



2023/24
INTERIM
REPORT

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1460

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INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of ICO Group Limited (the "Company") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2023, together with the comparative figures for the last corresponding period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

	Notes	(Unaudited)	
		Six months ended 30 September	
		2023	2022
		HK\$'000	HK\$'000
Revenue	5	517,490	404,590
Cost of sales		(422,829)	(321,027)
Gross profit		94,661	83,563
Other revenue and other net gains	6	1,924	4,563
General and administrative expenses		(70,060)	(62,923)
Impairment losses on trade receivables and contract assets		(165)	(85)
Change in fair value of investment property	11	(681)	(1,059)
Finance costs	7(a)	(922)	(668)
Profit before taxation	7	24,757	23,391
Income tax	8	(4,417)	(3,693)
Profit for the period		20,340	19,698
Attributable to:			
Equity shareholders of the Company		14,256	15,136
Non-controlling interests		6,084	4,562
Profit for the period		20,340	19,698
Earnings per share	10		
Basic (HK cents per share)		1.6	1.7
Diluted (HK cents per share)		1.6	1.7

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Profit for the period	20,340	19,698
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(11,289)	(21,320)
Total comprehensive income for the period	9,051	(1,622)
Attributable to:		
Equity shareholders of the Company	2,967	(6,184)
Non-controlling interests	6,084	4,562
Total comprehensive income for the period	9,051	(1,622)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		41,713	39,635
Investment property	11	175,559	187,859
Goodwill		49,473	49,473
Intangible assets		9,677	12,104
Interests in associates	12	-	-
		276,422	289,071
Current assets			
Inventories		612	15,192
Trade and other receivables	13	313,338	310,880
Contract assets		17,081	31,076
Pledged bank deposit		1,999	1,999
Cash and cash equivalents		238,615	216,920
		571,645	576,067
Current liabilities			
Trade and other payables	14	(178,823)	(190,181)
Contract liabilities		(49,159)	(62,275)
Lease liabilities		(1,202)	(221)
Tax payable		(5,764)	(2,917)
		(234,948)	(255,594)
Net current assets		336,697	320,473
Total assets less current liabilities		613,119	609,544

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
	Notes		
Non-current liabilities			
Lease liabilities		(2,133)	-
Promissory note payables		(58,219)	(57,354)
Deferred tax liabilities		(1,496)	(1,896)
		(61,848)	(59,250)
Net assets		551,271	550,294
Capital and reserves			
Share capital	15	21,940	21,940
Reserves		512,017	509,050
Total equity attributable to equity shareholders of the Company		533,957	530,990
Non-controlling interests		17,314	19,304
Total equity		551,271	550,294

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 September 2023 (Unaudited)								
At 1 April 2023	21,940	315,360	1,010	(3,903)	196,583	530,990	19,304	550,294
Profit for the period	-	-	-	-	14,256	14,256	6,084	20,340
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(11,289)	-	(11,289)	-	(11,289)
Total comprehensive income for the period	-	-	-	(11,289)	14,256	2,967	6,084	9,051
Interim dividend declared to the non-controlling interests	-	-	-	-	-	-	(8,074)	(8,074)
At 30 September 2023	21,940	315,360	1,010	(15,192)	210,839	533,957	17,314	551,271

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
For the six months ended								
30 September 2022 (Unaudited)								
At 1 April 2022	21,940	315,360	1,010	7,050	185,617	530,977	23,743	554,720
Profit for the period	-	-	-	-	15,136	15,136	4,562	19,698
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(21,320)	-	(21,320)	-	(21,320)
Total comprehensive income for the period	-	-	-	(21,320)	15,136	(6,184)	4,562	(1,622)
Interim dividend declared to the non-controlling interests	-	-	-	-	-	-	(16,201)	(16,201)
At 30 September 2022	21,940	315,360	1,010	(14,270)	200,753	524,793	12,104	536,897

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Net cash generated from operating activities	31,162	55,177
Investing activities		
Payments for acquisition of property, plant and equipment	(3,927)	(185)
Other cash flows arising from investing activities	2,925	17
Net cash used in investing activities	(1,002)	(168)
Financing activities		
Dividends paid to non-controlling interests	(8,074)	(16,201)
Principal paid on lease liabilities	(664)	(625)
Interest paid on lease liabilities	(55)	(40)
Bank overdraft interest	(2)	(6)
Net cash used in financing activities	(8,795)	(16,872)
Net increase in cash and cash equivalents	21,365	38,137
Effect of foreign exchange rate changes	330	(841)
Cash and cash equivalents at the beginning of the period	216,920	107,423
Cash and cash equivalents at the end of the period	238,615	144,719

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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. The principal place of business of the Company is Unit A, 25/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of IT application and solution development services, IT infrastructure solutions services, IT secondment services, IT maintenance and support services, and property leasing.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with the Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The unaudited condensed consolidated financial statements do not include all the information and disclosures required in a complete set of financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the Company's audit committee (the "**Audit Committee**").

3. APPLICATION OF AMENDMENTS TO HKFRSs AND HKASs

The HKICPA has issued the following amendments to HKFRSs and HKASs that are first effective for the current accounting period of the Group:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

4. ESTIMATES AND JUDGEMENTS

When preparing this interim report, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal to the estimated results.

The judgements, estimates and assumptions applied in this interim report, including the key sources of estimation uncertainty, were the same as those applied in the Group's annual financial statements for the year ended 31 March 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. 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. The amount of each significant category of revenue is as follows:

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
IT application and solution development services	46,441	37,397
IT infrastructure solutions services	391,980	265,663
IT secondment services	11,725	12,808
IT maintenance and support services	67,344	88,722
	517,490	404,590
Property leasing (note)	–	–
	517,490	404,590

Note: The property leasing business has 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 resource 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 solutions 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: this segment provides property leasing services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(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 basis:

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

Disaggregate of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2023 and 2022 is set out below:

	Six months ended 30 September 2023 (Unaudited)					
	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 HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition						
- Point in time	-	391,980	-	23,911	-	415,891
- Over time	46,441	-	11,725	43,433	-	101,599
Revenue from external customers and reportable segment revenue	46,441	391,980	11,725	67,344	-	517,490
Reportable segment gross profit	10,494	48,018	4,129	32,020	-	94,661

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

	Six months ended 30 September 2022 (Unaudited)					
	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	-	265,663	-	48,565	-	314,228
- Over time	37,397	-	12,808	40,157	-	90,362
Revenue from external customers and reportable segment revenue	37,397	265,663	12,808	88,722	-	404,590
Reportable segment gross profit	14,697	36,122	5,307	27,437	-	83,563

(ii) Geographic information

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Geographic information (Continued)

Non-current assets

	(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
Hong Kong (place of domicile)	100,826	101,174
The PRC, excluding Hong Kong	37	38
Malaysia	175,559	187,859
	276,422	289,071

The geographical location of the non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment, and investment property and (ii) the location of the operation to which they are allocated, in the case of goodwill and intangible assets.

6. OTHER REVENUE AND OTHER NET GAINS

	(Unaudited) Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Bank interest income*	2,925	17
Income from government subsidies [#]	–	5,414
Marketing income	36	44
Net foreign exchange loss	(1,154)	(960)
Others	117	48
	1,924	4,563

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

[#] During the period ended 30 September 2022, the income from government subsidies represented a one-off subsidy under Employment Support Scheme launched by the Government of Hong Kong Special Administrative Region ("HKSAR").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank overdraft	2	6
– Interest on lease liabilities	55	40
Effective interest expense of promissory note payables	865	622
	<hr/>	<hr/>
	922	668

(b) Staff costs (including directors' remuneration)

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Salaries, wages and other benefits	83,110	80,734
Contributions to defined contribution retirement plans	2,125	2,116
	<hr/>	<hr/>
	85,235	82,850

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Amortisation of intangible assets	2,427	2,465
Depreciation charge:		
– owned property, plant and equipment	1,235	1,207
– right-of-use assets	614	600

8. INCOME TAX

The taxation charged to profit or loss represents:

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	4,816	4,092
Deferred tax	(399)	(399)
	4,417	3,693

- (a) The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong for the six months ended 30 September 2023 and 2022 was 16.5%, except for one subsidiary of the Company which is qualifying corporation under the two-tiered Profits Tax rate regime in Hong Kong. For this subsidiary, the first HK\$2 million of assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated on the same basis in 2022.
- (b) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (c) A PRC subsidiary of the Group was qualified as "Small Low-profit Enterprise" in Guangdong and subject to a concessionary the PRC Enterprise Income Tax rate. A Malaysia subsidiary of the Group subjected to Malaysia Corporate Tax. For the six months ended 30 September 2023 and 2022, the PRC Enterprise Income Tax rate was 25% and the Malaysia Corporate Tax standard rate was 24%.

No provision for the 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 the PRC Enterprise Income Tax and Malaysia Corporate Tax respectively during the six months ended 30 September 2023 and 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: 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 period.

	(Unaudited) Six months ended 30 September	
	2023	2022
Profit attributable to equity shareholders of the Company (HK\$)	14,256,000	15,136,000
Weighted average number of ordinary shares in issue	877,590,312	877,590,312
Basic earnings per share (HK cents per share)	1.6	1.7

(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 comprised of share options.

	(Unaudited) Six months ended 30 September	
	2023	2022
Profit attributable to equity shareholders of the Company (HK\$)	14,256,000	15,136,000
Weighted average number of ordinary shares for diluted earnings per share	877,590,312	877,590,312
Diluted earnings per share (HK cents per share)	1.6	1.7

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

11. INVESTMENT PROPERTY

	(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
At fair value		
At the beginning of the period/year	187,859	220,108
Fair value change	(681)	(21,840)
Exchange adjustments	(11,619)	(10,409)
	<hr/>	<hr/>
At the end of the period/year	175,559	187,859

On 31 March 2023 and 30 September 2023, independent valuations were undertaken by B.I. Appraisals Limited. This firm is independent qualified external valuation firm not related to the Group and has appropriate 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 passing and the reversionary income potential of the property which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. In the valuation, which falls under Level 3 of fair value hierarchy, 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 valuation firm's knowledge of the market expectation from property investors to reflect factors specific to the property.

On 30 September 2023, the adopted capitalisation rates in the valuation was 5.1% and the monthly market rent per square feet ranged from RM7.2 (equivalent to approximately HK\$12.0) to RM14.7 (equivalent to approximately HK\$24.6).

The capitalisation rate and the monthly market rent per square feet are the key parameters in the valuation method of income capitalisation and they involve professional judgement in relation to the adjustments made by the external valuation firm. The fair value measurement is positively correlated to the monthly market rent per square feet and negatively correlated to the capitalisation rate.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

12. INTERESTS IN ASSOCIATES

	(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
Carrying amount	-	-

Note: The Group has discontinued the recognition of its share of losses of associates because the share of losses of the associates exceeded the Group's interest in the associates and the Group has no obligation to take up further losses. The amounts of the Group's unrecognized share of losses of associates for the six months ended 30 September 2023 and cumulatively were nil (for the six months ended 30 September 2022: 431,000) and HK\$431,000 (for the six months ended 30 September 2022: 431,000), respectively.

The following table contains the particulars of associate, which is unlisted corporate entity whose quoted market price is not available:

Name of associate	Place of incorporation/ registration and operation	Particulars of issued and paid-up capital/ registered share capital	Proportion of ownership interest				Principal activity
			Group's effective interest		Held by the Company		
			30 September 2023	31 March 2023	30 September 2023	31 March 2023	
Bao Cheng Holdings (HK) Limited	Hong Kong	2,000 ordinary shares	25%	25%	-	-	Investment holding

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

13. TRADE AND OTHER RECEIVABLES

	(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
Trade receivables	299,784	282,743
Less: Allowances for doubtful debts	(1,302)	(1,127)
	298,482	281,616
Other receivables	720	2,112
Rental and other deposits	2,452	12,560
Prepayments	11,684	14,592
	313,338	310,880

The ageing analysis of trade receivables, based on the date of billing, is as follows:

	(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
Within 1 month	205,257	214,071
1 to 3 months	62,918	26,529
Over 3 months	30,307	41,016
	298,482	281,616

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. TRADE AND OTHER PAYABLES

	(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
Trade payables	146,822	138,960
Accrued expenses and other payables	27,184	45,095
Dividend payable to non-controlling interests	4,817	6,126
	178,823	190,181

The ageing analysis of trade payables, based on the invoice date, is as follows:

	(Unaudited) At 30 September 2023 HK\$'000	(Audited) At 31 March 2023 HK\$'000
Within 1 month	78,439	120,220
1 to 3 months	66,554	17,003
Over 3 months	1,829	1,737
	146,822	138,960

15. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised		
Ordinary shares of HK\$0.025 each	4,000,000,000	100,000
Issued and fully paid		
At 1 April 2022	877,590,312	21,940
At 31 March 2023, 1 April 2023 and 30 September 2023	877,590,312	21,940

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

16. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the condensed 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 Directors and certain senior management staff of the Group, is as follows:

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Short-term employee benefits	7,683	5,972
Post-employment benefits	252	253
	<hr/>	<hr/>
	7,935	6,225

Total remuneration is included in staff costs (see note 7(b)).

17. CONTINGENT LIABILITIES

At 30 September 2023, a performance bond of HK\$10,221,000 (31 March 2023: HK\$10,221,000) was given by a bank in favour of a customer of the Group to protect the customer from the Group's default on its obligation under the contracts. The Board consider it is not probable that a claim will be made against the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

18. POSSIBLE IMPACT OF AMENDMENTS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Up to the date of issue of these interim financial statements, the HKICPA has issued a number of amendments which are not yet effective for the six months ended 30 September 2023 and which have not been adopted in these interim financial statements. These include the following which may be relevant to the Group.

Amendments to HKAS 1	Non-current Liabilities with Covenant (the "2022 Amendments") ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") ¹
Amendments to HKFRS 16	Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after a date to be determined

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 September 2023 ("**Interim 2023**"), the Group recognised a profit attributable to equity shareholders of the Company of approximately HK\$14.3 million as compared to the profit attributable to equity shareholders of the Company of approximately HK\$15.1 million for the six months ended 30 September 2022 ("**Interim 2022**"). As compared to Interim 2022, the decrease were primarily attributable to the net effect of: (i) an increase in gross profit by approximately HK\$11.1 million; (ii) a decrease in other revenue and other net gains by approximately HK\$2.6 million; (iii) a decrease in change in fair value of investment property by approximately HK\$0.4 million and (iv) an increase in general and administrative expenses by approximately HK\$7.1 million, which was mainly due to the increase in staff costs of approximately HK\$2.4 million.

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\$46.4 million, representing approximately 9% of the total revenue for Interim 2023. The revenue derived from this segment increased by approximately 24% from approximately HK\$37.4 million for Interim 2022 to approximately HK\$46.4 million for Interim 2023. The significant increase was primarily due to the Group has secured some large-scale IT projects and the implementation phrase was commenced during Interim 2023, which provide significant new stream of income to this segment.

Provision of IT infrastructure solutions services

This segment provides IT infrastructure solutions services and sale of IT infrastructure solutions related IT hardware and software. The revenue generated from this segment amounted to approximately HK\$392.0 million, representing approximately 76% of the total revenue for Interim 2023. The revenue from this segment increased by approximately 48% from approximately HK\$265.7 million for Interim 2022 to approximately HK\$392.0 million for Interim 2023. The significant increase were primarily due to (i) increased demand from the Group's customers in banking, finance and public services sectors and (ii) 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 during Interim 2023.

Provision of IT secondment services

This segment provides IT secondment services for a fixed period of time pursuant to IT secondment services agreements. The revenue generated from this segment amounted to approximately HK\$11.7 million, representing approximately 2% of the total revenue for Interim 2023. The revenue derived from this segment decreased by approximately 9% from approximately HK\$12.8 million for Interim 2022 to approximately HK\$11.7 million for Interim 2023. The decrease were primarily due to (i) the decrease in demand for services from major customers in banking and finance sector and (ii) the new IT secondment services contracts awarded to the Group during Interim 2023 were not enough to offset the impact for the decrease in demand from the major customers.

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\$67.3 million, representing approximately 13% of the total revenue for Interim 2023. The revenue derived from this segment decreased by approximately 24% from approximately HK\$88.7 million for Interim 2022 to approximately HK\$67.3 million for Interim 2023. The decrease were primarily due to (i) the decrease of new IT maintenance and support services contracts awarded to the Group and (ii) the subsequent completion of some IT maintenance and support services contracts during Interim 2023.

Property leasing

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 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 in Malaysia (collectively referred to as the "Project CKB"). The acquisition of Project CKB 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 business segment of the Group.

The Project CKB was not yet to start the business in Interim 2023 and Interim 2022. As the business environment in Malaysia is returning to normal gradually during Interim 2023, the management started the first phase of marketing and promotion work in second half of year 2023. It is expected that Project CKB will contribute stable rental income from the physical stores to the Group in the foreseeable future.

PROSPECTS

The Group continues to face various types of risk and uncertainties which may adversely affect its business, results and financial position. The key risks and uncertainties facing by the Group are detailed under the Report of Directors in the annual report 2022/23 of the Company for the year ended 31 March 2023. In order to mitigate the risks, the management of the Group would closely monitor the operations and financial position of the Group, as well as maintaining good relationship with customers and suppliers.

During the year 2023, with the impact of the COVID-19 pandemic easing and the market gradually returning to normal, this has accelerated the urgency for businesses to undertake digital transformation. This presents the Group with a great opportunity to serve the growing demand for IT, cybersecurity, transformation and enterprise-enhancing application solution services. On the same time, there are many uncertainties such as the global inflation and the resultant interest hikes, the intensifying tensions among different nations and global political events. Locally, the increasingly keen competition, high labour costs and shortage of experienced labour which also cast a challenge over the Group's business performance. Despite facing different uncertainties, the Group will continue to monitor the global economic, financial environment, market condition and their impact on our business, and prudently take measures to weather any unforeseeable headwinds and uncertainties ahead.

Looking ahead, we believe economic and consumer sentiment recovery to the pre-pandemic level will be a prolonged process. Therefore, we will continue to review the business on a regular basis and is committed to improve the business operations and financial performance of the Group. Meanwhile, the Group will consistently adhere to the principle of striving for progress while ensuring stability, by making appropriate use of resources and constantly looking for any opportunities to enhance the Group's value and expand the market shares, with a view to achieving satisfactory financial return for our stakeholders in long run.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for Interim 2023 amounted to approximately HK\$517.5 million, representing an increase of approximately HK\$112.9 million or 28% as compared to Interim 2022 (Interim 2022: approximately HK\$404.6 million). The significant increase were mainly attributable to the increase in revenue generated from (i) IT application and solution development services segment and (ii) IT infrastructure solutions services segment of approximately HK\$9.0 million and HK\$126.3 million respectively, offset the decrease in revenue generated from (i) IT secondment services segment and (ii) IT maintenance and support services segment of approximately HK\$1.1 million and HK\$21.4 million respectively.

Gross profit and gross profit margin

The Group's gross profit for Interim 2023 amounted to approximately HK\$94.7 million, representing an increase of approximately HK\$11.1 million or 13% as compared to Interim 2022 (Interim 2022: approximately HK\$83.6 million), while the gross profit margin of the Group slightly decreased to approximately 18% for Interim 2023 (Interim 2022: approximately 21%). For (i) IT application and solution development services segment and (ii) IT infrastructure solutions services segment, the gross profits increased in line with the increase in revenue. For (i) IT secondment services segment and (ii) IT maintenance and support services segment, the gross profits decreased in line with the decrease in revenue.

Due to the increase of staff costs, direct costs in hardware and software during Interim 2023, the gross profit margin was decreased in (i) IT application and solution development services segment; (ii) IT infrastructure solutions services segment and (iii) IT secondment services segment. For IT maintenance and support services segment, with the efficient control in direct costs in hardware and software, the gross profit margin was increased during Interim 2023.

General and administrative expenses

The Group's general and administrative expenses for Interim 2023 amounted to approximately HK\$70.1 million, representing an increase of approximately HK\$7.2 million or 11% as compared to Interim 2022 (Interim 2022: approximately HK\$62.9 million). The increase was mainly due to the increase in staff costs of approximately HK\$2.4 million as compared to Interim 2022, which attributed to (i) expansion of the Group's sales team so as to expand its sales channels and (ii) commission paid to sales team which was in line with the increase in revenue of the Group during Interim 2023.

Change in fair value of investment property

On 2 June 2020, the acquisition of Project CKB was completed. As a result, investment property was recognised for the six months ended 30 September 2020. According to the relevant accounting standards, the investment property is 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 the valuation reports prepared by independent professional valuation firms, valuation gain or loss on the investment property was determined and recognised for Interim 2022 and Interim 2023. Nevertheless, the valuation gains or losses were merely results of accounting treatments and do not have any actual impacts on the results of the operations and cash flows of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's finance costs for Interim 2023 amounted to approximately HK\$0.92 million, representing an increase of approximately HK\$0.25 million or 37% as compared to Interim 2022 (Interim 2022: approximately HK\$0.67 million). The finance costs for Interim 2023 and Interim 2022 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 cash flows impacts to the Group.

Income tax

The Group's income tax for Interim 2023 amounted to approximately HK\$4.4 million (Interim 2022: approximately HK\$3.7 million), representing an increase of approximately HK\$0.7 million or 19% as compared to Interim 2022. The increase was primarily due to the net profit of the operating units increased during Interim 2023.

Profit for the period

The Group's net profit for Interim 2023 amounted to approximately HK\$20.3 million, representing an increase of approximately HK\$0.6 million or 3% as compared to Interim 2022 (Interim 2022: approximately HK\$19.7 million). As compared to Interim 2022, the increase were mainly attributable to the net effect of: (i) an increase in gross profit by approximately HK\$11.1 million; (ii) a decrease in change in fair value of investment property by approximately HK\$0.4 million; (iii) an increase in general and administrative expenses by approximately HK\$7.2 million, which was mainly due to the increase in staff costs of approximately HK\$2.4 million and (iv) a decrease in other revenue and other net gains by approximately HK\$2.6 million.

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**").

MANAGEMENT DISCUSSION AND ANALYSIS

The below table sets out the intended use of net proceeds for 2020 Placing Shares Proceeds and 2021 Placing Shares Proceeds as at 30 September 2023:

	Intended use of net proceeds HK\$ million	Utilised of the net proceeds up to 30 September 2023 HK\$ million	Unutilised of the net proceeds up to 30 September 2023 HK\$ million	Expected timeline for the application of the unutilised of the net proceeds
2020 Placing Shares Proceeds				
Settlement of the consideration	18.0	18.0	–	
Further business development	4.8	0.4	4.4	On or before 31 December 2024
Total	22.8	18.4	4.4	
2021 Placing Shares Proceeds				
Development of the Algorithmic Trading Solution Platform	30.5	13.4	17.1	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 details are 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 feet

As at 30 September 2023, with reference to the valuation report prepared by an independent professional valuation firm, the carrying amount of the investment property is approximately HK\$175.6 million, representing approximately 21% of the Group's total asset.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the total shareholders' funds of the Group amounted to approximately HK\$534.0 million (as at 31 March 2023: approximately HK\$531.0 million). Current assets were approximately HK\$571.6 million (as at 31 March 2023: approximately HK\$576.1 million), mainly comprised of cash and cash equivalents of approximately HK\$238.6 million (as at 31 March 2023: approximately HK\$216.9 million), trade and other receivables and contract assets of approximately HK\$330.4 million (as at 31 March 2023: approximately HK\$342.0 million). Current liabilities mainly comprised of trade and other payables and contract liabilities of approximately HK\$228.0 million (as at 31 March 2023: approximately HK\$252.5 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 the increase in cash inflow from (a) IT application and solution development services segment and (b) IT infrastructure solutions services segment;
- (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 decrease in the aggregate amount of trade and other payables, and contract liabilities arising from the subsequent recognition of accrued expenses as at 31 March 2023 during Interim 2023.

As at 30 September 2023, the Group has unutilised bank facilities amounted to approximately HK\$94.8 million (as at 31 March 2023: approximately HK\$94.8 million). The net asset value per share attributable to equity shareholders of the Company was approximately HK\$0.6 (as at 31 March 2023: approximately HK\$0.6). The Group's gearing ratio, which is calculated on the basis of promissory note payables over total equity, was approximately 11% (as at 31 March 2023: approximately 10%). The Group's liquidity ratio, which is calculated on the basis of current assets over current liabilities, was approximately 2.4 times (as at 31 March 2023: approximately 2.3 times).

CAPITAL STRUCTURE

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

As at 30 September 2023 and 31 March 2023, the Company's issued share capital was approximately HK\$21,940,000. The number of its issued ordinary shares was 877,590,312 shares of HK\$0.025 each.

During Interim 2023 and Interim 2022, the Group's capital is mainly derived from long-term debt (being promissory notes), net proceeds from placing and retained profits of the Group. When managing its capital, the Group's primary objectives are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity owners and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During Interim 2023 and Interim 2022, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, which was ended during Interim 2023.

Movements relating to the share options granted by the Company under the Scheme during Interim 2023 were as follows:

Capacity	Balance as at 1 April 2023	Number of share options				Balance as at 30 September 2023
		Granted	Exercised	Lapsed	Cancelled	
Employees	2,416,000	-	-	2,416,000	-	-
Advisers (Note)	7,720,000	-	-	7,720,000	-	-
Total	10,136,000	-	-	10,136,000	-	-

During the Interim 2023, 10,136,000 share options of the Company were lapsed. Further details of these share options are provided in the circular of the Company dated 26 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Note: The identity, background and major contributions have made and continue to support and make by each adviser is shown as below:

Name of grantee	Background of the grantee	Major contributions and efforts to the Company
Choi Ka Wai	The grantee is working in a financial services company, with an extensive financial network in Hong Kong and the PRC.	<ol style="list-style-type: none"> 1. introducing professional fintech experts to the Company for developing fintech project and exploring potential fintech project; and 2. introducing strategic investors and potential investors interested in information technology industry.
Chan Chun Kit	The grantee is working in a financial services company, with an extensive financial network in Hong Kong and the PRC.	<ol style="list-style-type: none"> 1. introducing professional fintech experts to the Company for developing fintech project and exploring potential fintech project; and 2. introducing strategic investors and potential investors interested in information technology industry.
Wong Hin Shek	The grantee is working in a financial services company, with an extensive financial network in Hong Kong and the PRC.	<ol style="list-style-type: none"> 1. introducing professional fintech experts to the Company for developing fintech project opportunities; 2. introducing strategic investors and potential investors interested in fintech industry; and 3. assisting the Company in planning and developing fintech business.
Chan Yin Wah	The grantee is working in a financial services company, with an extensive financial network in Hong Kong and the PRC.	<ol style="list-style-type: none"> 1. assisting the Company in planning and developing fintech business including but not limited to researching fintech information; and 2. arranging the connection between accounting and audit experts and the Company.
So King Wei Wallace	The grantee is working in a financial services company, with an extensive financial network in Hong Kong and the PRC.	<ol style="list-style-type: none"> 1. assisting the Company in planning and developing fintech business including but not limited to researching fintech information.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

Significant investments held as at 30 September 2023

Project CKB

On 6 December 2017, ICO IT Properties (Malaysia) Limited entered into a sale and purchase agreement with various vendors, at 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 become 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 business 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 Interim 2023 and Interim 2022, 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 valuation firm, B.I. Appraisals Limited (the "**Valuation Firm**"). The Valuation Firm is an independent professional valuation firm and possesses professional qualifications with recent experience in the valuation of similar properties in vicinity. According to the valuation report, during Interim 2023, 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 RM105.5 million (approximately HK\$187.9 million) as at 31 March 2023 and decrease to RM105.1 million (approximately HK\$175.6 million) as at 30 September 2023.

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 Valuation Firm's knowledge of the market expectation from property investors to reflect factors specific to the Property.

On 30 September 2023, the adopted capitalisation rates in the valuation was 5.1% and the monthly market rent per square feet ranged from RM7.2 (equivalent to approximately HK\$12.0) to RM14.7 (equivalent to approximately HK\$24.6). The capitalisation rate and the monthly market rent per square feet are the key parameters in the valuation method of income capitalisation and they involve professional judgement in relation to the adjustments made by the Valuation firm. The fair value measurement is positively correlated to the monthly market rent per square feet and negatively correlated to the capitalisation rate. Taking into account the change in fair value of investment property, the Group considered that the change in fair value of investment property decreased approximately HK\$0.7 million is appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Other investments held as at 30 September 2023

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 (together the "Bao Cheng Group"). Bao Cheng Holdings (HK) Limited and 深圳市寶誠生物發展有限公司 ("Bao Cheng PRC") 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 the year ended 31 March 2022, Bao Cheng PRC faced uncertainty on the commercial roll out of its new products and turnaround of its business in view of the COVID-19 together with the change in the Group's strategy. The Group has discontinued the recognition of its share of losses of associates because the share of losses of the associates exceeded the Group's interest in the associates and the Group has no obligation to take up further losses. The management of Bao Cheng Group started the deregistration process of Bao Cheng PRC, and finally deregistered on 14 January 2022. The amounts of the Group's unrecognised share of losses of Bao Cheng Group for the current period and cumulatively were nil (Interim 2022: approximately HK\$431,000) and HK\$431,000 (Interim 2022: approximately HK\$431,000), respectively. As at 30 September 2023, the carrying amount of Bao Cheng Group is nil (Interim 2022: nil).

Saved as disclosed above, the Group did not acquire or hold any other significant investments as at 30 September 2023. 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 and (ii) provide collaboration and cross-selling opportunities that would be mutually beneficial for both the Group and the targets.

Capital assets held as at 30 September 2023

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. The Group still held the office premises and the carpark space during Interim 2023 and up to the date of this interim report. Apart from the above, the Group did not acquire or hold any other significant capital assets during Interim 2023 and Interim 2022.

CONTINGENT LIABILITIES

As at 30 September 2023, the performance bonds amounted to approximately HK\$10.2 million (as at 31 March 2023: approximately HK\$10.2 million) were issued by a bank to customers of the Group to protect the customers from the Group's default on its obligation under the contracts. If 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.

Saved as disclosed above, the Group had no other material contingent liabilities as at 30 September 2023 and up to the date of this interim report.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For Interim 2023 and Interim 2022, besides the limited currency exchange rate fluctuation risks encountered before, the Group faced foreign exchange exposure for 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2023, except for (i) the pledged bank deposit of approximately HK\$2.0 million (as at 31 March 2023: approximately HK\$2.0 million) in relation to guarantee issued by a bank in respect of the Group's IT application and solution development services segment and (ii) property, plant and equipment with net book value of approximately HK\$34.6 million (as at 31 March 2023: approximately HK\$35.3 million) pledged to a bank for facilities of HK\$60.0 million (as at 31 March 2023: HK\$60.0 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 30 September 2023, the Group employed a total of 303 full-time employees (as at 30 September 2022: 278). The staff costs, including Directors' emoluments, of the Group were approximately HK\$85.2 million for Interim 2023 (Interim 2022: approximately HK\$82.9 million). The Group determined the remuneration packages of all employees (including the directors) with reference to individual's performance, qualifications, experience, competence as well as market salary scale.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

For Interim 2023 to the best knowledge of the Board, the Company has adopted and complied with all code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, save for the deviations as explained below:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During Interim 2023, Mr. Lee Cheong Yuen ("**Mr. Lee**") had acted as the chairman of the Board (the "**Chairman**"). The position of the chief executive officer is vacant.

Mr. Lee, who acts as the Chairman and an executive Director, 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 C.2.1 of the CG Code and will continue to consider the feasibility to nominate appropriate person for the role of chief executive officer.

The Directors 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. In response to specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2023.

OTHER INFORMATION

UPDATED INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Since the Company's annual report for the year ended 31 March 2023, there has been no material change in the information of the Directors that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During Interim 2023 and 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the substantial shareholders of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during Interim 2023 and 2022.

EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group and up to the date of this interim report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 September 2023, 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 (the "SFO") (Chapter 571 of the laws of Hong Kong)), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage to the issued capital of the Company
Mr. Lee Cheong Yuen ("Mr. Lee") (Notes 2 and 3)	Beneficial owner; interest of a controlled corporation; interests in concert party agreement	173,094,800 (L) (Note 1)	19.72%
Dr. Choi Chiu Fai Stanley ("Dr. Choi") (Note 4)	Beneficial owner	143,072,000 (L) (Note 1)	16.30%

OTHER INFORMATION

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. On 27 February 2015, Mr. Lee, Mr. Chan Kwok Pui ("**Mr. Chan**") and Mr. Tam Kwok Wah ("**Mr. Tam**"), entered into a confirmation deed to acknowledge and confirm, among other things, that they are parties acting in concert in respect of each of the members of the Group. As such, Mr. Lee, Mr. Chan and Mr. Tam and their respective wholly-owned companies, namely BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited, held in aggregate of 173,094,800 Shares (representing approximately 19.72% interest in the issued share capital of the Company) and they together were considered as the substantial shareholders of the Company as defined under the Listing Rules.
3. Shares in which Mr. Lee is interested consist of (i) 179,200 Shares held by Mr. Lee; (ii) 117,000,000 Shares held by BIZ Cloud Limited, a company wholly-owned by Mr. Lee; and (iii) 55,915,600 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.
4. Shares in which Dr. Choi is interested consist of 143,072,000 Shares held by Dr. Choi.
5. As at 30 September 2023, the Company's issued ordinary share capital was HK\$21,939,758 divided into 877,590,312 Shares of HK\$0.025 each.

Save as disclosed above, as at 30 September 2023, none of the Directors or 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.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 September 2023 and 2022 were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

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

As at 30 September 2023, the following parties (other than the Director and chief executive of the Company disclosed under the section "Directors' and Chief Executive's Interests in Shares" above) 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
Biz Cloud Limited (Notes 2 and 3)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Ms. Saetia Ladda (Note 4)	Interests of spouse	173,094,800 (L) (Note 1)	19.72%
Cloud Gear Limited (Notes 2 and 5)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Friends True Limited (Notes 2 and 6)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Mr. Chan (Notes 2 and 7)	Beneficial owner; interests of a controlled corporation; interests in concert party agreement	173,094,800 (L) (Note 1)	19.72%
Imagine Cloud Limited (Notes 2 and 8)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Mr. Tam (Notes 2 and 9)	Interests of a controlled corporation; interests in concert party agreement	173,094,800 (L) (Note 1)	19.72%

OTHER INFORMATION

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. On 27 February 2015, Mr. Lee, Mr. Chan and Mr. Tam, entered into a confirmation deed to acknowledge and confirm, among other things, that they are parties acting in concert in respect of each of the members of the Group. As such, Mr. Lee, Mr. Chan and Mr. Tam and their respective wholly-owned companies, namely BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited, held in aggregate of 173,094,800 Shares (representing approximately 19.72% interest in the issued share capital of the Company) and they together were considered as the substantial shareholders of the Company as defined under the Listing Rules.
3. Shares in which Biz Cloud Limited is interested consists of (i) 117,000,000 Shares beneficially held by it and (ii) 54,715,600 Shares in which it is deemed or taken to have been interested as a result of being a party acting in concert with Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited. Biz Cloud Limited is a company directly wholly-owned by Mr. Lee.
4. Ms. Saetia Ladda is the spouse of Mr. Lee. Ms. Saetia Ladda is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
5. Shares in which Cloud Gear Limited is interested consists of (i) 11,000,000 Shares beneficially held by it and (ii) 160,715,600 Shares in which it is deemed or taken to have been interested as a result of being a party acting in concert with Biz Cloud Limited, Friends True Limited and Imagine Cloud Limited. Cloud Gear Limited is a company directly wholly-owned by Mr. Chan.
6. Shares in which Friends True Limited is interested consists of (i) 31,215,600 Shares beneficially held by it and (ii) 140,500,000 Shares in which it is deemed or taken to have been interested as a result of being a party acting in concert with Biz Cloud Limited, Cloud Gear Limited and Imagine Cloud Limited. Friends True Limited is a company directly wholly-owned by Mr. Chan.
7. Shares in which Mr. Chan is interested consist of (i) 1,200,000 Shares beneficially held by him; (ii) 42,215,600 Shares held by Cloud Gear Limited and Friends True Limited, companies directly wholly-owned by him and (iii) 129,679,200 Shares in which Mr. Chan is deemed or taken to have been interested as a result of being a party acting in concert with Mr. Lee and Mr. Tam.
8. Shares in which Imagine Cloud Limited is interested consists of (i) 12,500,000 Shares beneficially held by it and (ii) 159,215,600 Shares in which it is deemed or taken to have been interested as a result of being a party acting in concert with Biz Cloud Limited, Cloud Gear Limited and Friends True Limited. Imagine Cloud Limited is a company directly wholly-owned by Mr. Tam.
9. Shares in which Mr. Tam is interested consist of (i) 12,500,000 Shares held by Imagine Cloud Limited, a company directly wholly-owned by him and (ii) 160,594,800 Shares in which Mr. Tam is deemed or taken to have been interested as a result of being a party acting in concert with Mr. Lee and Mr. Chan.
10. As at 30 September 2023, the Company's issued ordinary share capital was HK\$21,939,758 divided into 877,590,312 Shares of HK\$0.025 each.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or chief executive of the Company who held an interest or short positions in the Shares and underlying Shares of the Company as at 30 September 2023 which required to be recorded pursuant to Section 336 of SFO.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

The Audit Committee currently consists of one non-executive Director namely Dr. Choi Chiu Fai Stanley, two independent non-executive Directors namely Mr. Chan Kai Wing and Ms. Yvonne Low Win Kum. The chairman of the Audit Committee is Mr. Chan Kai Wing, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 and was of the opinion that such statements had been prepared in compliance with the applicable accounting standards and the Listing Rules.

By order of the Board

ICO Group Limited

Lee Cheong Yuen

Chairman and Executive Director

Hong Kong, 29 November 2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Cheong Yuen (*Chairman*)

Mr. Pun Shing Cheung

Non-executive Director

Dr. Choi Chiu Fai Stanley (*Vice Chairman*)

Independent Non-executive Directors

The Hon. Ip Kwok Him, *G.B.M., G.B.S., JP.*

Ms. Yvonne Low Win Kum

Mr. Chan Kai Wing

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. Lee Cheon Yuen

Mr. Pun Shing Cheung

AUDIT COMMITTEE

Mr. Chan Kai Wing (*Chairman*)

Dr. Choi Chiu Fai Stanley

Ms. Yvonne Low Win Kum

REMUNERATION COMMITTEE

Ms. Yvonne Low Win Kum (*Chairlady*)

Mr. Lee Cheong Yuen

The Hon. Ip Kwok Him, *G.B.M., G.B.S., JP.*

NOMINATION COMMITTEE

Mr. Lee Cheong Yuen (*Chairman*)

The Hon. Ip Kwok Him, *G.B.M., G.B.S., JP.*

Ms. Yvonne Low Win Kum

AUDITORS

BDO Limited

Certified Public Accountants and

*Public Interest Entity Auditor in accordance with the Financial
Reporting Council Ordinance*

25 Floor, Wing On Centre, 111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 25/F

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

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road, North Point

Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited

Citibank N.A.

DBS Bank (Hong Kong) Limited

Shanghai Commercial Bank Limited

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

COMPANY WEBSITE

www.1460.hk

STOCK CODE

1460