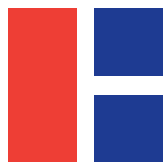


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1460)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

FINANCIAL HIGHLIGHTS

	(Unaudited)		
	Six months ended 30 September		
	2024	2023	Change %
Revenue (<i>HK\$'000</i>)	504,064	517,490	-3%
Gross profit (<i>HK\$'000</i>)	104,582	94,661	10%
Profit for the period (<i>HK\$'000</i>)	27,991	20,340	38%
Earnings per share — Basic (<i>HK cents per share</i>)	2.5	1.6	56%

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024.

* *For identification purposes only*

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 2024, 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 2024

		(Unaudited)	
		Six months ended 30 September	
		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	4	504,064	517,490
Cost of sales		<u>(399,482)</u>	<u>(422,829)</u>
Gross profit		104,582	94,661
Other revenue and other net gains	5	6,014	1,924
General and administrative expenses		(81,863)	(70,060)
Reversal of/(provision for) impairment losses on trade receivables and contract assets		1,025	(165)
Change in fair value of investment property		3,449	(681)
Finance costs	6(a)	<u>(1,020)</u>	<u>(922)</u>
Profit before taxation	6	32,187	24,757
Income tax	7	<u>(4,196)</u>	<u>(4,417)</u>
Profit for the period		<u>27,991</u>	<u>20,340</u>
Attributable to:			
Equity shareholders of the Company		22,015	14,256
Non-controlling interests		<u>5,976</u>	<u>6,084</u>
Profit for the period		<u>27,991</u>	<u>20,340</u>
Earnings per share	9		
Basic (HK cents per share)		2.5	1.6
Diluted (HK cents per share)		<u>2.5</u>	<u>1.6</u>

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

For the six months ended 30 September 2024

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	27,991	20,340
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	<u>22,136</u>	<u>(11,289)</u>
Total comprehensive income for the period	<u>50,127</u>	<u>9,051</u>
Attributable to:		
Equity shareholders of the Company	<u>44,151</u>	2,967
Non-controlling interests	<u>5,976</u>	<u>6,084</u>
Total comprehensive income for the period	<u>50,127</u>	<u>9,051</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		(Unaudited) At 30 September 2024 <i>HK\$'000</i>	(Audited) At 31 March 2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		42,049	43,100
Investment property		200,488	174,958
Goodwill		49,473	49,473
Intangible assets		4,838	7,257
Interests in associate		—	—
		296,848	274,788
Current assets			
Inventories		1,134	1,346
Trade and other receivables	10	311,498	363,306
Contract assets		50,389	6,445
Financial assets at fair value through profit or loss		30,516	—
Pledged bank deposit		1,999	1,999
Time deposit with original maturities over three months		101,000	156,000
Cash and cash equivalents		167,163	150,622
		663,699	679,718
Current liabilities			
Trade and other payables	11	(232,122)	(260,611)
Contract liabilities		(58,631)	(60,155)
Lease liabilities		(1,845)	(1,625)
Promissory note payables		(39,548)	(39,212)
Tax payable		(7,018)	(4,577)
		(339,164)	(366,180)
Net current assets		324,535	313,538
Total assets less current liabilities		621,383	588,326

	(Unaudited) At 30 September 2024 HK\$'000	(Audited) At 31 March 2024 HK\$'000
Non-current liabilities		
Lease liabilities	(1,127)	(1,819)
Promissory note payables	(20,455)	(19,889)
Deferred tax liabilities	(981)	(1,380)
	<u>(22,563)</u>	<u>(23,088)</u>
Net assets	<u>598,820</u>	<u>565,238</u>
Capital and reserves		
Share capital	21,940	21,940
Reserves	551,139	515,764
	<u>573,079</u>	<u>537,704</u>
Total equity attributable to equity shareholders of the Company	573,079	537,704
Non-controlling interests	25,741	27,534
	<u>598,820</u>	<u>565,238</u>
Total equity	<u>598,820</u>	<u>565,238</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 2024 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 2024, 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	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to HKAS 1	Presentation of financial statements: Non-current liabilities with covenants
Amendments to HKFRS 16	Leases: Lease liability in a sale and leaseback
Amendments to HKAS 7	Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements

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

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of IT application and solution development 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
IT application and solution development services	31,280	46,441
IT infrastructure solutions services	373,405	391,980
IT secondment services	15,974	11,725
IT maintenance and support services	83,344	67,344
	<u>504,003</u>	<u>517,490</u>
Revenue from other sources:		
Property leasing	<u>61</u>	<u>—</u>
	<u><u>504,064</u></u>	<u><u>517,490</u></u>

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management (that is, the chief 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.

(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. 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 2024 and 2023 is set out below:

	Six months ended 30 September 2024 (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	-	373,405	-	29,774	-	403,179
— Over time	31,280	-	15,974	53,570	-	100,824
	31,280	373,405	15,974	83,344	-	504,003
Revenue from other sources	-	-	-	-	61	61
Revenue from external customers and reportable segment revenue	31,280	373,405	15,974	83,344	61	504,064
Reportable segment gross profit	8,337	54,050	6,736	35,398	61	104,582

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	<u>46,441</u>	<u>391,980</u>	<u>11,725</u>	<u>67,344</u>	<u>-</u>	<u>517,490</u>
Reportable segment gross profit	<u>10,494</u>	<u>48,018</u>	<u>4,129</u>	<u>32,020</u>	<u>-</u>	<u>94,661</u>

(ii) Geographic information

The following is an analysis of the Group's revenue by the geographical locations of customers:

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	504,003	517,490
Malaysia	61	-
	<u>504,064</u>	<u>517,490</u>

Non-current assets

	(Unaudited)	(Audited)
	At	At
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	96,322	99,793
The PRC, excluding Hong Kong	38	37
Malaysia	200,488	174,958
	<u>296,848</u>	<u>274,788</u>

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

5. OTHER REVENUE AND OTHER NET GAINS

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income*	4,476	2,925
Marketing income	278	36
Net foreign exchange gain/(loss)	131	(1,154)
Dividends from financial assets at fair value through profit or loss	450	–
Fair value gain of financial assets at fair value through profit or loss	607	–
Others	72	117
	<u>6,014</u>	<u>1,924</u>

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

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total interest expense on financial liabilities not at fair value through profit or loss:		
— Interest on bank overdraft	46	2
— Interest on lease liabilities	73	55
Effective interest expense of promissory note payables	901	865
	<u>1,020</u>	<u>922</u>

(b) Staff costs (including directors' remuneration)

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, wages and other benefits	96,679	83,110
Contributions to defined contribution retirement plans	2,631	2,125
	<u>99,310</u>	<u>85,235</u>

(c) **Other items**

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	2,419	2,427
Depreciation charge:		
— owned property, plant and equipment	1,604	1,235
— right-of-use assets	859	614
	<u>4,882</u>	<u>4,276</u>

7. INCOME TAX

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

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax — Hong Kong Profits Tax	4,595	4,816
Deferred tax	(399)	(399)
	<u>4,196</u>	<u>4,417</u>

- (a) The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong for the six months ended 30 September 2024 and 2023 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 2023.
- (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 is 25%. A Malaysia subsidiary of the Group subjected to Malaysia Corporate Tax is 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 2024 and 2023.

8. DIVIDENDS

A final dividend in respect of the year ended 31 March 2024 of HK\$1.0 cent (2023: Nil) per ordinary share amounting to HK\$8,776,000 (2023: Nil) was proposed pursuant to a resolution passed by the Board of Directors on 28 June 2024 and was approved by the shareholders at the annual general meeting of the Company on 26 August 2024.

Other than disclosed above, no dividends were paid or declared by the Company for the six months ended 30 September 2024 (for the six months ended 30 September 2023: Nil).

9. 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	
	2024	2023
Profit attributable to equity shareholders of the Company (HK\$)	<u>22,015,000</u>	<u>14,256,000</u>
Weighted average number of ordinary shares in issue	<u>877,590,312</u>	<u>877,590,312</u>
Basic earnings per share (HK cents per share)	<u>2.5</u>	<u>1.6</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.

	(Unaudited)	
	Six months ended 30 September	
	2024	2023
Profit attributable to equity shareholders of the Company (HK\$)	<u>22,015,000</u>	<u>14,256,000</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>877,590,312</u>	<u>877,590,312</u>
Diluted earnings per share (HK cents per share)	<u>2.5</u>	<u>1.6</u>

10. TRADE AND OTHER RECEIVABLES

	(Unaudited)	(Audited)
	At	At
	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	295,035	354,798
Less: Allowances for doubtful debts	<u>(1,302)</u>	<u>(13,653)</u>
	293,733	341,145
Other receivables	1,781	2,330
Rental and other deposits	4,482	3,898
Prepayments	<u>11,502</u>	<u>15,933</u>
	<u>311,498</u>	<u>363,306</u>

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

	(Unaudited)	(Audited)
	At	At
	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	233,363	281,035
1 to 3 months	50,952	43,006
Over 3 months	<u>9,418</u>	<u>17,104</u>
	<u>293,733</u>	<u>341,145</u>

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

11. TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	At	At
	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	172,828	186,574
Accrued expenses and other payables	59,294	72,207
Dividend payable to non-controlling interests	<u>–</u>	<u>1,830</u>
	<u>232,122</u>	<u>260,611</u>

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

	(Unaudited) At 30 September 2024 <i>HK\$'000</i>	(Audited) At 31 March 2024 <i>HK\$'000</i>
Within 1 month	49,326	177,611
1 to 3 months	79,456	8,096
Over 3 months	44,046	867
	<u>172,828</u>	<u>186,574</u>

12. EVENT AFTER THE REPORTING PERIOD

Settlement of promissory note and issue of new promissory note

Regarding to a building construction project (the “**Property**”) and an online-to-offline wholesale trading platform in Malaysia (collectively, the “**Project CKB**”) of the Company, the Company had issued a promissory note (the “**Promissory Note**”) in the principal amount of HK\$37,400,000 (equivalent to RM20,000,000 with agreed exchange rate) to Rainbow Field Investment Limited (the “**Vendor**”) in accordance with the terms and conditions of the acquisition agreement on 22 November 2021. The Promissory Note has a term of 36 months from the date of issue and bears an interest at the rate of 2% per annum.

As the Promissory Note would fall due on 21 November 2024 pursuant to the terms thereof, the Company has been negotiating with the Vendor on the extension of the maturity date and the delay in repayment under the Promissory Note because the Company would like to maintain cash reserves for other potential projects and business operations of the Company, especially when the operational commencement of the Project CKB was affected and delayed by the outbreak of the COVID-19 pandemic in Malaysia since 2020. In light of the reasons mentioned above, the feedback from the Vendor with the issuance of a new promissory note was positive.

On 20 November 2024, the Company and the Vendor entered into a deed of settlement, pursuant to which, the Company shall issue a new promissory note (the “**New Promissory Note**”) in the principal amount of HK\$36,888,000 (equivalent to RM21,200,000 with agreed exchange rate) to the Vendor which represents the total outstanding principal amount and unpaid interest under the Promissory Note, which set off against the outstanding liabilities under the Promissory Note. The New Promissory Note bears an interest of 2% per annum and shall mature on the 36 months from the date of issue, which are the same terms as those of the Promissory Note. The New Promissory Note was issued on 20 November 2024. Further details were set out in the Company’s announcement dated 20 November 2024.

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 2024 (“**Interim 2024**”), the Group recognised a profit attributable to equity shareholders of the Company of approximately HK\$22.0 million as compared to the profit attributable to equity shareholders of the Company of approximately HK\$14.3 million for the six months ended 30 September 2023 (“**Interim 2023**”). As compared to Interim 2023, the increase were primarily attributable to the net effect of: (i) an increase in gross profit by approximately HK\$9.9 million; (ii) an increase in other revenue and other net gains by approximately HK\$4.1 million; (iii) an increase in change in fair value of investment property by approximately HK\$4.1 million and (iv) an increase in general and administrative expenses by approximately HK\$11.8 million, which was mainly due to the increase in staff costs of approximately HK\$11.1 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\$31.3 million, representing approximately 6.2% of the total revenue for Interim 2024. The revenue derived from this segment decreased by approximately 33% from approximately HK\$46.5 million for Interim 2023 to approximately HK\$31.3 million for Interim 2024. The significant decrease was primarily due to some implementation phase of large-scale IT projects were completed during the year ended 31 March 2024. For other large-scale IT projects on hand, they have not commenced the implementation phase or in preliminary stage, not much revenue would recorded during Interim 2024.

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\$373.4 million, representing approximately 74.1% of the total revenue for Interim 2024. The revenue from this segment decreased by approximately 5% from approximately HK\$392.0 million for Interim 2023 to approximately HK\$373.4 million for Interim 2024. The decrease was primarily due to decreased demand from the Group’s customers in banking and finance sectors. This offset the 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 2024.

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\$16.0 million, representing approximately 3.1% of the total revenue for Interim 2024. The revenue derived from this segment increased by approximately 37% from approximately HK\$11.7 million for Interim 2023 to approximately HK\$16.0 million for Interim 2024. The increase were primarily due to (i) the increase in demand for services from major customers in banking and finance sector and (ii) some new IT secondment services contracts awarded to the Group during Interim 2024.

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\$83.3 million, representing approximately 16.5% of the total revenue for Interim 2024. The revenue derived from this segment increased by approximately 24% from approximately HK\$67.3 million for Interim 2023 to approximately HK\$83.3 million for Interim 2024. The increase were primarily due to (i) the increase of new IT maintenance and support services contracts awarded to the Group and (ii) the commencement of maintenance phase from a sizeable IT project after the completion of implementation phase during Interim 2024.

Property leasing

This segment provides property leasing services. The revenue generated from this segment amounted to approximately HK\$0.1 million, representing approximately 0.1% of the total revenue for Interim 2024. As the business environment in Malaysia is returning to normal gradually during Interim 2024, the management started the marketing and promotion work accordingly. 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 2023/24 of the Company for the year ended 31 March 2024. 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.

In year 2024, the worldwide business environment was unpredictable and affected by high inflation rate and exchange rate changes. The Group continued to face challenges such as high labour cost and shortage of experienced labour, while trying to secure new IT projects on the same time. Due to the consumption preferences of the customers are constantly changing, the Group will strive to meet the needs of customers by providing professional services and IT products with high quality and best price. Though there are still many uncertainties in the business environment, the management believes that the Group's prospects remain promising.

The Group will continue to focus on its operation and formulate a stronger financial position with a light asset operation, lower geared structure and higher liquidity. By way of adopting a light asset cost model, the Group should be able to improve its operational flexibility, and minimize the adverse impact on the business operation.

The management will closely monitor the exposure to risks and uncertainties on an ongoing basis, make timely predictions and adjustments of operating strategies, and prepare for any operational risks that may arise. Looking ahead, as the opportunities always coexist with challenges, the Group will continue to explore potential business opportunities all over the world, which will expand the Group's network, broaden the sources of income and maximize shareholders value.

FINANCIAL REVIEW

Revenue

The Group's revenue for Interim 2024 amounted to approximately HK\$504.1 million, representing a decrease of approximately HK\$13.4 million or 3% as compared to Interim 2023 (Interim 2023: approximately HK\$517.5 million). The decrease were mainly due to the decrease in revenue generated from (i) IT application and solution development services segment and (ii) IT infrastructure solutions services segment of approximately HK\$15.2 million and HK\$18.6 million respectively, offset the increase in revenue generated from (i) IT secondment services segment and (ii) IT maintenance and support services segment of approximately HK\$4.3 million and HK\$16.0 million respectively.

Gross profit and gross profit margin

The Group's gross profit for Interim 2024 amounted to approximately HK\$104.6 million, representing an increase of approximately HK\$9.9 million or 10% as compared to Interim 2023 (Interim 2023: approximately HK\$94.7 million), while the gross profit margin of the Group increased to approximately 21% for Interim 2024 (Interim 2023: approximately 18%). For (i) IT secondment services segment and (ii) IT maintenance and support services segment, the gross profits increased in line with the increase in revenue. For IT application and solution development services segment, the gross profit decreased in line with the decrease in revenue. For IT infrastructure solutions services segment, with the efficient control in direct costs in hardware and software, the gross profit increased in the case of decrease in revenue.

Due to the increase of staff costs, direct costs in hardware and software during Interim 2024, the gross profit margin was decreased in IT maintenance and support services segment. For (i) IT application and solution development services segment, (ii) IT infrastructure solutions services segment and (iii) IT secondment services segment, with the efficient control in staff costs, direct costs in hardware and software, the gross profit margins were increased during Interim 2024.

Other revenue and other net gains

The Group's other revenue and other net gains for Interim 2024 amounted to approximately HK\$6.0 million, representing an increase of approximately HK\$4.1 million or 216% as compared to Interim 2023 (Interim 2023: approximately HK\$1.9 million). The increase were mainly due to (i) the increase of bank interest income and (ii) the increase of dividends and fair value gain of financial assets at fair value through profit or loss during Interim 2024.

General and administrative expenses

The Group's general and administrative expenses for Interim 2024 amounted to approximately HK\$81.9 million, representing an increase of approximately HK\$11.8 million or 17% as compared to Interim 2023 (Interim 2023: approximately HK\$70.1 million). The increase was mainly due to the increase in staff costs of approximately HK\$11.1 million as compared to Interim 2023, which attributed to (i) the increase of full-time employees during Interim 2024 (as at 30 September 2024: 338, as at 30 September 2023: 303) (ii) expansion of the Group's sales team so as to expand its sales channels and (iii) commission paid to sales team which was in line with the increase in revenue of the Group during Interim 2024.

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.

The Group's change in fair value of investment property for Interim 2024 amounted to approximately gain of HK\$3.4 million (Interim 2023: approximately loss of HK\$0.7 million). The increase was mainly due to there was increase in the monthly market rent (in Malaysia) during Interim 2024. 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.

Finance costs

The Group's finance costs for Interim 2024 amounted to approximately HK\$1.0 million, representing an increase of approximately HK\$0.1 million or 11% as compared to Interim 2023 (Interim 2023: approximately HK\$0.9 million). The finance costs for Interim 2024 and Interim 2023 were mainly comprised of imputed interest expenses arising from amortisation of promissory notes in accordance with the relevant accounting standards. Such imputed interest expenses do not have any actual impact on the operating result and cash flow of the Group.

Income tax

The Group's income tax for Interim 2024 amounted to approximately HK\$4.2 million (Interim 2023: approximately HK\$4.4 million), representing a decrease of approximately HK\$0.2 million or 5% as compared to Interim 2023.

Profit for the period

The Group's net profit for Interim 2024 amounted to approximately HK\$28.0 million, representing an increase of approximately HK\$7.7 million or 38% as compared to Interim 2023 (Interim 2023: approximately HK\$20.3 million). As compared to Interim 2023, the increase were mainly attributable to the net effect of: (i) an increase in gross profit by approximately HK\$9.9 million; (ii) an increase in other revenue and other net gains by approximately HK\$4.1 million; (iii) an increase in general and administrative expenses by approximately HK\$11.8 million, which was mainly due to the increase in staff costs of approximately HK\$11.1 million and (iv) an increase in change in fair value of investment property by approximately HK\$4.1 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**”).

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 2024:

	Intended use of net proceeds <i>HK\$ million</i>	Utilised of the net proceeds up to 30 September 2024 <i>HK\$ million</i>	Unutilised of the net proceeds up to 30 September 2024 <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	–	
Further business development	4.8	3.9	0.9	
	<u>22.8</u>	<u>21.9</u>	<u>0.9</u>	
Total				On or before 31 December 2024
2021 Placing Shares Proceeds				
Development of the Algorithmic Trading Solution Platform	30.5	24.7	5.8	On or before 31 December 2025

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 2024, with reference to the valuation report prepared by an independent professional valuation firm, the carrying amount of the investment property is approximately HK\$200.5 million, representing approximately 21% of the Group's total asset.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 September 2024, the Group held financial assets at fair value through profit or loss portfolio (“**Portfolio**”) amounted to approximately HK\$30.5 million (30 September 2023: nil). During Interim 2024, the Portfolio generated approximately HK\$0.5 million (Interim 2023: nil) dividends from corporate bonds. The Group recognized fair value gain of financial assets at fair value through profit or loss of approximately HK\$0.6 million (Interim 2023: nil). Nevertheless, the fair value gains or losses were merely results of accounting treatments and do not have any actual impacts on the results of the operation and cash flow of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the working capital represented by the Group's net current assets amounted to approximately HK\$324.5 million (31 March 2024: HK\$313.5 million). By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position. the Group's cash and cash equivalents were approximately HK\$167.2 million (31 March 2024: HK\$150.6 million). Highly liquid assets, including cash and cash equivalents, time deposit with original maturities over three months and financial assets at fair value through profit or loss, were approximately HK\$298.7 million (31 March 2024: HK\$306.6 million). Total equity of the Group was HK\$598.8 million (31 March 2024: HK\$565.2 million).

As at 30 September 2024, the Group has unutilised bank facilities amounted to approximately HK\$95.5 million (as at 31 March 2024: approximately HK\$94.8 million). The net asset value per share attributable to equity shareholders of the Company was approximately HK\$0.7 (as at 31 March 2024: approximately HK\$0.6). The Group's gearing ratio, which is calculated on the basis of promissory note payables over total equity, was approximately 10% (as at 31 March 2024: approximately 10%). The Group's liquidity ratio, which is calculated on the basis of current assets over current liabilities, was approximately 2.0 times (as at 31 March 2024: approximately 1.9 times).

CAPITAL STRUCTURE

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

As at 30 September 2024 and 31 March 2024, 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 2024 and Interim 2023, the Group's capital is mainly derived from 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 a going concern, so that it can continue to provide returns for equity owners and other stakeholders, also 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 need higher levels of borrowings) and the advantages and security afforded by sound capital position, and makes adjustments to capital structure in light of changes in economic conditions.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During Interim 2024 and up to the date of this interim 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 30 September 2024

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 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 2024 and Interim 2023, there was no dividend income 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 2024, there was increase in the monthly market rent per square foot adopted in the valuation under income capitalisation approach, the fair value of the Property is approximately RM104.0 million (approximately HK\$175.0 million) as at 31 March 2024 and increase to RM106.0 million (approximately HK\$200.5 million) as at 30 September 2024.

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 2024, the adopted capitalisation rates in the valuation was 4.9% and the monthly market rent per square feet ranged from RM7.0 (equivalent to approximately HK\$13.2) to RM14.3 (equivalent to approximately HK\$26.9). 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 increased approximately HK\$3.4 million is appropriate.

Other investments held as at 30 September 2024

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 Bao Cheng Holdings (HK) Limited, and finally deregistered on 14 January 2022 and 2 August 2024. The amounts of the Group's unrecognised share of losses of Bao Cheng Group for the current period and cumulatively were nil (Interim 2023: approximately HK\$nil) and HK\$431,000 (Interim 2023: approximately HK\$431,000), respectively. As at 30 September 2024, the carrying amount of Bao Cheng Group is nil (Interim 2023: nil).

Saved as disclosed above, the Group did not acquire or hold any other significant investments as at 30 September 2024. 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 2024

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 2024 and up to the date of this interim result announcement.

Saved as disclosed above, the Group did not acquire or hold any other significant capital assets during Interim 2024 and Interim 2023.

CONTINGENT LIABILITIES

As at 30 September 2024, the performance bonds amounted to approximately HK\$11.5 million (as at 31 March 2024: approximately HK\$12.2 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 bonds.

Saved as disclosed above, the Group had no other material contingent liabilities as at 30 September 2024 and up to the date of this interim result announcement.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For the core business operation of the Group, it is not exposed to significant foreign exchange risk as the majority of its business transactions are denominated in Hong Kong dollars (being the functional currency of the Group). The Group faced foreign exchange exposure mainly for Project CKB (the significant amount of investment property that was denominated in foreign currency as at 30 September 2024 and 2023).

The Group currently does not have a foreign currency hedging policy, the management of the Group will monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2024, except for (i) the pledged bank deposit of approximately HK\$2.0 million (as at 31 March 2024: 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\$33.1 million (as at 31 March 2024: approximately HK\$33.8 million) pledged to a bank for facilities of HK\$60.0 million (as at 31 March 2024: 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 2024, the Group employed a total of 338 full-time employees (as at 30 September 2023: 303). The staff costs (including directors' emoluments) of the Group were approximately HK\$99.3 million for Interim 2024 (Interim 2023: approximately HK\$85.2 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 2024 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 deviation as explained below:

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established.

Mr. Lee Cheong Yuen (“**Mr. Lee**”) currently holds the role of both chairman of the Board (the “**Chairman**”) and chief executive officer of the Group (the “**CEO**”). In view of Mr. Lee is the key leadership figure of the Group who has been primarily involved in the formulation and execution of business strategies, and determination of the overall long-term development direction. The Board believes that with the support of Mr. Lee's considerable experience and knowledge in IT industry, holding the roles of both Chairman and CEO is in the best interests to the Group and the shareholders as a whole. At the same time, as all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

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 C3 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 2024.

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 2024, 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 2024 and 2023, 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 2024 and 2023.

EVENT AFTER THE REPORTING PERIOD

Settlement of promissory note and issue of new promissory note

Regarding to Project CKB, the Company had issued the Promissory Note in the principal amount of HK\$37,400,000 (equivalent to RM20,000,000 with agreed exchange rate) to the Vendor in accordance with the terms and conditions of the acquisition agreement on 22 November 2021. The Promissory Note has a term of 36 months from the date of issue and bears an interest at the rate of 2% per annum.

As the Promissory Note would fall due on 21 November 2024 pursuant to the terms thereof, the Company has been negotiating with the Vendor on the extension of the maturity date and the delay in repayment under the Promissory Note because the Company would like to maintain cash reserves for other potential projects and business operations of the Company, especially when the operational commencement of the Project CKB was affected and delayed by the outbreak of the COVID-19 pandemic in Malaysia since 2020. In light of the reasons mentioned above, the feedback from the Vendor with the issuance of a new promissory note was positive.

On 20 November 2024, the Company and the Vendor entered into a deed of settlement, pursuant to which, the Company shall issue the New Promissory Note in the principal amount of HK\$36,888,000 (equivalent to RM21,200,000 with agreed exchange rate) to the Vendor which represents the total outstanding principal amount and unpaid interest under the Promissory Note, which set off against the outstanding liabilities under the Promissory Note. The New Promissory Note bears an interest of 2% per annum and shall mature on the 36 months from the date of issue, which are the same terms as those of the Promissory Note. The New Promissory Note was issued on 20 November 2024. Further details were set out in the Company's announcement dated 20 November 2024.

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 2024 and was of the opinion that such statements had been prepared in compliance with the applicable accounting standards and the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange(www.hkexnews.hk) and the Company (www.1460.hk) respectively. The interim report of the Company for the six months ended 30 September 2024 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 28 November 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Lee Cheong Yuen and Mr. Pun Shing Cheung; 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. Chan Kai Wing.