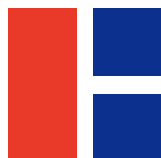


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**ICO GROUP LIMITED**

**揚科集團有限公司\***

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

**(Stock code: 1460)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

**FINANCIAL HIGHLIGHTS**

	<b>(Unaudited)</b>		
	<b>Six months ended 30 September</b>		
	<b>2021</b>	<b>2020</b>	<b>Change %</b>
Revenue <i>(HK\$'000)</i>	<b>358,951</b>	281,123	27.7%
Gross profit <i>(HK\$'000)</i>	<b>77,181</b>	46,470	66.1%
Profit for the period <i>(HK\$'000)</i>	<b>16,240</b>	14,065	15.5%
Earnings per share – Basic <i>(HK cents per share)</i>	<b>1.4</b>	1.8	(22.2%)

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2021.

\* 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 2021, together with the comparative figures for the corresponding period in 2020, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

		(Unaudited)	
		Six months ended 30 September	
		2021	2020
	Notes	HK\$'000	HK\$'000
Revenue	4	358,951	281,123
Cost of sales		<u>(281,770)</u>	<u>(234,653)</u>
<b>Gross profit</b>		<b>77,181</b>	46,470
Other revenue and other net gains	5	993	5,526
General and administrative expenses		(46,247)	(31,599)
Impairment losses on trade receivables and contract assets		(751)	(140)
Change in fair value of contingent consideration payables		(446)	(860)
Change in fair value of investment property		(4,669)	(1,836)
Equity-settled share-based payment expenses		(3,986)	–
Share of profit of associates		–	797
Share of profit of joint ventures		399	143
Finance costs	6(a)	<u>(377)</u>	<u>(334)</u>
<b>Profit before taxation</b>	6	<b>22,097</b>	18,167
Income tax	7	<u>(5,857)</u>	<u>(4,102)</u>
<b>Profit for the period</b>		<b><u>16,240</u></b>	<b><u>14,065</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		12,157	10,973
Non-controlling interests		<u>4,083</u>	<u>3,092</u>
<b>Profit for the period</b>		<b><u>16,240</u></b>	<b><u>14,065</u></b>
			(restated)
<b>Earnings per share</b>	9		
Basic (HK cents per share)		1.4	1.8
Diluted (HK cents per share)		<u>1.4</u>	<u>1.8</u>

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

*For the six months ended 30 September 2021*

	<b>(Unaudited)</b>	
	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>16,240</b>	14,065
<b>Other comprehensive income for the period</b>		
Item that will not be reclassified to profit or loss:		
Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	(1,220)	1,400
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(702)	6,808
<b>Other comprehensive income for the period</b>	<b>(1,922)</b>	8,208
<b>Total comprehensive income for the period</b>	<b>14,318</b>	22,273
<b>Attributable to:</b>		
Equity shareholders of the Company	10,235	19,181
Non-controlling interests	4,083	3,092
<b>Total comprehensive income for the period</b>	<b>14,318</b>	22,273

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		(Unaudited) At 30 September 2021 HK\$'000	(Audited) At 31 March 2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		44,750	46,756
Investment property		224,765	231,067
Goodwill		49,473	49,473
Intangible assets		19,499	21,965
Interests in associates		2,177	2,177
Interests in joint ventures		1,851	1,452
Other financial asset		6,480	7,700
		<u>348,995</u>	<u>360,590</u>
<b>Current assets</b>			
Inventories		374	851
Trade and other receivables	10	194,713	150,895
Contract assets		96,442	79,720
Tax recoverable		–	405
Pledged bank deposit		1,999	1,999
Cash and cash equivalents		114,531	106,810
		<u>408,059</u>	<u>340,680</u>
<b>Current liabilities</b>			
Trade and other payables	11	(92,571)	(103,013)
Contract liabilities		(35,904)	(28,178)
Lease liabilities		(1,226)	(1,360)
Contingent consideration payables		(37,903)	(37,457)
Tax payable		(6,677)	(1,261)
		<u>(174,281)</u>	<u>(171,269)</u>
<b>Net current assets</b>		<u>233,778</u>	<u>169,411</u>

	(Unaudited) At 30 September 2021 <i>HK\$'000</i>	(Audited) At 31 March 2021 <i>HK\$'000</i>
<b>Total assets less current liabilities</b>	<b>582,773</b>	530,001
<b>Non-current liabilities</b>		
Lease liabilities	(867)	(1,491)
Promissory note payable	(19,880)	(19,591)
Deferred tax liabilities	(3,355)	(3,754)
	<u>(24,102)</u>	<u>(24,836)</u>
<b>Net assets</b>	<b><u>558,671</u></b>	<b><u>505,165</u></b>
<b>Capital and reserves</b>		
Share capital	21,940	17,661
Reserves	516,698	465,967
	<u>538,638</u>	<u>483,628</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<b>538,638</b>	483,628
Non-controlling interests	20,033	21,537
	<u>558,671</u>	<u>505,165</u>
<b>Total equity</b>	<b><u>558,671</u></b>	<b><u>505,165</u></b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 April 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. The Company's registered office address is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and 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 and e-commerce business.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2021 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 2021, 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.

## 3. APPLICATION OF AMENDMENTS TO HKFRSs

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

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

The application of these amendments to HKFRS in the current interim period has had 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, property leasing and e-commerce business. The amount of each significant category of revenue is as follows:

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
IT application and solution development services	76,434	36,124
IT infrastructure solutions services	185,677	163,026
IT secondment services	10,925	12,461
IT maintenance and support services	85,915	69,512
	<u>358,951</u>	<u>281,123</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 and e-commerce business: this segment provides property leasing services and online trading platform services.

(i) *Segment results, assets and liabilities*

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

Revenue and expenses are allocated to the reportable segments with reference to 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 is presented.

Disaggregate of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2021 and 2020 is set out below.

	Six months ended 30 September 2021 (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	-	185,677	-	47,251	-	232,928
- Over time	76,434	-	10,925	38,664	-	126,023
Reportable revenue from external customers and segment revenue	<u>76,434</u>	<u>185,677</u>	<u>10,925</u>	<u>85,915</u>	<u>-</u>	<u>358,951</u>
Reportable segment gross profit	<u>15,469</u>	<u>28,393</u>	<u>3,390</u>	<u>29,929</u>	<u>-</u>	<u>77,181</u>



## Six months ended 30 September 2020 (Unaudited)

	IT application and solution development services <i>HK\$'000</i>	IT infrastructure solutions services <i>HK\$'000</i>	IT secondment services <i>HK\$'000</i>	IT maintenance and support services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition					
– Point in time	–	163,026	–	35,064	198,090
– Over time	36,124	–	12,461	34,448	83,033
Reportable revenue from external customers and segment revenue	<u>36,124</u>	<u>163,026</u>	<u>12,461</u>	<u>69,512</u>	<u>281,123</u>
Reportable segment gross profit	<u>3,193</u>	<u>21,029</u>	<u>3,993</u>	<u>18,255</u>	<u>46,470</u>

**(ii) Geographic information***Revenue from external customers*

	<b>(Unaudited)</b>	
	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong (place of domicile)	<b>358,951</b>	281,123
The People's Republic of China (the "PRC")	–	–
Malaysia	–	–
	<b><u>358,951</u></b>	<u>281,123</u>

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

*Specified non-current assets*

	(Unaudited) At <b>30 September</b> 2021 <i>HK\$'000</i>	(Audited) At 31 March 2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	117,709	121,782
The PRC	41	41
Malaysia	<u>224,765</u>	<u>231,067</u>
	<u><b>342,515</b></u>	<u>352,890</u>

The above table sets out the information about the geographical location of the Group's property, plant and equipment, investment property, goodwill, intangible assets, and interests in associates and joint ventures (“**Specified non-current assets**”). The geographical location of the Specified 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, intangible assets, and interests in associates and joint ventures.

**5. OTHER REVENUE AND OTHER NET GAINS**

	(Unaudited)	
	Six months ended 30 September	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	96	16
Income from government subsidies	–	5,016
Marketing income	25	35
Net foreign exchange gain	852	453
Others	<u>20</u>	<u>6</u>
	<u><b>993</b></u>	<u>5,526</u>

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	<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	2	–
– Interest on lease liabilities	86	53
Effective interest expense of promissory note payable	289	281
	<u>377</u>	<u>334</u>

### (b) Staff costs (including directors' remuneration)

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, wages and other benefits	65,224	51,786
Contributions to defined contribution retirement plans	2,003	1,581
	<u>67,227</u>	<u>53,367</u>

### (c) Other items

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	2,465	78
Depreciation charge:		
– owned property, plant and equipment	2,364	1,297
– right-of-use assets	775	617
	<u>775</u>	<u>617</u>

## 7. INCOME TAX

The taxation charged to profit or loss represents:

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong Profits Tax	<u>5,857</u>	<u>4,102</u>

- (a) The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong for the six months ended 30 September 2021 and 2020 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%.
- (b) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (c) A PRC subsidiary of the Company was qualified as “Small Low-profit Enterprise” in Guangdong and subject to a concessionary PRC Enterprise Income Tax rate. For the six months ended 30 September 2021 and 2020, the PRC Enterprise Income Tax rate was 25% and the Malaysia Corporate Tax standard rate was 24%.

No provision for PRC Enterprise Income Tax and Malaysia Corporate Tax have been made as the subsidiaries established in the PRC and Malaysia did not have assessable profits subject to PRC Enterprise Income Tax and Malaysia Corporate Tax respectively during the six months ended 30 September 2021 and 2020.

## 8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: 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	
	2021	2020
		(Restated)
Profit attributable to equity shareholders of the Company ( <i>HK\$</i> )	<u>12,157,000</u>	<u>10,973,000</u>
Weighted average number of ordinary shares in issue ( <i>Note</i> )	<u>844,564,449</u>	<u>625,748,602</u>
Basic earnings per share ( <i>HK cents per share</i> )	<u>1.4</u>	<u>1.8</u>

(b) **Diluted earnings per share**

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

	(Unaudited)	
	Six months ended 30 September	
	2021	2020 (Restated)
Profit attributable to equity shareholders of the Company (HK\$)	<u>12,157,000</u>	<u>10,973,000</u>
Weighted average number of ordinary shares in issue (Note)	<b>844,564,449</b>	625,748,602
Adjustments for share options	<u>8,519,550</u>	<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share	<u><b>853,083,999</b></u>	<u>625,748,602</u>
Diluted earnings per share (HK cents per share)	<u><b>1.4</b></u>	<u>1.8</u>

*Note:* The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for share consolidation on 8 December 2020. Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 4 December 2020, the share consolidation of every ten issued and unissued shares of HK\$0.0025 each into one consolidated share of HK\$0.025 each became effective on 8 December 2020.

**10. TRADE AND OTHER RECEIVABLES**

	(Unaudited)	(Audited)
	At	At
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
Trade receivables	<b>168,834</b>	131,046
Less: Allowances for doubtful debts	<u>(1,281)</u>	<u>(484)</u>
	<b>167,553</b>	130,562
Other receivables	<b>3</b>	4
Rental and other deposits	<b>17,648</b>	2,524
Prepayments	<u>9,509</u>	<u>17,805</u>
	<u><b>194,713</b></u>	<u>150,895</u>

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

	(Unaudited) At <b>30 September</b> 2021 <i>HK\$'000</i>	(Audited) At 31 March 2021 <i>HK\$'000</i>
Within 1 month	152,745	104,477
1 to 3 months	7,796	11,865
Over 3 months	7,012	14,220
	<u>167,553</u>	<u>130,562</u>

#### 11. TRADE AND OTHER PAYABLES

	(Unaudited) At <b>30 September</b> 2021 <i>HK\$'000</i>	(Audited) At 31 March 2021 <i>HK\$'000</i>
Trade payables	78,308	83,411
Accrued expenses and other payables	10,073	18,708
Dividend payable to non-controlling interests	4,190	894
	<u>92,571</u>	<u>103,013</u>

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

	(Unaudited) At <b>30 September</b> 2021 <i>HK\$'000</i>	(Audited) At 31 March 2021 <i>HK\$'000</i>
Within 1 month	24,188	40,998
1 to 3 months	53,816	42,145
Over 3 months	304	268
	<u>78,308</u>	<u>83,411</u>

## 12. CONTINGENT LIABILITIES

At 30 September 2021, a performance bond of HK\$10,221,000 (31 March 2021: 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.

## 13. IMPACT OF NOVEL CORONAVIRUS DISEASE (“COVID-19”) PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures.

## 14. EVENT AFTER THE REPORTING PERIOD

### **Fulfillment of condition of the issuance of promissory note as the consideration of the acquisition of O2O Limited**

In mid-October 2021, Rainbow Field Investment Limited (the “**Vendor**”) delivered the Chow Kit Boy, being an e-commerce and payment platform in Malaysia. This is a condition, as stipulated in the acquisition agreement (the “**Acquisition Agreement**”) entered into between the Vendor and ICO IT Properties (Malaysia) Limited (the “**Purchaser**”), an indirectly wholly-owned subsidiary of the Company, for the Company to issue a promissory note to the Vendor. The management of the Purchaser has inspected Chow Kit Boy and its functions, and were satisfied to the content, quality and functions of Chow Kit Boy. The above-mentioned condition was considered fulfilled on 1 November 2021. Accordingly, on 22 November 2021, the Company issued the promissory note in the principal amount of HK\$37,400,000 (equivalent to RM20,000,000 calculated based on the mechanism agreed for the determination of the exchange rate as agreed in the Acquisition Agreement) to the Vendor in accordance to the terms and conditions of the Acquisition Agreement. The promissory note shall bear an interest of 2% per annum and shall mature on the date falling on the thirty-six (36) months from the date of its issuance. Further details were set out in the Company's announcement dated 22 November 2021.

In relation to the potential issuance of the promissory note, the Group recognised contingent consideration payables of HK\$37,903,000 and HK\$37,457,000 as at 30 September 2021 and 31 March 2021, respectively.

## 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 and e-commerce business.

### BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 September 2021 (“**Interim 2021**”), the Group recognised a profit attributable to equity shareholders of the Company of approximately HK\$12.2 million as compared to the profit attributable to equity shareholders of the Company of approximately HK\$11.0 million for the six months ended 30 September 2020 (“**Interim 2020**”). As compared to Interim 2020, the increase were primarily attributable to the net effect of: (i) an increase in gross profit by approximately HK\$30.7 million; (ii) an increase in change in fair value of contingent consideration payables and change in fair value of investment property by approximately HK\$2.4 million; and (iii) an increase in general and administrative expenses by approximately HK\$14.6 million, which was mainly due to the increase in staff cost of approximately HK\$13.7 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\$76.4 million, representing approximately 21.3% of the total revenue for Interim 2021. The revenue derived from this segment increased by approximately 111.6% from approximately HK\$36.1 million for Interim 2020 to approximately HK\$76.4 million for Interim 2021. The significant increase was primarily due to commencement of implementation phase of various new projects during Interim 2021.

#### 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\$185.7 million, representing approximately 51.7% of the total revenue for Interim 2021. The revenue from this segment increased by approximately 13.9% from approximately HK\$163.0 million for Interim 2020 to approximately HK\$185.7 million for Interim 2021. The increase were primarily due to (i) increase in the number of active customers for the Group as a result of the Group’s effort to expand its sales channel and customer portfolio; and (ii) the revenue contributed by PointSoft Limited (“**PointSoft**”), with focus on developing and managing food and beverage point-of-sales system, since it became the subsidiary of the Company in the second half of the year ended 31 March 2021 (“**FY2021**”).



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

This segment provides IT secondment services for a fixed period of time pursuant to IT secondment service agreements. The revenue generated from this segment amounted to approximately HK\$10.9 million, representing approximately 3.1% of the total revenue for Interim 2021. The revenue derived from this segment decreased by approximately 12.3% from approximately HK\$12.5 million for Interim 2020 to approximately HK\$10.9 million for Interim 2021. The decrease were primarily due to (i) the decrease in demand for services from major customers in banking and finance sector; and (ii) the revenue of new IT secondment services contracts awarded to the Group were not enough to offset the impact for the decrease in demand from the major customers as the outbreak of COVID-19.

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

This segment provides IT maintenance and support services. The revenue generated from this segment amounted to approximately HK\$85.9 million, representing approximately 23.9% of the total revenue for Interim 2021. The revenue derived from this segment increased by approximately 23.6% from approximately HK\$69.5 million for Interim 2020 to approximately HK\$85.9 million for Interim 2021. The increase were primarily due to (i) the increase of new IT maintenance and support services contracts awarded to the Group offset the subsequent completion of some contracts during Interim 2021; and (ii) the revenue contributed by PointSoft since it became the subsidiary of the Company in the second half of FY2021.

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

On 6 December 2017, ICO IT Properties (Malaysia) Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with various vendors, at 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, 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.

Due to the outbreak of COVID-19 in early 2020, which was adversely impacted the worldwide economy. On 18 March 2020, the Malaysian Government implemented the 2020 Movement Control Order (the “**MCO**”) as a preventive measure for the COVID-19 pandemic in Malaysia. Hence, the Project CKB was not started its operation for Interim 2021 and FY2021.

## **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 2020/21 of the Company for the year ended 31 March 2021. 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.

Due to the outbreak of COVID-19, the keen competition in the IT industry and the demand shrank from customers, the Group will dedicate more efforts to broaden its customer base, improve cost control and actively adjust the business strategy in respond to COVID-19 and the latest market changes. At the same time, the Group will continue its effort to enhance the competitiveness within the ever changing industry and economy, including closely monitor its cash position, continue to seek investment and business opportunities, with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the shareholders of the Company.

The Group expects the global economy would gradually recover with the availability of COVID-19 vaccines and stimulation fiscal policy adopted by large economies all over the world. In view of the Group's existing competitive advantages and market position in its core business segments, the Group is cautiously optimistic for the business growth and development. Meanwhile, the Group will continue to take a prudent approach in managing the existing resource and develop the business strategies, and look for investment opportunities that offer outstanding returns under the acceptable risk within the portfolio of the Group.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for Interim 2021 amounted to approximately HK\$359.0 million, representing an increase of approximately HK\$77.9 million or 27.7% as compared to Interim 2020 (Interim 2020: approximately HK\$281.1 million). The increase were mainly attributable to the increase in revenue generated from (i) IT application and solution development services segment; (ii) the IT maintenance and support services segment; and (iii) IT infrastructure solutions services segment of approximately HK\$40.3 million, HK\$16.4 million and HK\$22.7 million respectively, offset the decrease in revenue generated from IT secondment services segment of approximately HK\$1.6 million.

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

The Group's gross profit for Interim 2021 amounted to approximately HK\$77.2 million, representing an increase of approximately HK\$30.7 million or 66.0% as compared to Interim 2020 (Interim 2020: approximately HK\$46.5 million), while the gross profit margin of the Group increased to approximately 21.5% for Interim 2021 (Interim 2020: approximately 16.5%). For (i) IT application and solution development services segment; (ii) IT infrastructure solutions services segment; and (iii) IT maintenance and support services segment, the gross profits increased in line with the increase in revenue in these segments; for IT secondment services segment, the gross profit decreased in line with the decrease in revenue.

Due to the effective control of staff cost and resources utilisation during the Interim 2021, the gross profit margin was increased in (i) IT application and solution development services segment; (ii) IT infrastructure solutions services segment; and (iii) IT maintenance and support services segment. Despite the decrease in gross profit in IT secondment services segment, the gross profit margin remained stable for Interim 2021.

## **General and administrative expenses**

The Group's general and administrative expenses for Interim 2021 amounted to approximately HK\$46.2 million, representing an increase of approximately HK\$14.6 million or 46.2% as compared to Interim 2020 (Interim 2020: approximately HK\$31.6 million). The increase was mainly due to the increase in staff cost of approximately HK\$9.9 million as compared to Interim 2020, which attributed to (i) expansion of the Group's sales team so as to expand its sales channels; (ii) commission paid to sales team which was in line with the increase in revenue of the Group during Interim 2021; and (iii) the increase of the staff from PointSoft, since it became the subsidiary of the Company in the second half of FY2021.

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

On 2 June 2020, the acquisition of Project CKB was completed. As a result, investment property and contingent consideration payables were recognised during Interim 2020. According to the relevant accounting standards, the investment property and financial liabilities are required to be remeasured at fair value at the end of each reporting period with the remeasurement gain or loss recognised in profit or loss. With reference to the valuation reports prepared by independent professional valuers, valuation gain or loss on the investment property and financial liabilities were determined and recognised for Interim 2020 and Interim 2021. 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.

## **Finance costs**

The Group's finance cost for Interim 2021 amounted to approximately HK\$0.38 million, representing an increase of approximately HK\$0.05 million or 12.9%, which remained stable as compared to Interim 2020 (Interim 2020: approximately HK\$0.33 million). The finance costs for Interim 2021 and Interim 2020 were mainly comprised of imputed interest expenses arising from amortisation of the liability component in promissory note in accordance with the relevant accounting standards. Such imputed interest expenses do not have any cash flows impacts to the Group.

## **Income tax**

As the fair value gains nor losses recognised by the Group are not taxable or deductible, the effective tax rate of the Group for Interim 2021 was approximately 27%, which remained stable as compared to Interim 2020 (Interim 2020: approximately 23%).

## **Profit for the period**

The Group's net profit for Interim 2021 amounted to approximately HK\$16.2 million, representing an increase of approximately HK\$2.1 million as compared to Interim 2020 (Interim 2020: approximately HK\$14.1 million). As compared to Interim 2020, the increase were mainly attributable to the net effect of: (i) an increase in gross profit by approximately HK\$30.7 million; (ii) an increase in change in fair value of contingent consideration payables and change in fair value of investment property by approximately HK\$2.4 million; and (iii) an increase in general and administrative expenses by approximately HK\$14.6 million, which was mainly due to the increase in staff cost of approximately HK\$13.7 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 2021:

	<b>Intended use of net proceeds</b> <i>HK\$ million</i>	<b>Utilised of the net proceeds up to 30 September 2021</b> <i>HK\$ million</i>	<b>Unutilised of the net proceeds up to 30 September 2021</b> <i>HK\$ million</i>	<b>Expected timeline for the application of the unutilised of the net proceeds</b>
<b>2020 Placing Shares Proceeds</b>				
Settlement of the consideration	18.0	18.0	–	On or before 31 December 2023
Further business development	4.8	0.3	4.5	
Total	<u>22.8</u>	<u>18.3</u>	<u>4.5</u>	
<b>2021 Placing Shares Proceeds</b>				
Development of the Algorithmic Trading Solution Platform	30.5	–	30.5	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:

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

As at 30 September 2021, with reference to the valuation report prepared by an independent professional valuer, the carrying amount of the investment property is approximately HK\$224.8 million, representing approximately 30% of the Group's total asset.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the total equity of the Group amounted to approximately HK\$558.7 million (as at 31 March 2021: approximately HK\$505.2 million). Current assets were approximately HK\$408.1 million (as at 31 March 2021: approximately HK\$340.7 million), mainly comprised of cash and cash equivalents of approximately HK\$114.5 million (as at 31 March 2021: approximately HK\$106.8 million), trade and other receivables and contract assets of approximately HK\$291.2 million (as at 31 March 2021: approximately HK\$230.6 million). Current liabilities mainly comprised of trade and other payables and contract liabilities of approximately HK\$128.5 million (as at 31 March 2021: approximately HK\$131.2 million).

The changes in current assets and current liabilities of the Group were primarily due to:

- (i) the increase in cash and cash equivalent arising from (i) the increase in cash inflow from IT application and solution development services segment, IT maintenance and support services segment and IT infrastructure solutions services segment; (ii) the completion of placing of new shares during the Interim 2021; and (iii) the exercise of share options of the Company by employees and advisers of the Group;
- (ii) the increase in the aggregate amount of trade and other receivables and contract assets arising from services rendered in yet pending for settlement in accordance with the payment schedule set out in contracts with customers; and
- (iii) the decrease in trade creditors (included in trade and other payables) arising from decreased purchases made by the Group but not yet due for settlement.

As at 30 September 2021, the Group has unutilised bank facilities amounted to approximately HK\$56.8 million (as at 31 March 2021: approximately HK\$56.8 million). The net asset value per share attributable to equity shareholders of the Company was approximately HK\$0.6 (as at 31 March 2021: approximately HK\$0.7). The Group's gearing ratio, which is calculated on the basis of promissory note payable and contingent consideration payables over total equity, was approximately 10% (as at 31 March 2021: approximately 11%). The Group's liquidity ratio, which is calculated on the basis of current assets over current liabilities, was approximately 2.3 times (as at 31 March 2021: approximately 2.0 times).

## **CAPITAL STRUCTURE**

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

During Interim 2021, the Company had the following changes in its share capital:

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

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

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

During Interim 2021, 29,864,000 ordinary shares were issued upon the exercise of 29,864,000 share options of the Company by employees and advisers of the Group.

As at 30 September 2021 and 31 March 2021, the Company's issued share capital was approximately HK\$21,940,000 and HK\$17,661,000 respectively. The number of its issued ordinary shares was 877,590,312 and 706,439,312 of HK\$0.025 each respectively.

During Interim 2021 and Interim 2020, the Group's capital is mainly derived from long term debt (being promissory note), net proceeds from placing and retained profit 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 benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During Interim 2021 and Interim 2020, the promissory note issued by the Company carry interest of 2% per annum.

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group 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 2021 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 2021**

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

On 10 November 2017, Value Digital Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement, at total consideration of HK\$66 million to acquire 15% equity interest in INAX. INAX is a limited company incorporated in Hong Kong and which principally engages in IT infrastructure business with a focus on IT and telecommunication infrastructures and data centre industry. As at 30 September 2021, with reference to the valuation report prepared by an independent professional valuer, the fair value of this investment (recognised as other financial asset in the Group’s consolidated statement of financial position) was approximately HK\$6.5 million (as at 31 March 2021: HK\$7.7 million), represented a discount of approximately 90% to its cost and approximately 1% of the Group’s total asset. During Interim 2021, no dividend income was received from this investment.

According to the management account of INAX for the 5 months ended 30 September 2021 (unaudited), it showed that there was significant decrease in revenue, and change from profit to loss as compared with last corresponding period in 2020. Upon enquiry to the management of INAX, the primary reasons for the significant decrease in revenue during Interim 2021 were due to the pessimistic outlook towards the Sino-US political conflict together with the outbreak of COVID-19, which resulted in material impact to the operation of INAX. During Interim 2021, the operation of some of the customers were held up or suspended, which led to the decrease in demand for INAX’s services.

#### **(ii) *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. On 18 March 2020, the Malaysian Government implemented the MCO as a preventive measure for the COVID-19 in Malaysia. As a result, Project CKB was not yet started its operation for Interim 2021 and FY2021. During Interim 2021, no dividend income was received from this investment.

With reference to the valuation report prepared by an independent professional valuer, the fair value of the Property was approximately RM123.4 million (approximately HK\$231.1 million) as at 31 March 2021 and decreased to RM120.9 million (approximately HK\$224.8 million) as at 30 September 2021.

The valuation of the Property was principally arrived at using income capitalisation approach, by taking into account the current rents passing and the reversionary income potential of the Property, which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. The valuation result is cross-checked by direct comparison method.

In the valuation, which falls under Level 3 of fair value hierarchy, the market rentals of all lettable units of the Property are assessed and capitalised at market yield expected by investors for this type of the Property. The market rentals are assessed by reference to the rentals achieved in the lettable units of the Property as well as other lettings of similar properties in the neighbourhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions of similar properties in Malaysia and adjusted to take account of the valuer's knowledge of the market expectation from property investors to reflect factors specific to the Property.

The adopted capitalisation rates in the valuation range from 4.0%–5.5%, and the monthly market rent per square foot ranged from approximately RM19.3 (equivalent to approximately HK\$36.2) to approximately RM21.8 (equivalent to approximately HK\$40.9). The capitalisation rate and the monthly market rent per square foot are the key parameters in the valuation method of income capitalisation and they involve professional judgment in relation to the adjustments made by the Valuer. The fair value measurement is positively correlated to the monthly market rent per square foot and negatively correlated to the capitalisation rate. Taking into account the change in fair value of investment property, the Group considered the decrease in fair value change in investment property of approximately HK\$4.7 million is appropriate.

## **Other investments held as at 30 September 2021**

In addition to the abovementioned significant investments and capital assets, as at 30 September 2021, there were interests in joint ventures and interests in associates recognised in the Group's consolidated statement of financial position with carrying amount of approximately HK\$1.9 million and approximately HK\$2.2 million respectively.

The interests in joint ventures represented 33.3% equity interest in DeepSolutions Limited, which in turn holds 100% equity interest in DeepTranslate Limited (together the "**DeepSolutions Group**"). As disclosed in the announcement of the Company dated 8 August 2018, DeepSolutions Limited and DeepTranslate Limited are the limited companies incorporated in Hong Kong established by the Group and other parties pursuant to a joint venture agreement. DeepSolutions Group aims at developing a machine translation system to be used for translation of documents. According to the management account of DeepSolutions Group for Interim 2021 (unaudited), it recognised a net profit of approximately HK\$1.2 million. As at 30 September 2021, the carrying amount of DeepSolutions Group was approximately HK\$1.9 million, represented approximately 0.2% of the Group's total assets. During Interim 2021, no dividend income was received from this investment.

The interests in associates represented 25% equity interest in Bao Cheng Holdings (HK) Limited, which in turn holds 80% equity interest in 深圳市寶誠生物發展有限公司 (the "**Bao Cheng Group**"). Bao Cheng Holdings (HK) Limited and 深圳市寶誠生物發展有限公司 are the limited companies incorporated in Hong Kong and the PRC respectively, which were established by the Group and other parties pursuant to an agreement. Bao Cheng Group aims at IT services in vaccine production business. During Interim 2021, Bao Cheng Group did not operate due to the impact of COVID-19. As at 30 September 2021, the carrying amount of Bao Cheng Group was approximately HK\$2.2 million, represented approximately 0.3% of the Group's total assets. During Interim 2021, no dividend income was received from this investment.

Apart from the above, the Group did not acquire or hold any other significant investments as at 30 September 2021. In the future, the Group will continue to identify suitable targets for investment that (i) are profitable and have growth potentials that would contribute to the future earnings of the Group; or (ii) provide collaboration and cross-selling opportunities that would be mutually beneficial for both the Group and the targets.

## **Capital assets held as at 30 September 2021**

The Group acquired an office premises and a carpark space in Kwun Tong during the year ended 31 March 2016 at a consideration of approximately HK\$45.3 million. The Group still held the office premises and the carpark space during Interim 2021 and up to the date of this interim results announcement. Apart from the above, the Group did not acquire or hold any other significant capital assets during Interim 2021 and Interim 2020.

## **CONTINGENT LIABILITIES**

For Interim 2021, performance bonds amounted to approximately HK\$10.2 million (as at 31 March 2021: 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.

Apart from the above, the Group had no other material contingent liabilities as at 30 September 2021 and up to the date of this interim results announcement.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

For Interim 2021 and Interim 2020, the Group faced foreign exchange exposure after the completion of acquisition of Project CKB, as such, the Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

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

As at 30 September 2021, except for (i) the pledged bank deposit of approximately HK\$2.0 million (as at 31 March 2021: approximately HK\$2.0 million) in relation to guarantee issued by a bank in respect of the Group's projects-in-progress; and (ii) property, plant and equipment with net book value of approximately HK\$37.6 million (as at 31 March 2021: approximately HK\$38.4 million) pledged to a bank for facilities of HK\$52.0 million (as at 31 March 2021: HK\$52.0 million) used to finance the working capital of the Group, there was no other charges on the Group's assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2021, the Group employed a total of 276 full-time employees (as at 30 September 2020: 234). The staff costs, including Directors' emoluments, of the Group were approximately HK\$67.1 million for Interim 2021 (Interim 2020: approximately HK\$53.4 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

## 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 the six months ended 30 September 2021, the Board has adopted and complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), save for the deviations from the code provision A.2.1 and A.6.7 as explained below:

- (1) Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During Interim 2021, Mr. Leong Yeng Kit ("**Mr. Leong**") had acted as the chairman of the Board (the "**Chairman**") until 17 August 2021 and he has stepped down from the position of the Chairman but remains as an executive Director. After that, Mr. Lee Cheong Yuen ("**Mr. Lee**") has been appointed as 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 A.2.1 of the CG Code and will continue to consider the feasibility to nominate appropriate person for the role of chief executive officer.

- (2) Under the code provision of A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

One non-executive Director and one independent non-executive Director were unable to attend the annual general meeting of the Company held on 28 September 2021 due to their other business commitment and engagements.

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.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. In response to 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 2021.

## **CHANGE IN DIRECTORS' INFORMATION**

Changes in Directors' information up to the date of this interim results announcement, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. Leong has stepped down from the position of the Chairman of the Company and Mr. Lee has been appointed as the Chairman with effect from 17 August 2021. Dr. Choi Chiu Fai Stanley has been appointed as a non-executive Director, the vice chairman of the Board, and the Hon. Ip Kwok Him, *G.B.M., G.B.S., JP.* has been appointed as an independent non-executive Director with effect from 17 August 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During Interim 2021 and 2020, 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 2021 and 2020.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”) after the shareholders of the Company approved the Scheme at the annual general meeting of the Company on 12 August 2016. Under the terms of the Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe shares of the Company.

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

Movements relating to the share options granted during Interim 2021 were as follows:

Capacity	As at	Number of share options				As at
	1 April 2021	Granted	Exercised	Lapsed	Cancelled	30 September 2021
Employees	–	24,400,000	(21,984,000) <sup>(1)</sup>	–	–	2,416,000
Advisers	–	15,600,000	(7,880,000) <sup>(2)</sup>	–	–	7,720,000
<b>Total</b>	–	<b>40,000,000</b>	<b>(29,864,000)</b>	–	–	<b>10,136,000</b>

Notes:

- (1) The weighted average closing price of the Company’s shares immediately before the dates of exercises of share options by the employees of the Company during the Interim 2021 was HK\$0.418 per share.
- (2) The weighted average closing price of the Company’s shares immediately before the dates of exercises of share options by the advisers of the Company during the Interim 2021 was HK\$0.438 per share.

## **EVENT AFTER THE REPORTING PERIOD**

### **Fulfillment of condition of the issuance of promissory note as the consideration of the acquisition of O2O Limited**

In mid-October 2021, Rainbow Field Investment Limited (the “**Vendor**”) delivered the Chow Kit Boy, being an e-commerce and payment platform in Malaysia. This is a condition, as stipulated in the acquisition agreement (the “**Acquisition Agreement**”) entered into between the Vendor and ICO IT Properties (Malaysia) Limited (the “**Purchaser**”), an indirectly wholly-owned subsidiary of the Company, for the Company to issue a promissory note to the Vendor. The management of the Purchaser has inspected Chow Kit Boy and its functions, and were satisfied to the content, quality and functions of Chow Kit Boy. The above-mentioned condition was considered fulfilled on 1 November 2021. Accordingly, on 22 November 2021, the Company issued the promissory note in the principal amount of HK\$37,400,000 (equivalent to RM20,000,000 calculated based on the mechanism agreed for the determination of the exchange rate as agreed in the Acquisition Agreement) to the Vendor in accordance to the terms and conditions of the Acquisition Agreement. The promissory note shall bear an interest of 2% per annum and shall mature on the date falling on the thirty-six (36) months from the date of its issuance. Further details were set out in the Company’s announcement dated 22 November 2021.

In relation to the potential issuance of the promissory note, the Group recognised contingent consideration payables of HK\$37,903,000 and HK\$37,457,000 as at 30 September 2021 and 31 March 2021, respectively.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Company has established the audit committee (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. Chiu King Yan and Ms. Yvonne Low Win Kum. The chairman of the Audit Committee is Mr. Chiu King Yan, 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 2021 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](http://www.hkexnews.hk)) and the Company ([www.1460.hk](http://www.1460.hk)) respectively. The interim report of the Company for the six months ended 30 September 2021 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the above websites in December 2021.

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

Hong Kong, 29 November 2021

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