18.0	18.0	–	On or before 31 December
Further business development	4.8	0.4	4.4	2023
Total	<u>22.8</u>	<u>18.4</u>	<u>4.4</u>	
2021 Placing Shares Proceeds				
Development of the Algorithmic Trading Solution Platform	<u>30.5</u>	<u>0.7</u>	<u>29.8</u>	On or before 31 December 2024

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 2022 is as follows:

Location	Attributable interest of the Group	Current use	Lease term	Gross floor area
Lot 445, 446, 447 and 448 Section 46, Jalan Chow Kit, Kuala Lumpur, Malaysia	100%	Commercial	Long term	approximately 49,702 square foot

As at 31 March 2022, with reference to the valuation report prepared by an independent professional valuer, the carrying amount of the investment property is approximately HK\$220.1 million, representing approximately 28% of the Group's total asset.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the shareholders' funds of the Group amounted to approximately HK\$531.0 million (2021: approximately HK\$483.6 million). Current assets were approximately HK\$448.0 million (2021: approximately HK\$340.7 million), mainly comprised of cash and cash equivalents of approximately HK\$107.4 million (2021: approximately HK\$106.8 million), trade and other receivables and contract assets of approximately HK\$336.2 million (2021: approximately HK\$230.6 million). Current liabilities were approximately HK\$181.9 million (2021: approximately HK\$171.3 million), mainly comprised of trade and other payables and contract liabilities of approximately HK\$158.8 million (2021: approximately HK\$131.2 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 infrastructure solutions services segment, IT secondment services segment and IT maintenance and support services segment; (ii) the completion of placing new shares during FY2022 and (iii) the exercise of share options of the Company by employees and advisers of the Group;
- (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 the aggregate amount of trade and other payables, and contract liabilities arising from increased purchases made by the Group but not yet due for settlement.

As at 31 March 2022, the Group has unutilised banking facilities amounted to HK\$86.8 million. The net asset value per share attributable to equity shareholders of the Company was approximately HK\$0.6 (2021: approximately HK\$0.7). The Group's gearing ratio, expressed as a percentage of promissory note payables and contingent consideration payables over total equity, was approximately 10% (2021: approximately 11%). The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was approximately 2.5 times (2021: approximately 2.0 times).

CAPITAL STRUCTURE

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

During FY2022, the Company had the following changes in its share capital:

(i) Completion of placing of new shares under general mandate on 20 April 2021

On 20 April 2021, an aggregate of 141,287,000 placing shares have been placed by the placing agent pursuant to the placing agreement entered on 29 March 2021.

(ii) Exercise of 29,864,000 share options

During FY2022, 29,864,000 ordinary shares were issued upon the exercise of 29,864,000 share options of the Company by employees and advisers of the Group.

As at 31 March 2022 and 31 March 2021, the Company's issued share capitals were approximately HK\$21,940,000 and approximately HK\$17,661,000 respectively, and the numbers of its issued ordinary shares were 877,590,312 and 706,439,312 of HK\$0.025 each respectively.

During FY2022 and FY2021, the Group's capital is mainly derived from net proceeds from placing of new shares, promissory notes 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 going concern, so that it can continue to provide returns for the equity owners, benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The promissory notes 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.

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 held on 12 August 2016. Under the terms of the Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe shares of the Company.

On 9 July 2021 (the “**Date of Grant**”), pursuant to the Scheme, the Company has granted 40,000,000 share options to certain employees and advisers of the Group. The exercise price of the share options granted and the closing price of share on the Date of Grant were HK\$0.325 per Share, for the validity period of 2 years from the Date of Grant.

Movements relating to the share options granted during FY2022 were as follows:

Capacity	As at	Number of share options				As at
	1 April 2021	Granted	Exercised	Lapsed	Cancelled	31 March 2022
Employees	–	24,400,000	(21,984,000) ⁽¹⁾	–	–	2,416,000
Advisers	–	15,600,000	(7,880,000) ⁽²⁾	–	–	7,720,000
Total	–	40,000,000	(29,864,000)	–	–	10,136,000

Notes:

- (1) The weighted average closing price of the Company’s shares immediately before the dates of exercises of share options by the employees of the Company during the FY2022 was HK\$0.418 per share.
- (2) The weighted average closing price of the Company’s shares immediately before the dates of exercises of share options by the advisers of the Company during the FY2022 was HK\$0.438 per share.

Out of these 40,000,000 Share options, an aggregate of 29,864,000 Share options were exercised. None of these Shares options have lapsed nor have been cancelled. Further details of these Share options are provided in the circular of the Company dated 26 August 2021.

At the annual general meeting of the Company held on 28 September 2021 (“**2021 AGM**”), an ordinary resolution was passed to approve the refreshment of the scheme mandate limit. Therefore, Company was allowed under the Scheme for subscription of up to a maximum of 87,754,231 shares, representing 10% of the shares in issue as at the date of the 2021 AGM.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During FY2022 and up to the date of this annual results announcement, the Group did not enter into any material acquisitions or disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

Significant investments held as at 31 March 2022

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. During FY2022 and FY2021, Project CKB was not yet started its operation and no dividend income was received from this investment.

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, in FY2022, there was drop in the monthly market rent per square foot adopted in the valuation under income capitalisation approach, the fair value of the Property is approximately RM123.4 million (approximately HK\$231.1 million) as at 31 March 2021 and decrease to RM117.9 million (approximately HK\$220.1 million) as at 31 March 2022.

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 4.6% to 5.2%, and the monthly market rent per square foot ranged from approximately RM17.6 (equivalent to approximately HK\$32.3) to approximately RM20.5 (equivalent to approximately HK\$38.3). 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 change in fair value of investment property, the Group considered that it is appropriate to recognise the decrease of fair value change in investment property of approximately HK\$10.3 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. After consideration the operation and financial performance of INAX for the past years, the management of the Group decided to dispose the 15% equity interest in INAX, in order to deliver better return to the shareholders.

On 28 February 2022, Value Digital Limited entered into a sale and purchase agreement, at a total consideration of HK\$4.5 million to dispose 15% equity interest in INAX. The transaction was completed on 28 February 2022. With reference to the valuation report prepared by an independent professional valuer, as at 28 February 2022, the fair value of this investment (recorded as other financial asset in the Group's consolidated statement of financial position) was approximately HK\$4.0 million, represented a discount of approximately 94% to its cost and approximately 1% of the Group's total asset (the fair value as at 31 March 2021 by independent valuer: HK\$7.7 million). During FY2022, no dividend was received from this investment.

Other investments held as at 31 March 2022

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. After consideration the operation and financial performance of DeepSolutions Group for the past years, the management of the Group decided to dispose the 33.3% equity interest in DeepSolutions Group, in order to deliver better return to the shareholders. On 16 February 2022, the Group entered into a sale and purchase agreement, at a total consideration of HK\$6.5 million to dispose 33.3% equity interest in DeepSolutions Group. The transaction was completed on 28 February 2022. According to the management account of DeepSolutions Group (subject to audit) for the period ended 28 February 2022, DeepSolutions Group recorded net profit of approximately HK\$1.5 million. During FY2022, there was increase in sales of translation services and thanks to considerable government grants covering the research and development costs. During FY2022, 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. According to the management account of Bao Cheng Group (subject to audit) for the year ended 31 March 2022, Bao Cheng Group did not generate any revenue and recorded net loss of approximately HK\$10.4 million. As at 31 March 2022, the carrying amount of Bao Cheng Group is approximately HK\$nil (2021: approximately HK\$2.2 million). During FY2022, no dividend was received from this investment.

Saved as disclosed above, the Group did not acquire or hold any other significant investments during FY2022 and FY2021. 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 2022

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 FY2022, the Group still held the office premises and the carpark space and up to the date of this annual results announcement. As at 31 March 2022, 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\$50.0 million (as at 31 March 2021: approximately HK\$50.7 million).

Saved as disclosed above, the Group did not acquire or hold any other significant capital assets during FY2022 and FY2021.

CONTINGENT LIABILITIES

As at 31 March 2022, the performance bonds amounted to approximately HK\$10.2 million (2021: approximately HK\$10.2 million) were issued by a bank to customers of the Group, in order to protect the customers from the Group's default on its obligation under the contracts. If the customers demand compensation for the Group's default under the performance bonds, the Group will be liable to reimburse the bank up to the full amount of the performance bonds.

Saved as disclosed above, the Group had no other material contingent liabilities during FY2022 and FY2021.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For FY2022 and FY2021, besides the limited currency exchange rate fluctuation risks encountered before, the Group faced foreign exchange exposure after the acquisition completion of Project CKB. Hence, the Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2022, except for (i) the pledged bank deposit of approximately HK\$2.0 million (2021: approximately HK\$2.0 million) in relation to guarantees issued by a bank in respect of the Group's IT application and solution development services segment and (ii) the property, plant and equipment with net book value of approximately HK\$36.9 million (2021: approximately HK\$38.4 million) pledged to a bank for facilities of HK\$52.0 million (2021: 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 2022, the Group employed a total of 264 full-time employees (2021: 276). The employee remuneration (including directors' remuneration) of the Group was approximately HK\$136.0 million for FY2022 (2021: approximately HK\$112.6 million). The Group determined the remuneration packages of all employees (including the directors) with reference to individual's performance, qualifications, experience, competence as well as market salary scale.

OTHER INFORMATION

Corporate Governance Practices

The Directors of 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 2022, except where otherwise stated.

- (i) 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 has acted as the chairman of the Board (the “**Chairman**”) and an executive Director since 23 April 2020 and 22 April 2020 respectively. And then Mr. Leong has stepped down from the position of the Chairman but remains as an executive Director with effect from 17 August 2021. Mr. Lee Cheong Yuen acts as the Chairman with effect from 17 August 2021. The Chairman 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.

- (ii) 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 to gain and develop a balanced understanding of the views of shareholders. In the annual general meeting of the Company held on 28 September 2021 (“**2021 AGM**”), one non-executive Director and one retired independent non-executive Director were unable to attend due to their other business engagements.

However, there were three independent non-executive Directors presented at the 2021 AGM to enable the Board to gain and develop a balanced understanding of the views of shareholders of the Company.

The Company will apply and comply with the applicable code provisions as set out in the new CG Code (came into effect on 1 January 2022), the requirements under which shall apply to the Corporate Governance Report of the Company in the forthcoming financial year ending 31 March 2023.

Change of Directors

A summary of change of Directors of the Company from 1 April 2021 up to the date of this annual results announcement:

- (a) Mr. Leong Yeng Kit has stepped down from the position of the chairman of the Board (the “**Chairman**”), together with a member and the chairman of the nomination committee of the Company (the “**Nomination Committee**”) but remains as an executive Director with effect from 17 August 2021;
- (b) Mr. Lee Cheong Yuen has been appointed as the Chairman and a member and the chairman of the Nomination Committee with effect from 17 August 2021;
- (c) Dr. Choi Chiu Fai Stanley has been appointed as a non-executive Director, the vice chairman of the Company and a member of the audit committee of the Company (the “**Audit Committee**”) with effect from 17 August 2021;
- (d) The Hon. Ip Kwok Him, *G.B.M., G.B.S., JP.* has been appointed as an independent non-executive Director, a member of each of the remuneration committee (the “**Remuneration Committee**”) and the Nomination Committee with effect from 17 August 2021;
- (e) Ms. Lee Pei Ling has retired as an executive Director with effect from the conclusion of the 2021 AGM;

- (f) Mr. Gan Cheng Khuan (“**Mr. Gan**”) has retired as an independent non-executive Director, ceased to be a member and the chairman of Remuneration Committee, and member of each Audit Committee and Nomination Committee with effect from the conclusion of the 2021 AGM; and
- (g) Ms. Yvonne Low Win Kum, an independent non-executive Director, has been appointed as a member and the chairlady of Remuneration Committee to fill up the vacancy as a result of the retirement of Mr. Gan with effect from the conclusion of the 2021 AGM.

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 2022.

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 2022 and 2021.

Directors’ Interests in Competing Interests

During the years ended 31 March 2022 and 2021, 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.

Event After the Reporting Period

There is no significant event after the reporting period of the Group up to the date of this annual results announcement.

Audit Committee and Review of Annual Results

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

As at the date of this annual results announcement, the Audit Committee currently comprises two independent non-executive Directors namely Mr. Chiu King Yan and Ms. Yvonne Low Win Kum and one non-executive Director namely Dr. Choi Chiu Fai Stanley. The chairman of the Audit Committee is Mr. Chiu King Yan, who has appropriate professional qualifications and experience in accounting matters.

The audited consolidated financial statements of the Group for the year ended 31 March 2022 have been reviewed by the Audit Committee, which was of the opinion that the consolidated financial statements had been prepared in compliance with the applicable accounting standards and the Listing Rules.

SCOPE OF WORK OF BDO LIMITED ON THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2022 as set out in this annual results announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited, on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF THE ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.1460.hk) respectively. The annual report of the Company for the year ended 31 March 2022 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

ANNUAL GENERAL MEETING

The notice of the annual general meeting of 2022 of the shareholders of the Company will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

By order of the Board
ICO Group Limited
Lee Cheong Yuen
Chairman and Executive Director

Hong Kong, 29 June 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Lee Cheong Yuen and Mr. Leong Yeng Kit; the non-executive Director of the Company is Dr. Choi Chiu Fai Stanley; and the independent non-executive Directors of the Company are The Hon. Ip Kwok Him, G.B.M., G.B.S., JP., Ms. Yvonne Low Win Kum and Mr. Chiu King Yan.