



**ICO Group Limited**  
**揚科集團有限公司\***

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1460

**2023/24**  
**ANNUAL REPORT**

\* For identification purpose only

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lee Cheong Yuen (*Chairman of the Board*)

Mr. Pun Shing Cheung

### Non-executive Director

Dr. Choi Chiu Fai Stanley (*Vice Chairman of the Board*)

### Independent non-executive Directors

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

Ms. Yvonne Low Win Kum

Mr. Chan Kai Wing

## COMPANY SECRETARY

Mr. Pun Shing Cheung, *CPA*

## AUTHORISED REPRESENTATIVES

For the purpose of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited

Mr. Lee Cheong Yuen

Mr. Pun Shing Cheung

## AUDIT COMMITTEE

Mr. Chan Kai Wing (*Chairman*)

Dr. Choi Chiu Fai Stanley

Ms. Yvonne Low Win Kum

## REMUNERATION COMMITTEE

Ms. Yvonne Low Win Kum (*Chairlady*)

Mr. Lee Cheong Yuen

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

## NOMINATION COMMITTEE

Mr. Lee Cheong Yuen (*Chairman*)

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

Ms. Yvonne Low Win Kum

## INDEPENDENT AUDITOR

BDO Limited

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

## REGISTERED OFFICE

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 25/F

TG Place

10 Shing Yip Street, Kwun Tong

Kowloon, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road, North Point

Hong Kong

## PRINCIPAL BANKERS

Citibank N.A.

DBS Bank (Hong Kong) Limited

Shanghai Commercial Bank Limited

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

## WEBSITE ADDRESS

[www.1460.hk](http://www.1460.hk)

## STOCK CODE

1460

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of ICO Group Limited (the "**Company**"), I am presenting to you this annual report of the Company which comprises the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024 ("**FY2024**").

FY2024 was a challenging year, the economy did not rebound as quickly as expected, the macro-economic environment was still volatile due to a series of global events including interest rate hikes, tightened monetary policies, inflationary pressure and ongoing geopolitical tensions. These led to weakened business confidence and most companies in different fields will tighten their spending budget in the coming year. Nevertheless, I am proud to say that our Group has continued to perform well, achieving significant milestones, expanding our market share, and continuing our strong foothold in Hong Kong. For FY2024, the record-breaking revenue was recognized, exceeding the 1 billion mark for the first time in the Group history (FY2024: approximately HK\$1,076.8 million with approximately 23% increase from approximately HK\$877.3 million as compared with the year ended 31 March 2023 ("**FY2023**").

By virtue of the Group's extensive industry experience, leading market position and diversified business segments, the Group maintained steady growth in FY2024, demonstrating the Group's resilience. The Group consistently generates positive cash inflows from its operations and maintains a strong financial position. For FY2024, the profit attributable to equity shareholders of the Company of approximately HK\$16.7 million for FY2024 (FY2023: approximately HK\$11.0 million). The Group had no external borrowings, and possessed highly liquid current assets of approximately HK\$679.7 million (FY2023: approximately HK\$576.1 million) which consisted of cash and cash equivalents, and time deposit with original maturities over three months of approximately HK\$306.6 million (FY2023: approximately HK\$216.9 million). On the other hand, due to the poor market sentiment, the valuation of the Group's investment property recorded a decrease in fair value of approximately HK\$2.6 million (FY2023: decreased approximately HK\$21.8 million) and the impairment loss on trade receivables and contract assets of approximately HK\$19.7 million (FY2023: approximately HK\$0.8 million).

Encouragingly, after consideration of the current and future operations, the Board has recommended a final dividend of HK\$1.0 cent per ordinary share, amounting to approximately HK\$8.8 million for FY2024. This is the first time since the listing of the Group in 2015. We will continue to follow our existing dividend policy which allows us to maintain the flexibility on financial position with resilience for continual business development as well as offering a satisfactory return to our shareholders in the same time.



**Mr. Lee Cheong Yuen**  
Chairman and Chief Executive Officer  
ICO Group Limited  
Hong Kong, 28 June 2024

# CHAIRMAN'S STATEMENT

The healthy profit-making financial position were mainly contributed by:

- (a) the significant increase in revenue deriving from the IT application and solution development services segment and IT infrastructure solutions services segment outweighs the decrease in revenue deriving from IT maintenance and support services segment, and IT secondment services segment;
- (b) the effective controlling of operating costs, mainly attributed from (i) the procurement of hardware and software; (ii) the labor cost control capabilities by strictly implementing the projected budgets and (iii) strengthening payment collection in the Group; and
- (c) benefiting from the increase in bank interest income, this compensated the absent of government subsidies under Employment Support Scheme of the preceding year.

As an IT services provider, the Group remains committed to innovation and change, and further strengthened our professional services. Not only by capitalizing our strengths in IT application through the understanding of customers' business environments in specific advantage sectors, including the public and banking sectors, but also strengthening the capability to integrate the technology-based application scenarios, so as to further enhance the value of our professional services. Therefore, while pursuing business development, we will endeavor to enhance the efficiency of resource utilization, in order to achieve the Group's sustainable development goals. In long term, we will remain resilient and cautiously optimistic to our business.

Moreover, the Group continued to optimize the partner ecosystem by actively introducing Chinese brands from Mainland China, achieved the dual-line development with our suppliers from Mainland China and the rest of the world, in order to meet market demands. In FY2024, the Group received the "2023 Outstanding Contribution Partner Award (HK & Macau)" granted by one of the valuable business partners, Huawei. This demonstrated our ability to provide diversified services and high value-added professional IT services.

In FY2024, the economic recovery after the pandemic did not unfold as anticipated. Instead, we encountered a more intricate business environment and unprecedented market competition. Hong Kong faced market contraction and economic downturn, particularly in the commercial market. Some customers reduced spending budget to a certain extent, which created pressure for the Group. Additionally, the talent shortage in Hong Kong presents a challenge to our human resources management. In such circumstances, the management should enhance self-development and adapt to market changes. Simultaneously, the management needs to actively respond to the current business

uncertainties by implementing proactive strategies and measures to address the challenges. The Group also places great importance on talent development. The management will continue to actively attract talent, strengthen the foundation, and provide broader opportunities for the Group's future development, thus ensuring its competitiveness in a fiercely competitive market environment.



From left: Ms. Yvonne Low Win Kum (Independent non-executive Director), The Hon. Ip Kwok Him (Independent non-executive Director), Mr. Lee Cheong Yuen (Chairman and Chief Executive Officer), Dr. Choi Chiu Fai Stanley (Vice Chairman) and Mr. Chan Kai Wing (Independent non-executive Director)

## CHAIRMAN'S STATEMENT

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Being a Group rooted in Hong Kong, the Group will closely monitor the opportunities presented by the government for the "Hong Kong Innovation and Technology Development Blueprint" and other measures aimed at driving the development of digital economy and transforming Hong Kong into a smart city. We will also continue to align with the government's initiatives to ensure that citizens can enjoy the convenience brought about by technological advancement, while further grow the Group's business on the same time, to achieve a win-win situation.

Looking forward, the upcoming year presents both challenges and opportunities for the Group. Despite the complexity of the external environment, we will continue to approach the future with confidence in our prospects. A new era of intelligence has arrived with the rapid development of AI technologies. The management will take appropriate measures to respond to market changes, explore new sales channels, continue to be cautious in managing the business risk, be well prepared to tackle the challenges in such an ever-changing economic environment. In the meantime, the Group will continue to maintain a healthy financial position to enable active seeking out value-added investment opportunities in the IT sector (for example, explore the business opportunities in ASEAN market; look for strategic partner, including but not limited to the AI, blockchain field) all over the world. I am confident that the Group is on the right track towards sustainable and profitable growth.

Last but not least, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the fellow members of the Board, shareholders, investors, business partners, suppliers and customers. It is thanks to your unfailing support, the Group is able to grow in spite of the challenges. Meanwhile, I would also like to express the gratitude towards all committed staff of the Group for their endeavor as well as their contributions to ensure the Group maintained the high-quality services and generating desirable returns for the shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

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The following discussion and analysis should be read in conjunction with the financial information of the Group contained in the consolidated financial statements (together with the notes thereto) reproduced in the annual results announcement for the year ended 31 March 2024 ("FY2024"). The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards. The following discussions on the synopsis of historical results do not represent any prediction as to the future business operations of the Group.

## SUMMARY

Established in 1992, the Group is an IT services provider based in Hong Kong. The Group is principally engaged in the following businesses: (i) provision of IT application and solution development services; (ii) provision of IT infrastructure solutions services; (iii) provision of IT secondment services; (iv) provision of IT maintenance and support services and (v) property leasing.

For FY2024, the revenue of the Group was approximately HK\$1,076.8 million, representing an increase of approximately HK\$199.5 million or 23% as compared to the year ended 31 March 2023 ("FY2023"). The increase was primarily attributable to the significant increase in revenue derived from the IT infrastructure solutions services segment. For FY2024, the Group recorded profit before taxation of approximately HK\$43.3 million (2023: approximately HK\$30.5 million), profit before interests, tax, depreciation and amortisation of approximately HK\$53.9 million (2023: approximately HK\$40.6 million) and profit attributable to equity shareholders of the Company of approximately HK\$16.7 million (2023: approximately HK\$11.0 million).

## BUSINESS REVIEW AND OUTLOOK

### Provision of IT application and solution development services

This segment provides design and implementation of IT application solution services and procurement of third party hardware and software. The revenue generated from this segment amounted to approximately HK\$81.3 million, representing approximately 7.5% of the total revenue for FY2024. The revenue derived from this segment increased by approximately 14% from approximately HK\$71.5 million for FY2023 to approximately HK\$81.3 million for FY2024. The increase was primarily due to the Group has secured some large-scale IT projects and the implementation phase was commenced FY2024, which provide new stream of income to this segment.

### Provision of IT infrastructure solutions services

This segment provides IT infrastructure solutions services and sale of IT infrastructure solutions related hardware and software. The revenue generated from this segment amounted to approximately HK\$823.0 million, representing approximately 76.4% of the total revenue for FY2024. The revenue derived from this segment increased by approximately 34% from approximately HK\$613.7 million for FY2023 to approximately HK\$823.0 million for FY2024. The significant increase were primarily due to (i) increased demand from the Group's customers in banking, finance and public services sectors and (ii) increase in the number of active customers for the Group, as a result of the Group's effort to expand its sales channel and customer portfolio during FY2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Provision of IT secondment services

This segment provides IT secondment services for a fixed period of time pursuant to the IT secondment services agreements. The revenue generated from this segment amounted to approximately HK\$25.3 million, representing approximately 2.4% of the total revenue for FY2024. The revenue derived from this segment decreased by approximately 7% from approximately HK\$27.1 million for FY2023 to approximately HK\$25.3 million for FY2024. The decrease were primarily due to (i) the decrease in demand for services from the major customers in banking and finance sector and (ii) the new IT secondment services contracts awarded to the Group during FY2024 were not enough to offset the impact for the decrease in demand from the major customers.

## 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\$146.7 million, representing approximately 13.6% of the total revenue for FY2024. The revenue derived from this segment decreased by approximately 11% from approximately HK\$165.0 million for FY2023 to approximately HK\$146.7 million for FY2024. The decrease were primarily due to (i) the decrease of new IT maintenance and support services contracts awarded to the Group and (ii) the subsequent completion of some current IT maintenance and support services contracts during FY2024.

## Property leasing

On 6 December 2017, ICO IT Properties (Malaysia) Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with various vendors, at a total consideration of RM145 million for the acquisition of Q20 Limited and its subsidiary, which holds a building construction project (the "Property") and an online-to-offline wholesale trading platform in Malaysia (collectively referred to as the "Project CKB"). The acquisition was completed on 2 June 2020. Upon the completion, (i) the companies in the Project CKB became indirect wholly-owned subsidiaries of the Company and their financial statements were consolidated into the Group; (ii) the Property was classified as investment property in the consolidated statement of financial position and (iii) the business of Project CKB became the new segment of the Group.

This segment provides property leasing services. The Project CKB was started the business in FY2024. The revenue generated from this segment amounted to approximately HK\$0.5 million, representing approximately 0.1% of the total revenue for FY2024. As the business environment in Malaysia is returning to normal gradually during FY2024, the management started the first phase of 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.

## OUTLOOK AND FUTURE PROSPECTS

FY2024 was a successful year for the Group, due to the increase in revenue derived from (i) IT application and solution development services segment and (ii) IT infrastructure solutions services segment, the Group recorded net profit of approximately HK\$33.0 million and hit a record breaking revenue of approximately HK\$1,076.8 million in FY2024.

The Group fully recognizes the challenges on the competitive market. Nevertheless, based on its brand advantages and operating experience in IT industry, the Group remains prudently optimistic about the outlook of the business. Looking ahead, with a strong financial position and cash inflow expected from the operations, the Group will actively participate in more projects through tender bidding, expanding the customer portfolio, in order to increase the market share. On the same time, the Group will keep an eye on investing opportunities, expanding the business diversity at the right time, enhancing its overall competitiveness, and maximizing shareholder value.



# MANAGEMENT DISCUSSION AND ANALYSIS

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## FINANCIAL REVIEW

### Revenue

The Group's revenue for FY2024 amounted to approximately HK\$1,076.8 million, representing an increase by approximately 23% from approximately HK\$877.3 million for FY2023 to approximately HK\$1,076.8 million for FY2024. The significant increase were mainly attributable to the increase in revenue generated from (i) IT application and solution development services segment and (ii) IT infrastructure solutions services segment of approximately HK\$9.8 million and HK\$209.3 million respectively, offset the decrease in revenue generated from (i) IT secondment services segment and (ii) IT maintenance and support services segment of approximately HK\$1.8 million and HK\$18.3 million respectively.

### Gross profit and gross profit margin

The Group's gross profit for FY2024 amounted to approximately HK\$209.5 million, representing an increase by approximately 21% from approximately HK\$173.7 million for FY2023 to approximately HK\$209.5 million for FY2024, while the gross profit margin of the Group remained stable at approximately 20% for FY2023 and FY2024. For (i) IT application and solution development services segment and (ii) IT infrastructure solutions services segment, the gross profits increased in line with the increase in revenue. For IT secondment services segment, the gross profits decreased in line with the decrease in revenue.

Due to the increase of staff costs, direct costs in hardware and software during FY2024, the gross profit margin was decreased in (i) IT application and solution development services segment and (ii) IT secondment services segment. For IT infrastructure solutions services segment, the gross profit margin remained stable during FY2024. For IT maintenance and support services segment, with the efficient control in direct costs in hardware and software, although the revenue was decreased, both the gross profit and the gross profit margin was increased during FY2024.

### General and administrative expenses

The Group's general and administrative expenses for FY2024 amounted to approximately HK\$152.5 million (2023: approximately HK\$128.8 million), representing an increase by approximately HK\$23.7 million or 18% as compared to FY2023. The increase was mainly due to the increase in staff costs of approximately HK\$13.9 million as compared to FY2023, which attributed to (i) expansion of the Group's sales teams so as to expand its sales channels and (ii) commission paid to sales teams which was in line with the increase in revenue of the Group during FY2024.

### Impairment loss on trade receivables and contract assets

The Group's impairment loss on trade receivables and contract assets for FY2024 amounted to approximately HK\$19.7 million (2023: approximately HK\$0.8 million). It includes impairment loss for certain trade receivables and contract assets that have been credit-impaired of approximately HK\$18.5 million (2023: nil) and expected credit loss allowance of approximately HK\$1.2 million (2023: approximately HK\$0.8 million). The Group does not hold any collateral over the trade receivables and contract assets. Expected credit loss on trade receivables and contract assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forward-looking economic conditions at the reporting date. The Group also based on various factors to assess whether the trade receivables and contract assets have been credit-impaired, such as a default or delinquency in repayments.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## 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 during the year ended 31 March 2021. According to the relevant accounting standards, the investment property is required to be remeasured at fair value at the end of each reporting period with the remeasurement gain or loss recognised in profit or loss. With reference to valuation reports prepared by the independent professional valuation firm, the valuation gain or loss on the investment property was determined and recognised for FY2024 and FY2023. Nevertheless, the valuation gain or loss were merely results of accounting treatments and do not have any actual impact on the operations and cash flow of the Group.

## Finance costs

The Group's finance costs for FY2024 amounted to approximately HK\$1.9 million (2023: approximately HK\$1.5 million), representing an increase of approximately HK\$0.4 million as compared to FY2023. The finance costs for FY2024 and FY2023 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 operation result and cash flow of the Group.

## Income tax

The Group's income tax for FY2024 amounted to approximately HK\$10.3 million (2023: approximately HK\$7.8 million), representing an increase of approximately HK\$2.5 million as compared to FY2023. The increase was primarily due to the net profit of the operating units increased during FY2024.

## Profit for the year

The Group recorded a net profit of approximately HK\$33.0 million for FY2024 (2023: approximately HK\$22.7 million), representing an increase of approximately HK\$10.3 million or approximately 45% as compared to FY2023. The increase were mainly attributable to the net effect of: (i) an increase in gross profit by approximately HK\$35.8 million; (ii) a decrease in change in fair value of investment property by approximately HK\$19.3 million; (iii) an increase in general and administrative expenses by approximately HK\$23.7 million, which was mainly due to the increase in staff costs and commission paid to sales teams of approximately HK\$13.9 million and HK\$4.7 million respectively and (iv) an increase in impairment loss on trade receivables and contract assets by approximately HK\$18.9 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS

On 27 August 2020, the Company entered into the placing agreement with the placing agent, in relation to placing of 839,000,000 placing shares, at the placing price of HK\$0.028 per placing share to independent investors under general mandate. On 24 September 2020, the Company completed the placing of 839,000,000 placing shares. The net proceeds from the placing amounted to approximately HK\$22.8 million ("2020 Placing Shares Proceeds").

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

The below table sets out the intended use of net proceeds for 2020 Placing Shares Proceeds and 2021 Placing Shares Proceeds as at 31 March 2024:

	Intended use of net proceeds HK\$ million	Utilised of the net proceeds up to 31 March 2024 HK\$ million	Unutilised of the net proceeds up to 31 March 2024 HK\$ million	Expected timeline for the application of the unutilised of the net proceeds
<b>2020 Placing Shares Proceeds</b>				
Settlement of the consideration	18.0	18.0	–	
Further business development	4.8	1.9	2.9	
<b>Total</b>	<b>22.8</b>	<b>19.9</b>	<b>2.9</b>	On or before 31 December 2024
<b>2021 Placing Shares Proceeds</b>				
Development of the Algorithmic Trading Solution Platform	30.5	19.1	11.4	On or before 31 December 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## INVESTMENT PROPERTY

On 2 June 2020, the acquisition of Project CKB was completed, the Property was classified as investment property in the consolidated statement of financial position.

The investment property of the Group as at 31 March 2024 is as follows:

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

As at 31 March 2024, with reference to the valuation report prepared by an independent professional valuation firm, the carrying amount of the investment property is approximately HK\$175.0 million, representing approximately 18% of the Group's total asset.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the shareholders' funds of the Group amounted to approximately HK\$537.8 million (2023: approximately HK\$531.0 million). Current assets were approximately HK\$679.7 million (2023: approximately HK\$576.1 million), mainly comprised of cash and cash equivalents, and time deposit with original maturities over three months of approximately HK\$306.6 million (2023: approximately HK\$216.9 million), trade and other receivables and contract assets of approximately HK\$369.8 million (2023: approximately HK\$342.0 million). Current liabilities were approximately HK\$366.2 million (2023: approximately HK\$255.6 million), mainly comprised of trade and other payables and contract liabilities of approximately HK\$320.8 million (2023: approximately HK\$252.5 million).

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

- (i) the increase in cash and cash equivalent, and time deposit with original maturities over three months arising from (i) the increase in cash inflow from IT application and solution development services segment and IT infrastructure solutions services segment, and (ii) the increase in other revenue, which was mainly come from the bank interest income;
- (ii) the increase in the aggregate amount of trade and other receivables, and contract assets arising from services rendered in yet pending for settlement in accordance with the payment schedule set out in contracts with customers; and
- (iii) the increase in the aggregate amount of trade and other payable, and contract liabilities arising from increased purchases made by the Group but not yet due for settlement.

As at 31 March 2024, the unutilised banking facilities of the Group amounted to approximately HK\$94.8 million (2023: approximately HK\$94.8 million). The net asset value per share attributable to equity shareholders of the Company was approximately HK\$0.6 (2023: approximately HK\$0.6). The Group's gearing ratio, expressed as a percentage of promissory note payables over total equity, was approximately 10% (2023: approximately 10%). The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was approximately 1.9 times (2023: approximately 2.3 times).

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

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

As at 31 March 2024 and 31 March 2023, the Company's issued share capitals were approximately HK\$21,940,000. The numbers of its issued ordinary shares was 877,590,312 of HK\$0.025 each.

During FY2024 and FY2023, 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 going concern, so that it can continue to provide returns for the equity owners, benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The promissory notes issued by the Company carry interest of 2% per annum.

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

## SHARE OPTION SCHEME

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

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

Movements relating to the share options granted during FY2024 were as follows:

Capacity	As at	Number of share options				As at
	1 April 2023	Granted	Exercised	Lapsed	Cancelled	31 March 2024
Employees	2,416,000	-	-	2,416,000	-	-
Advisers	7,720,000	-	-	7,720,000	-	-
Total	10,136,000	-	-	10,136,000	-	-

During FY2024, 10,136,000 share options of the Company were lapsed. Further details of these share options are provided in the circular of the Company dated 26 August 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During FY2024 and up to the date of this annual report, the Group did not enter into any material acquisitions or disposals of subsidiaries and affiliated companies.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

### Significant investments held as at 31 March 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 a total consideration of RM145 million for the acquisition of Project CKB. The acquisition was completed on 2 June 2020. Upon the completion, (i) the companies in the Project CKB becomes indirect wholly-owned subsidiaries of the Company and their financial statements were consolidated into the Group; (ii) the property was classified as investment property in the consolidated statement of financial position and (iii) the business of Project CKB became the new segment of the Group.

Project CKB provides property leasing services and online trading platform services. By acquiring Project CKB, it is expected that the Group shall be able to diversify its revenue sources by receiving stable rental income from the physical stores as well as service income from the online trading platform. Project CKB started its operation during FY2024, and no dividend income was received for FY2024 and FY2023.

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, in FY2024, there was drop in the monthly market rent per square foot adopted in the valuation under income capitalisation approach, the fair value of the Property is approximately RM105.5 million (approximately HK\$187.9 million) as at 31 March 2023 and decrease to approximately RM104.0 million (approximately HK\$175.0 million) as at 31 March 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 neighborhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing other lettings of similar properties in the neighborhood 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.

The adopted capitalisation rates in the valuation was 4.9%, and the monthly market rent per square foot ranged from approximately RM8.4 (equivalent to approximately HK\$14.3) to approximately RM17.0 (equivalent to approximately HK\$29.0). 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 Valuation Firm. The fair value measurement is positively correlated to the monthly market rent per square foot and negatively correlated to the capitalisation rate. Taking into account the change in fair value of investment property, the Group considered that it is appropriate to make a decrease of fair value change in investment property of approximately HK\$2.6 million.

## Other investments held as at 31 March 2024

The interests in associates represented 25% equity interest in Bao Cheng Holdings (HK) Limited ("**Bao Cheng HK**"), 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 FY2022, Bao Cheng PRC faced uncertainty on the commercial roll out of its new products and turnaround of its business in view of the COVID-19 together with the change in the Group's strategy. The Group has discontinued the recognition of its share of losses of associates because the share of losses of the associates exceeded the Group's interest in the associates and the Group has no obligation to take up further losses. The management of Bao Cheng Group started the deregistration process of Bao Cheng PRC, and finally deregistered on 14 January 2022. The amounts of the Group's unrecognised share of losses of Bao Cheng HK for the current year and cumulatively were nil (2023: nil) and HK\$431,000 (2023: approximately HK\$431,000), respectively. As at 31 March 2024, the carrying amount of Bao Cheng HK is nil (2023: nil).

Saved as disclosed above, the Group did not acquire or hold any other significant investments during FY2024 and FY2023. In the future, the Group will continue to identify suitable targets for investment that (i) are profitable and have growth potentials that would contribute to the future earnings of the Group or (ii) provide collaboration and cross-selling opportunities that would be mutually beneficial for both the Group and the targets.

## Capital assets held as at 31 March 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. During FY2024, the Group still held the office premises and the carpark space and up to the date of this annual report. As at 31 March 2024, according to a valuation report issued by an independent professional valuation firm, the fair value of the office premises and the carpark space is approximately HK\$43.8 million (2023: approximately HK\$48.3 million).

Saved as disclosed above, the Group did not acquire or hold any other significant capital assets during FY2024 and FY2023.

## CONTINGENT LIABILITIES

As at 31 March 2024, the performance bonds amounted to approximately HK\$10.2 million (2023: approximately HK\$10.2 million) were issued by a bank to customers of the Group, in order to protect the customers from the Group's default on its obligation under the contracts. If the customers demand compensation for the Group's default under the performance bonds, the Group will be liable to reimburse the bank up to the full amount of the performance bonds.

Saved as disclosed above, the Group had no other material contingent liabilities during FY2024 and FY2023.

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

For FY2024 and FY2023, besides the limited currency exchange rate fluctuation risks encountered before, the Group faced more foreign exchange exposure after the acquisition completion of Project CKB. Hence, the Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.



# MANAGEMENT DISCUSSION AND ANALYSIS

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## CHARGE ON THE GROUP'S ASSETS

As at 31 March 2024, except for (i) the pledged bank deposit of approximately HK\$2.0 million (2023: approximately HK\$2.0 million) in relation to guarantees issued by a bank in respect of the Group's IT application and solution development services segment and (ii) the property, plant and equipment with net book value of approximately HK\$33.8 million (2023: approximately HK\$35.3 million) pledged to a bank for facilities of HK\$60.0 million (2023: HK\$60.0 million) used to finance the working capital of the Group, there was no other charges on the Group's assets.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed a total of 315 full-time employees (2023: 284). The employee remuneration (including directors' emoluments) of the Group was approximately HK\$174.1 million for FY2024 (2023: approximately HK\$160.2 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.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## EXECUTIVE DIRECTORS

**Mr. Lee Cheong Yuen ("Mr. Lee")**, aged 56, is the Chairman and an executive Director. Mr. Lee is also the chairman of the Nomination Committee and a member of Remuneration Committee. Mr. Lee is primarily responsible for overseeing the business development, in-house operations, overall strategic planning, devising market strategies and business expansion plans of the Group. In the past years, he led the Group to successfully complete several large-scale IT application and solution development projects for major clients in the public sector, private sector, banking and finance sector, and logistics sector. Mr. Lee obtained a degree of bachelor of science in computer studies from The University of Hong Kong in December 1989. He has over 30 years of experience in the IT industry. Mr. Lee is one of the substantial shareholders of the Company.

**Mr. Pun Shing Cheung ("Mr. Pun")**, aged 40, is an executive Director and the authorized representative of the Company. Mr. Pun is also the company secretary and financial controller of the Group. He joined the Group in 2019 and responsible for overseeing the in-house operations, including accounting and financial operations as well as the company secretarial function of the Group. Mr. Pun has over 15 years of experience in accounting and auditing. Before joining the Group, he had worked for one of the big four international accounting firms and several companies listed on the main board of the Stock Exchange. Mr. Pun is a member of the Hong Kong Institute of Certified Public Accountants.

## NON-EXECUTIVE DIRECTOR

**Dr. Choi Chiu Fai Stanley ("Dr. Choi")**, aged 55, is the Vice Chairman and a non-executive Director. Dr. Choi is also a member of the Audit Committee. Dr. Choi is responsible for advising on business opportunities for investment, development and expansion of the Group.

Dr. Choi possesses more than 20 years of experience in financial service and merger and acquisition projects. He is also the chairman of Head & Shoulders Financial Group Limited and the chairman of Head & Shoulders X Inc. Head & Shoulders X Inc. is principally engaged in fintech and blockchain projects.

Dr. Choi resigned as executive director of International Entertainment Corporation ("IEC"), a company listed on the main board of the Stock Exchange (stock code: 1009) with effect from 31 March 2022 and ipso facto cease to be the Chairman of IEC.

Dr. Choi obtained a bachelor's degree of business administration (Magna Cum Laude) from Wichita State University in 1995 and a master's degree of science from the University of Illinois at Urbana Champaign in 1996, both of which are in the United States of America. He has also obtained a doctoral degree of business administration from the City University of Hong Kong in 2013. Dr. Choi is one of the substantial shareholders of the Company.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## INDEPENDENT NON-EXECUTIVE DIRECTORS

**The Hon. Ip Kwok Him, G.B.M., G.B.S., JP. ("The Hon. Ip")**, aged 72, is an independent non-executive Director and responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Group. The Hon. Ip is also a member of Nomination Committee and Remuneration Committee.

The Hon. Ip is currently the Chairman of Mandatory Provident Fund Schemes Advisory Committee, the Deputy Chairman of Private Columbaria Licensing Board, the Chairman of Hon Wah Educational Organisation, and a Party Affair Advisor of the Democratic Alliance for Betterment and Progress of Hong Kong. The Hon. Ip was a non-official member of the Executive Council and a member of the Legislative Council of the HKSAR. The Hon. Ip was awarded the Gold Bauhinia Star in 2004 and the Grand Bauhinia Medal in 2017.

The Hon. Ip is currently an independent non-executive director of Xinyi Energy Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 3868).

**Ms. Yvonne Low Win Kum ("Ms. Low")**, aged 36, is an independent non-executive Director and responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group. Ms. Low is also the chairlady of Remuneration Committee, a member of the Nomination Committee and Audit Committee. Ms. Low is a qualified barrister and solicitor in Malaysia and has graduated from Cardiff University.

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

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

Ms. Low is currently an independent non-executive director of Solution Group Berhad, a company listed on Bursa Malaysia (stock code: 0093).

**Mr. Chan Kai Wing ("Mr. Colin Chan")**, aged 63, is an independent non-executive Director and responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Group. Mr. Colin Chan is also the chairman of the Audit Committee. Mr. Colin Chan has over 30 years of professional experience in auditing and accounting, corporate financial management and financial advisory services.

Mr. Colin Chan holds a Bachelor of Economics from Macquarie University in Sydney, Australia in April 1986 and is a fellow member of CPA Australia.

Mr. Colin Chan is currently an independent non-executive director of Nanfung Communication Holdings Limited (stock code: 1617) and an independent non-executive director of China Conch Venture Holdings Limited (stock code: 586), both companies listed on the main board of the Stock Exchange.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## SENIOR MANAGEMENT

**Mr. Leung Man Lun Walter ("Mr. Walter Leung")**, aged 62, is the managing director of ICO Technology Limited. He joined the Group in 2006 and responsible for the overall management of ICO Technology Limited including strategic planning and sales and marketing in Hong Kong. Mr. Walter Leung has over 30 years of experience in the IT industry including data processing, programming, customer support strategic planning, sales and marketing and management of daily operations.

**Mr. Ko Ka Hay Kenneth ("Mr. Kenneth Ko")**, aged 60, is the general manager of ICO Technology Limited. He joined the Group in 2015 as director of strategic business and promoted to general manager in April 2019. Mr. Kenneth Ko is responsible for the supervision, performance, development, strategies of both sales and technical teams. Mr. Kenneth Ko obtained a degree of bachelor of economics from the National Taiwan University. He has over 30 years of experience in IT industry. Before joining the Group, Mr. Kenneth Ko was the managing director of a Japanese listed company and responsible for the management on both information technology division and data card technology division.

**Mr. Chung Yat Ming ("Mr. Chung")**, aged 61, is the director of business development of ICO Technology Limited. He joined the Group in 2015 and responsible for sales and marketing including leading one of the sales teams, assisting Mr. Kenneth Ko to acquire new products and identifying business opportunities. He has over 30 years of experience in IT industry. Before joining the Group, Mr. Chung was the general manager of an international IT company for 12 years.

**Mr. Ip Kwok Keung ("Mr. Ip")**, aged 61, is the general manager of ICO Technology Limited. He joined the Group in 2020 and responsible for the supervision and operation of sales teams. Mr. Ip obtained a master degree in science information and computer science at University of Hawaii at Manoa. He has over 30 years of experience in the IT industry. Before joining the Group, Mr. Ip was the head of sales and strategic alliance of a regional IT company for 24 years.

**Mr. Chan Yik Chuen ("Mr. Vincent Chan")**, aged 58, is the director of business development of ICO Technology Limited. He joined the Group in 2020 and responsible for daily operation of sales teams. Mr. Vincent Chan obtained a degree of bachelor of electrical and electronic engineering from the University of Hong Kong. Mr. Vincent Chan has over 30 years of experience in IT industry. Before joining the Group, Mr. Vincent Chan was the head of sales of key commercial of a regional IT company for 24 years.

**Mr. Or Kwok Pun ("Mr. Or")**, aged 44, is the director of business development of ICO Technology Limited. He joined the Group in 2021 and responsible for management of product and sales team. Mr. Or obtained a degree of bachelor of marketing management from the Edinburgh Napier University. Before joining the Group, Mr. Or was the sales manager of a regional IT company for 10 years.

**Mr. Yuen Yat Kwai ("Mr. Yuen")**, aged 53, is the director of PointSoft Limited. He joined the Group in 2020 and responsible for software development of food and beverage point-of-sales system of PointSoft Limited. He has over 30 years of experience in IT industry. Before joining the Group, Mr. Yuen was one of major developers of PointSoft Limited, managing and developing most of the applications of PointSoft Limited.

# DIRECTORS' REPORT

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The board (the "Board") of directors (the "Directors") of ICO Group Limited (the "Company") present its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024 ("FY2024").

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its major subsidiaries are set out in note 18 to the consolidated financial statements.

## RESULTS AND APPROPRIATION

The results of the Group for the years ended 31 March 2024 and 2023 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 73 to 74 of this annual report.

The Board recommends the payment of a final dividend of HK\$1.0 cent per ordinary share for the year ended 31 March 2024 (2023: nil) to shareholders on the register of members of the Company on Tuesday, 3 September 2024, subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

## 2024 ANNUAL GENERAL MEETING

The Company will convene the forthcoming annual general meeting on Monday, 26 August 2024. For determining the entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Wednesday, 21 August 2024 to Monday, 26 August 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to establish the right to attend and vote at the forthcoming annual general meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 20 August 2024.

## BUSINESS REVIEW

A business review of the Group during FY2024, an indication of likely future development in the Group's business, an analysis using financial key indicators is included in the "Chairman's Statement" and "Management Discussion and Analysis" sections on pages 3 to 5 and pages 6 to 16 of this annual report.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties pertaining to the Group's business. The followings are part of the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

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

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

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

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

### **The Group relies on contracts with its major customers**

The Group relies on contracts with its major customers. Revenue generated from the Group's top five customers accounted for approximately 27% and 25% respectively of the Group's total revenue for the years ended 31 March 2023 and 2024. It is not assured that the Group can successfully expand its customer base and secure new customers given the competitiveness of the industry in which the Group operates. Should reduction in demand for services or termination of the contracts by the top five customers of the Group, it would cause material decrease in revenue which in turn adversely affect the Group's business, financial position and results of operations.

### **The Group's contracts are project-based which creates uncertainty on future revenue streams**

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

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

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

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group does not operate in an environmentally sensitive business and is principally service-oriented. However, the Group is committed to the long term sustainability of the environment and communities in which it operates. A discussion on the environmental policies and performance of the Group is included in the "Environmental, Social and Governance Report" section of this annual report.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

# DIRECTORS' REPORT

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## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 138 of this annual report. This summary does not form part of the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the years ended 31 March 2024 and 2023 are set out in note 13 to the consolidated financial statements in this annual report.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the years ended 31 March 2024 and 2023 are set out in note 29 to the consolidated financial statements in this annual report.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the years ended 31 March 2024 and 2023.

## DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$341.7 million (2023: approximately HK\$346.3 million).

## MAJOR CUSTOMERS AND SUPPLIERS

For the years ended 31 March 2024 and 2023, sales to the Group's five largest customers accounted for approximately 25% and 27% respectively of the total sales for the year and sales to the largest customer included therein amounted to approximately 7% and 8% respectively. For the years ended 31 March 2024 and 2023, purchases from the Group's five largest suppliers accounted for approximately 55% and 47% respectively of the total cost of sales for the year and purchase from the largest supplier included therein amounted to approximately 21% and 18% respectively.

At no time during the years ended 31 March 2024 and 2023 did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers and suppliers.

## RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

### Employees

Employees are regarded as the most important and valuable assets of the Group. The Group is committed to provide its employees with a safe and healthy workplace and encourage them to have a work-life balance. The Group also ensures all employees are reasonably remunerated and regular trainings are provided for its technical staff. During the years ended 31 March 2024 and 2023, the Group has not experienced any significant problems with its employees nor has experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains good relationship with its employees.

### Customers

The Group has a diversified customer base with hundreds of customers across various industries, including government and statutory bodies, financial institutions and general business enterprises. The Group stays connected with its customers through various channels to obtain their feedback and suggestions. During the years ended 31 March 2024 and 2023, the Group does not have any significant disputes with its customers and maintained good relationship with them.

### Suppliers

The Group carefully selects its suppliers as the success of the Group depends on the quality of products and services obtained from them. During the years ended 31 March 2024 and 2023, the Group does not have any significant disputes with its suppliers and maintained good relationship with them.

## SHARE OPTION SCHEME

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

### (1) Purpose of the Scheme

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

### (2) Participants

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

### (3) Maximum number of shares available for subscription

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



# DIRECTORS' REPORT

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- (ii) The Company may seek approval by its shareholders in general meeting for "refreshing" the Scheme Mandate Limit under the Scheme. However, the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company under the limit as "refreshed" must not exceed 10% of the relevant class of the shares in issue as at the date of passing the relevant resolution to refresh such limit. Options previously granted under the Scheme and any other schemes (including those outstanding, cancelled, lapsed in accordance with the Scheme or any other schemes or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed".
- (iii) The Company may seek separate approval by its shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided the options in excess of the Scheme Mandate Limit are granted only to participants specifically identified by the Company before such approval is sought. The Company must send a circular to the shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, the information and the disclaimer required under the Listing Rules.
- (iv) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the relevant class of the shares in issue from time to time. No options may be granted under the Scheme or any other schemes of the Company if this will result in this limit being exceeded.

## (4) Maximum entitlement of each participant

- (i) Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of the shares in issue.
- (ii) The Company may grant further options in excess of such limit subject to the approval of the shareholders in general meeting with such participant and his associates abstaining from voting (or his associates if the participant is a core connected person abstaining from voting).
- (iii) The Company shall send a circular to the shareholders and the circular must disclose the identity of the participant, the numbers and terms of the options to be granted (and options previously granted to such participant), the information and the disclaimer required under the Listing Rules. The number and terms (including the subscription price) of options to be granted to such participant must be fixed before shareholders' approval and the date of Board meeting proposing such further grant will be taken as the offer date for the purpose of calculating the subscription price.

## (5) Option Period

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

## (6) No performance target and minimum period to hold

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

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

- (i) An offer of the grant of an option shall be made to participants by letter in such form as the Board may from time to time determine and shall remain open for acceptance by the participant concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the Scheme.
- (ii) A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an option. An option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the participant together with the said consideration of HK\$1.00 is received by the Company.

## (8) Subscription price

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

## (9) The remaining life of the Scheme

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

For further details of the Scheme, please refer to the Company's circular dated 27 June 2016.

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 FY2024 were as follows:

Capacity	As at	Number of share options				As at
	1 April 2023	Granted	Exercised	Lapsed	Cancelled	31 March 2024
Employees	2,416,000	-	-	2,416,000	-	-
Advisers	7,720,000	-	-	7,720,000	-	-
<b>Total</b>	<b>10,136,000</b>	<b>-</b>	<b>-</b>	<b>10,136,000</b>	<b>-</b>	<b>-</b>

Out of these 40,000,000 share options, an aggregate of 29,864,000 share options were exercised. During FY2024, 10,136,000 share options were lapsed. Further details of these share options are provided in the circular of the Company dated 26 August 2021.

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

# DIRECTORS' REPORT

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The total number of share options available for grant under the Scheme as at 1 April 2023 and 31 March 2024 was 87,754,231, representing approximately 10.0% of the total number of shares of the Company.

During the year ended 31 March 2024, the total number of shares that may be issued in respect of share options granted under the Scheme, divided by the number of issued shares was 1.2%.

## DIRECTORS

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

### Executive Directors

Mr. Lee Cheong Yuen (*Chairman of the Board*)  
Mr. Pun Shing Cheung

### Non-Executive Director

Dr. Choi Chiu Fai Stanley (*Vice Chairman of the Board*)

### Independent Non-Executive Directors

The Hon. Ip Kwok Him, *G.B.M., G.B.S., JP.*  
Ms. Yvonne Low Win Kum  
Mr. Chan Kai Wing

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

Dr. Choi Chiu Fai Stanley and The Hon. Ip Kwok Him are due to retire by rotation from the Board in accordance with Article 108 of the Articles at the forthcoming annual general meeting. The retiring Directors, being eligible, offer themselves for re-election.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages from 17 to 19 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

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

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

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company considers all of the independent non-executive Directors are independent.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his or her connected entities had a material interest, whether directly or indirectly, subsisted at the end or at any time during the years ended 31 March 2024 and 2023.

## DIRECTORS' INTERESTS IN COMPETING INTERESTS

During the years ended 31 March 2024 and 2023, to the best knowledge of the Directors, none of the Directors and their respective associates was considered to have any interest in any businesses that competes with or is likely to compete with the businesses of the Group.

## EMOLUMENT POLICY

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

## EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

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

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the years ended 31 March 2024 and 2023.

## MANDATORY PROVIDENT FUND RETIREMENT BENEFIT SCHEME

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

# DIRECTORS' REPORT

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2024, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. On 27 February 2015, Mr. Lee, Mr. Chan Kwok Pui ("Mr. Chan") and Mr. Tam Kwok Wah ("Mr. Tam"), entered into a confirmation deed to acknowledge and confirm, among other things, that they are parties acting-in-concert in respect of each of the members of the Group. As such, Mr. Lee, Mr. Chan and Mr. Tam and their respective wholly-owned companies, namely BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited, held in aggregate of 173,094,800 Shares (representing approximately 19.72% interest in the issued share capital of the Company) and they together were considered as the substantial shareholders of the Company as defined under the Listing Rules.
3. Shares in which Mr. Lee is interested consist of (i) 179,200 Shares beneficially held by him; (ii) 117,000,000 Shares held by BIZ Cloud Limited, a company directly wholly-owned by him and (iii) 55,915,600 Shares in which Mr. Lee is deemed or taken to have been interested as a result of being a party acting-in-concert with Mr. Chan and Mr. Tam.
4. Shares in which Dr. Choi is interested consist of 143,072,000 Shares held by him.
5. As at 31 March 2024, the Company's issued ordinary share capital was HK\$21,939,758 divided into 877,590,312 of HK\$0.025 each.

Save as disclosed above, as at 31 March 2024, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the years ended 31 March 2024 and 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 March 2024, the following parties, not being a director or the chief executives of the Company, held interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage to the issued capital of the Company
Biz Cloud Limited (Notes 2 and 3)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Ms. Saetia Ladda (Note 4)	Interests of spouse	173,094,800 (L) (Note 1)	19.72%
Cloud Gear Limited (Notes 2 and 5)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Friends True Limited (Notes 2 and 6)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Mr. Chan (Notes 2 and 7)	Beneficial owner; interests of a controlled corporation; interests in concert party agreement	173,094,800 (L) (Note 1)	19.72%
Imagine Cloud Limited (Notes 2 and 8)	Beneficial owner; interests in concert party agreement	171,715,600 (L) (Note 1)	19.57%
Mr. Tam (Notes 2 and 9)	Interests of a controlled corporation; interests in concert party agreement	173,094,800 (L) (Note 1)	19.72%

Notes:

- The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
- On 27 February 2015, Mr. Lee, Mr. Chan and Mr. Tam, entered into a confirmation deed to acknowledge and confirm, among other things, that they are parties acting-in-concert in respect of each of the members of the Group. As such, Mr. Lee, Mr. Chan and Mr. Tam and their respective wholly-owned companies, namely BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited, held in aggregate of 173,094,800 Shares (representing approximately 19.72% interest in the issued share capital of the Company) and they together were considered as the substantial shareholders of the Company as defined under the Listing Rules.

# DIRECTORS' REPORT

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3. Shares in which Biz Cloud Limited is interested consists of (i) 117,000,000 Shares beneficially held by it and (ii) 54,715,600 Shares in which it is deemed or taken to have been interested as a result of being a party acting-in-concert with Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited. Biz Cloud Limited is a company directly wholly-owned by Mr. Lee.
4. Ms. Saetia Ladda is the spouse of Mr. Lee. Ms. Saetia Ladda is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
5. Shares in which Cloud Gear Limited is interested consists of (i) 11,000,000 Shares beneficially held by it and (ii) 160,715,600 Shares in which it is deemed or taken to have been interested as a result of being a party acting-in-concert with Biz Cloud Limited, Friends True Limited and Imagine Cloud Limited. Cloud Gear Limited is a company directly wholly-owned by Mr. Chan.
6. Shares in which Friends True Limited is interested consists of (i) 31,215,600 Shares beneficially held by it and (ii) 140,500,000 Shares in which it is deemed or taken to have been interested as a result of being a party acting-in-concert with Biz Cloud Limited, Cloud Gear Limited and Imagine Cloud Limited. Friends True Limited is a company directly wholly-owned by Mr. Chan.
7. Shares in which Mr. Chan is interested consist of (i) 1,200,000 Shares beneficially held by him; (ii) 42,215,600 Shares held by Cloud Gear Limited and Friends True Limited, companies directly wholly-owned by him and (iii) 129,679,200 Shares in which Mr. Chan is deemed or taken to have been interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Tam.
8. Shares in which Imagine Cloud Limited is interested consists of (i) 12,500,000 Shares beneficially held by it and (ii) 159,215,600 Shares in which it is deemed or taken to have been interested as a result of being a party acting-in-concert with Biz Cloud Limited, Cloud Gear Limited and Friends True Limited. Imagine Cloud Limited is a company directly wholly-owned by Mr. Tam.
9. Shares in which Mr. Tam is interested consist of (i) 12,500,000 Shares held by Imagine Cloud Limited, a company directly wholly-owned by him and (ii) 160,594,800 Shares in which Mr. Tam is deemed or taken to have been interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Chan.
10. As at 31 March 2024, the Company's issued ordinary share capital was HK\$21,939,758 divided into 877,590,312 of HK\$0.025 each.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short positions in the Shares and underlying Shares of the Company as at 31 March 2024 which required to be recorded pursuant to Section 336 of SFO.

## CONNECTED AND RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the years ended 31 March 2024 and 2023 are set out in note 34 to the consolidated financial statements. None of these related party transactions constitute connected transactions or continuing connected transactions as defined under the Listing Rules. The Board confirms that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## SUFFICIENCY OF PUBLIC FLOAT

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

## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF

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

## EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the share option scheme, no equity-linked agreements were entered into during the year ended 31 March 2024 or subsisted as at 31 March 2024.

## PERMITTED INDEMNITY PROVISION

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

## EVENT AFTER THE REPORTING PERIOD

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

## AUDITOR

The consolidated financial statements for the year ended 31 March 2024 have been audited by BDO Limited.

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

The Audit Committee currently consists of two independent non-executive Directors namely Mr. Chan Kai Wing (Chairman) and Ms. Yvonne Low Win Kum and one non-executive Director namely Dr. Choi Chiu Fai Stanley. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 March 2024.

By order of the Board

**Lee Cheong Yuen**

*Chairman and Executive Director*

Hong Kong, 28 June 2024



# CORPORATE GOVERNANCE REPORT

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## CORPORATE GOVERNANCE PRACTICES

The board (the "**Board**") of directors (the "**Directors**") of ICO Group Limited (the "**Company**") recognised that transparency and accountability is important to a listed company. Therefore, the Company is committed to establish and maintain good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture which would benefit the Company's stakeholders as a whole. The Board will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the regulatory requirements from time to time, and meet the expectation of shareholders and other stakeholders of the Company.

The Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 March 2024, except on the deviation noted below.

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

The Chairman is responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the role of chief executive officer. In addition, there are three independent non-executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

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.

## MODEL CODE FOR 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 C3 of the Listing Rules. Having made specific enquiry with all the Directors, all of them confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2024.

## BOARD OF DIRECTORS

As at the date of this annual report, the Board comprised two executive Directors, one non-executive Director and three independent non-executive Directors. The composition of the Board during the year ended 31 March 2024 and up to the date of this report was as follows:

### *Executive Directors:*

Mr. Lee Cheong Yuen (*Chairman of the Board*)

Mr. Pun Shing Cheung

### *Non-executive Director:*

Dr. Choi Chiu Fai Stanley (*Vice Chairman of the Board*)

### *Independent non-executive Directors:*

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

Ms. Yvonne Low Win Kum

Mr. Chan Kai Wing

## RESPONSIBILITIES OF THE BOARD

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

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

Apart from the regular Board meetings and pursuant to code provision C.2.7 of the CG Code, the chairman has also met with the independent non-executive Directors without the presence of other executive Directors during the year ended 31 March 2024. The independent non-executive Directors are encouraged to provide their independent views to the Board.

The biographical details of the Directors and other senior management are set out in the section headed "Biographical Details of Directors and Senior Management" on pages from 17 to 19 of this annual report.

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

# CORPORATE GOVERNANCE REPORT

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## BOARD DIVERSITY POLICY

The Company adopted the board diversity policy (the "**Board Diversity Policy**") for the year ended 31 March 2024 and up to the date of this report. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

### Summary of the Board Diversity Policy

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

### Measurable Objectives

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

### Implementation and Monitoring

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

The Nomination Committee of the Company has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group complied the Board Diversity Policy for the year ended 31 March 2024.

The board composition was also evaluated by reference to, among other things, the gender, age, educational background, professional experience, skills, knowledge and length of service of each director, against the Company's business model and specific needs. For the year ended 31 March 2024, the Board comprises six directors and is characterized by great diversity, whether considered in terms of gender, age, length of service, educational background, professional experience, skills and knowledge.

# CORPORATE GOVERNANCE REPORT

## BOARD MEETING, GENERAL MEETING AND PROCEDURES

The Board meets regularly and at least four times a year for the reviewing and approval of the Company's financial and operating performance, as well as the consideration and approval of the overall strategies and policies of the Company. Apart from the regular board meetings, the Board met on other occasions where necessary. Board meetings involve the active participation, either in person or through other electronic means of communication. During the year ended 31 March 2024, Directors also participate in the consideration and approval of routine and operational matters of the Company by way of circulating resolutions.

The company secretary of the Company (the "**Company Secretary**") assists in preparing the meeting agenda, and each Director may request the inclusion of items in the agenda. During the year ended 31 March 2024, at least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers (the appropriate, relevant and complete information) are sent to all the Directors at least three days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

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

Participation of individual Directors at Board meetings and general meetings for the year ended 31 March 2024 is as follows:

Name of Directors	Number of meetings attended/held	
	Board Meetings	Annual General Meeting
Number of meetings	4	1
<i>Executive Directors:</i>		
Mr. Lee Cheong Yuen ( <i>Chairman of the Board</i> )	4/4	1/1
Mr. Pun Shing Cheung	4/4	1/1
<i>Non-executive Director:</i>		
Dr. Choi Chiu Fai Stanley ( <i>Vice Chairman of the Board</i> )	4/4	1/1
<i>Independent non-executive Directors:</i>		
The Hon, Ip Kwok Him, <i>G.B.M., G.B.S., JP.</i>	4/4	1/1
Ms. Yvonne Low Win Kum	4/4	1/1
Mr. Chan Kai Wing	4/4	1/1

# CORPORATE GOVERNANCE REPORT

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## CORPORATE GOVERNANCE FUNCTIONS

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

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

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

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

## CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Pursuant to the code provision C.1.4 of the CG Code, all Directors participated in continuous professional development for the year ended 31 March 2024 and the details are set out below:

Name of Directors	Training on corporate governance, regulatory development and other relevant topics by attending seminars or reading articles and publications
<i>Executive Directors:</i>	
Mr. Lee Cheong Yuen ( <i>Chairman of the Board</i> )	✓
Mr. Pun Shing Cheung	✓
<i>Non-executive Director:</i>	
Dr. Choi Chiu Fai Stanley ( <i>Vice Chairman of the Board</i> )	✓
<i>Independent non-executive Directors:</i>	
The Hon, Ip Kwok Him, <i>G.B.M., G.B.S., JP.</i>	✓
Ms. Yvonne Low Win Kum	✓
Mr. Chan Kai Wing	✓

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

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

The attendance record of each member of the Audit Committee, the Remuneration Committee and the Nomination Committee for the year ended 31 March 2024 is as follows:

Name of Directors	Number of meetings attended/held		
	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	2	1	1
<i>Executive Directors:</i>			
Mr. Lee Cheong Yuen ( <i>Chairman of the Board</i> )	N/A	1/1	1/1
Mr. Pun Shing Cheung	N/A	N/A	N/A
<i>Non-executive Director:</i>			
Dr. Choi Chiu Fai Stanley ( <i>Vice Chairman of the Board</i> )	2/2	N/A	N/A
<i>Independent non-executive Directors:</i>			
The Hon, Ip Kwok Him, <i>G.B.M., G.B.S., JP.</i>	N/A	1/1	1/1
Ms. Yvonne Low Win Kum	2/2	1/1	1/1
Mr. Chan Kai Wing	2/2	N/A	N/A

## AUDIT COMMITTEE

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

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

# CORPORATE GOVERNANCE REPORT

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

- (a) to consider the appointment of the external auditor, to review the scope of the external audit, including the engagement letter prior to annual audit commencement. The Audit Committee should understand the factors considered by the external auditor in determining their audit scope;
- (b) to review and approve the external audit fees and appropriateness of non-audit services;
- (c) to review the adequacy and effectiveness of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls), risk management system and any statement by the Directors to be included in the annual report prior to endorsement by the Board;
- (d) to have familiarity with the financial reporting principles and practices applied by the Group in preparing its consolidated financial statements; and
- (e) to review the annual and interim financial reports prior to approval by the Board, with particular focus on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumption and any qualifications;
  - (v) compliance with accounting and auditing standards; and
  - (vi) compliance with the listing requirements of the Stock Exchange and legal requirements.

For the year ended 31 March 2024, the Audit Committee held two meetings to consider and approve the following:

- (a) to review the scope of the external audit prior to the commencement of annual audit;
- (b) to review the interim and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the Group;
- (c) to discuss the effectiveness of the internal control systems throughout the Group, including financial, operational and compliance controls, and risk management;
- (d) to review the accounting principles and practices adopted by the Group and other financial reporting matters; and
- (e) to address the audit issues raised by the internal and external auditor of the Group.



# CORPORATE GOVERNANCE REPORT

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The audited consolidated financial statements of the Group for the year ended 31 March 2024 have been reviewed by the Audit Committee, which was of the opinion that the consolidated financial statements have been prepared in compliance with the applicable accounting standards and Listing Rules.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 31 March 2024.

## REMUNERATION COMMITTEE

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

The Remuneration Committee currently comprises one executive Director, namely Mr. Lee Cheong Yuen, and two independent non-executive Directors, namely The Hon. Ip Kwok Him, *G.B.M., G.B.S., JP.* and Ms. Yvonne Low Win Kum. The Chairlady of the Remuneration Committee is Ms. Yvonne Low Win Kum.

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

- (a) to establish guidelines for the remuneration of the Directors and senior management;
- (b) to recommend to the Board the policy and structure for the remuneration of Directors and senior management whilst ensuring no Director or any of his/her associates are involved in deciding his/her own remuneration;
- (c) to determine the remuneration of Directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The Director and/or senior management shall be consulted respectively about their proposals relating to the remuneration of the Director and/or senior management, as the case may be;
- (d) to review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive Directors and senior management which shall be fair and not excessive;
- (e) to determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets; and
- (f) to consider the annual performance bonus for executive Directors, senior management, and the general staff, having regard to the achievements against the performance criteria by reference to market norms, and make recommendation to the Board.

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

## NOMINATION COMMITTEE

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

The Nomination Committee currently comprises one executive Director, namely Mr. Lee Cheong Yuen and two independent non-executive Directors, namely The Hon. Ip Kwok Him, G.B.M., G.B.S., JP. and Ms. Yvonne Low Win Kum. The chairman of the Nomination Committee is Mr. Lee Cheong Yuen.

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

- (a) to review and monitor the structure, size and composition (including the skills, knowledge and experience) of the Board to complement the Company's corporate strategy;
- (b) to develop and formulate relevant procedures for nomination and appointment of Directors;
- (c) to identify and nominate qualified individuals by making reference to that person's skills, qualification and expected contribution to the Company before recommending for appointment as additional Directors or to fill Board vacancies as and when they arise;
- (d) to make recommendations to the Board on matters relating to the appointment or reappointment of Directors and succession planning for Directors;
- (e) to review the Board Diversity Policy and relevant implementation of the policy; and
- (f) to report to the Board on decisions or recommendations made, unless there are legal or regulatory restrictions not to do so.

## NOMINATION POLICY

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

### Selection Criteria

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

- (a) Character and integrity;
- (b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;
- (c) The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
- (d) Willingness to devote adequate time to discharge duties as a Board member, other directorships and significant commitments;

# CORPORATE GOVERNANCE REPORT

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- (e) In case of independent non-executive Directors, whether the candidates would be considered as independent in accordance with the Listing Rules;
- (f) In case of re-election, the overall contribution and service to the Company of the Director to be re-elected, the level of participation and performance on the Board and other criteria set out in this section; and
- (g) Such other perspectives appropriate to the Company's business.

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

## Nomination Procedures

- (a) The Nomination Committee and/or the Board identifies potential candidates including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agencies and/or advisors. The Nomination Committee then develops a short list of candidates and agrees on proposed candidate(s);
- (b) Proposed candidate(s) will be asked to submit the necessary personal information, biographical details, together with their written consent to be appointed as a Director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;
- (c) The Nomination Committee shall, upon receipt of the proposal on appointment of new Director and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;
- (d) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;
- (e) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);
- (f) For filling a casual vacancy, the secretary of the Nomination Committee shall convene a meeting of the Nomination Committee. The Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations or recommendations for the Board's consideration, and the Board shall make recommendations to shareholders in respect of the proposed election or re-election of Director(s) at the general meeting;
- (g) In order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations including the Listing Rules, of the proposed candidates; and
- (h) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

## ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that gives a true and fair view of the Group. The Board is responsible for presenting a balanced and understandable assessment of the Group's financial position and prospects with timely publication of the annual and interim reports of the Group. As at 31 March 2024, the Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, BDO Limited, about their reporting responsibility on the consolidated financial statements are set out in the independent auditor's report from pages 68 to 72 of this annual report.

## INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

- Organise work meetings to determine the Group's risk appetite and the overall risk management and internal control framework;
- Establish internal control and risk management procedures to define the responsibilities of monitoring levels within the Group;
- Conduct risk identification and evaluation based on various factors and review the operational process to ensure appropriate operation workflows and controls are in place to mitigate significant risks;
- Review and monitor internal control deficiencies, if any, and ensure the delegated risk owners have taken remediation actions promptly by tracking the status of actions completion; and
- Promote the norms of internal control amongst staff and enhance staff awareness of the importance and necessity of internal control system.

# CORPORATE GOVERNANCE REPORT

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

In addition to the above policies and procedures, for the year ended 31 March 2024, the Group has engaged an independent advisory firm, to conduct independent risk assessment and internal control review to assess the Group's internal control systems in order to assist the Board in reviewing its effectiveness. The reviews, normally performed once a year, covered the effectiveness of the financial, operational and compliance controls and risk management functions of the Group, with a focus on the core business of the Group (i.e. the IT business in Hong Kong). The relevant reports from the independent advisory firm was presented to and reviewed by the Audit Committee and the Board. With reference to the reports, no material inadequacies or deficiencies in the risk management and internal control systems were drawn to the attention of the Audit Committee, but appropriate recommendations for enhancement of the internal control systems have been taken. The Board concluded that the internal control systems were effective, adequate and no irregularities, fraud or other deficiencies were identified for the year ended 31 March 2024.

## DIVIDEND POLICY

The Company adopts a dividend policy which intends to balance the return to the shareholders of the Company and the need for long-term sustainable development of the Group. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and needs for future growth as well as its shareholder value in the long-run. The amount of dividends (if any) that may be declared and distributed to the shareholders of the Company is subject to the discretion of the Board, the constitution of the Company and all applicable laws and regulations and other factors. The Board may, based on the above criteria, declare interim dividend (as it considers appropriate) and recommend final dividend (subject to the approval by the shareholders in a general meeting). The Company considers that the dividend payout ratio may vary from year to year and there is no assurance that dividends will be paid in any particular amount for any given period. For the year ended 31 March 2024, The Board recommends the payment of a final dividend of HK\$1.0 cent per ordinary share, subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

## AUDITOR'S REMUNERATION

For the year ended 31 March 2024, a summary of the remuneration paid or payable to BDO Limited, the external auditor of the Company in respect of audit services and non-audit services for the Group is as follows:

	Fees paid/payable for the services rendered HK\$'000
Audit services	1,050
Non-audit services	150

## COMPANY SECRETARY

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

The Company Secretary confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2024.

## SHAREHOLDERS' RIGHTS

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

### Procedures for Shareholders to Convene Extraordinary General Meeting

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

- (a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;
- (b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Unit A, 25/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for the attention of the Board and/or the Company Secretary;
- (c) the written requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned;
- (d) the written requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the written requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the written requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and
- (e) if within 21 days of the deposit of the written requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

# CORPORATE GOVERNANCE REPORT

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## Procedures for Shareholders to Put Forward Proposals at Shareholders' Meetings

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

## Procedures for Raising Enquiries

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

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

Shareholders are reminded to lodge their questions together with their detailed contact information for the response from the Company in due course.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through general meetings. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

The annual general meeting in 2023 (the "AGM") was held on 31 August 2023. All Directors and the Company's external auditor attended the AGM.

### Shareholders' Communication Policy

The Board has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") setting out the Company's procedures in providing the shareholders with clear communication and easy access to information about the Company.

To promote effective communication, the Company maintains a website at [www.1460.hk](http://www.1460.hk), where information and updates on the Company's business developments and operations, financial information, circulars, announcements, notice of general meetings, corporate governance practices and other information are published. Such information will also be released to the website of the Stock Exchange in accordance with continuous disclosure obligations.

During the year ended 31 March 2024, the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy. With the above measures in place, the Shareholders' Communication Policy is considered to have been effectively implemented.

## CONSTITUTIONAL DOCUMENTS

For the year ended 31 March 2024, there was no change in the Company's constitutional documents.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE REPORT

ICO Group Limited (the "Company", together with its subsidiaries, the "Group" or "we") is pleased to present its Environmental, Social, and Governance ("ESG") report (the "Report"). The Report covers ESG strategies and performance and stipulates the governance structure and policies that influence ESG implementation.




## Reporting Scope and Period

The Report presents the ESG performance of the Group's principal businesses, including the provision of IT services and property leasing for the financial year ended 31 March 2024 (the "Reporting Period").

## Reporting Guidelines

To provide stakeholders with a clearer understanding of the progress and direction of the Group's operations and sustainable development, the Report is prepared in accordance with the Environmental, Social, and Governance Reporting Guide (the "Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited ("HKEX"). The Report has been prepared in full compliance with the mandatory disclosure requirements and "comply or explain" provisions.

The preparation of the Report follows the reporting principles below:

Principle	 Materiality	 Quantitative	 Consistency
<b>Definitions</b>	The issues covered in the Report should reflect significant economic, environmental and social impacts of the Group, or be in a scope that affects the stakeholders' evaluation and decision-making.	The Report should disclose KPIs in a measurable manner.	The Group should confirm that the methodologies for preparing the ESG reports are consistent with those used in previous years, and state any revised reporting methodology or indicate other relevant factors that may affect meaningful comparisons.
<b>Measures</b>	The Group has conducted stakeholder engagement through different channels and the Company management discussion considering business nature and development to identify the material ESG issues.	The Group has disclosed key performance indicators ("KPIs") and comparative figures where appropriate. The KPIs are calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" and "Appendix 3: Reporting Guidance on Social KPIs" of "How to Prepare an ESG Report" published by HKEX.	The Group has adopted a consistent approach in data collection and calculation for meaningful comparisons of ESG data over time. In case of any adjustments in the reporting scope or preparation of data, they shall be explained for stakeholders' reference.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## Access to Report

The Report is available in both English and Chinese versions and is uploaded to the website of HKEX and the Company's official website (www.1460.hk). In case of any discrepancies between the two versions, the English version shall prevail.

## Contact Us

The Group attaches great importance to the valuable feedback of stakeholders. If you have any questions or comments about this Report or our environmental and social policies and performance, please feel free to share your comments and suggestions with us by:

Email: [info@ico.com.hk](mailto:info@ico.com.hk)

Postal address: Unit A, 25/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong

## ABOUT THE GROUP

ICO Group Limited is principally engaged in the provision of IT services in Hong Kong. The Group is principally engaged in the following businesses:

- (i) provision of IT application and solution development services;
- (ii) provision of IT infrastructure solutions services;
- (iii) provision of IT secondment services;
- (iv) provision of IT maintenance and support services; and
- (v) property leasing.

To create a greater value for global customers and satisfy the need for future development, the Group was listed on the Main Board of HKEX in 2016 (stock code: 1460).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SUSTAINABILITY GOVERNANCE

The board of directors of the Company (the "Board") is fully responsible for and oversees the Group's ESG strategies and reporting for the Group. A top-down approach has been adopted for the following sustainability strategies:



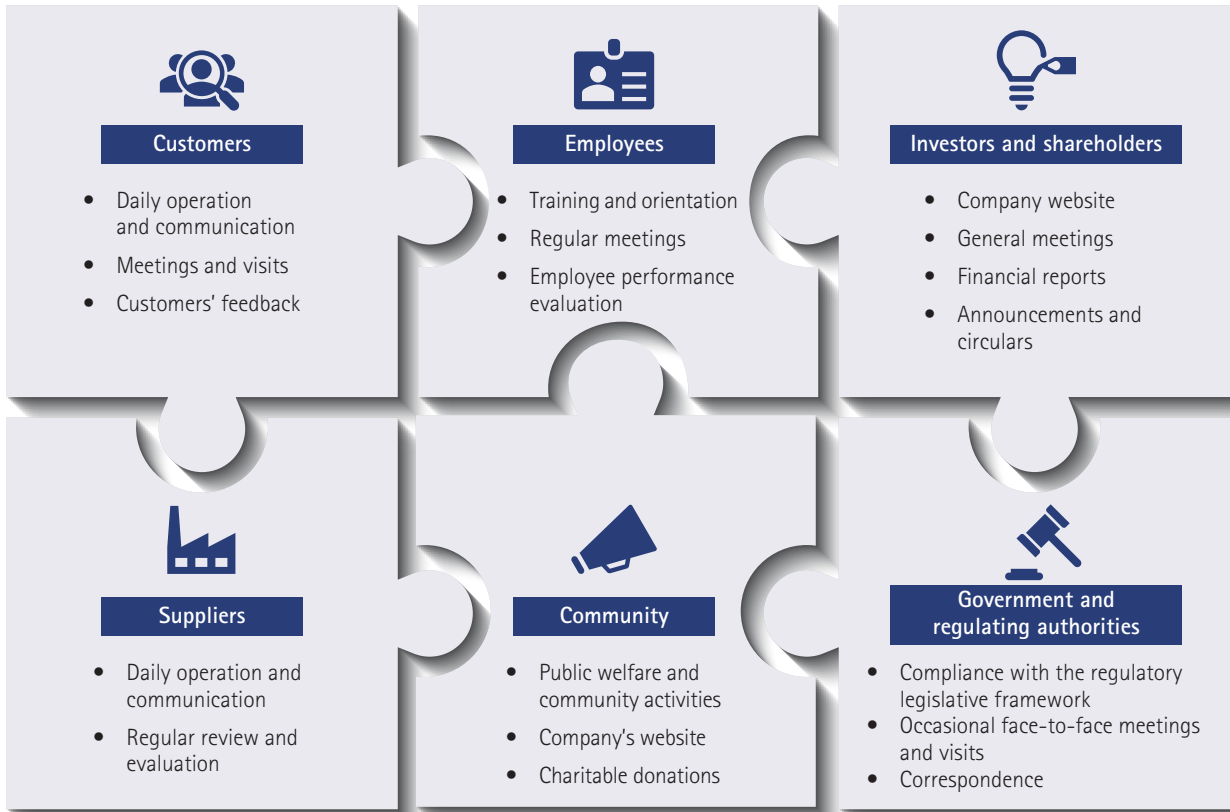
The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal controls. The Group has assigned personnel to systematically identify and cater to ESG issues. The management of functional departments is responsible for collecting and analyzing relevant ESG data and identifying the Group's ESG issues. Through conducting materiality assessment, the management evaluates, prioritizes, and manages material ESG-related issues and periodically reports to the Board for the evaluation and subsequent implementation or revision of the Group's ESG strategies. In addition, they assist the Board to develop ESG-related targets and review progress against established goals and KPIs.

For the Group's other corporate governance details, please refer to the "Corporate Governance Report" section in this annual report.

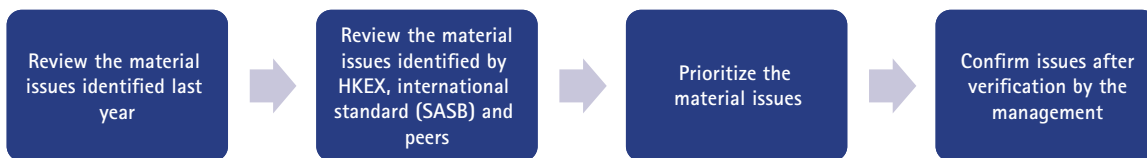
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT

To create greater value for the stakeholders, including customers, and employees, the Group recognized the importance of stakeholder engagement in our fulfillment of corporate sustainability. We valued the feedback of the stakeholders and regarded it as critical to the Group's operation and management. We engage our stakeholders through various communication channels to acknowledge their expectations. We strive to incorporate stakeholders' concerns into our operation to enhance our performance and secure their interests.



## MATERIALITY ASSESSMENT



During the Reporting Period, we have identified 17 sustainability issues material to the Group's operation. We have reviewed, evaluated, and prioritized the material issues through consistent communication with stakeholders and management discussions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Issues	Materiality
<b>Environmental Aspect</b>	
Energy Consumption	Important
Combating Climate Change	
Air and Greenhouse Gas Emissions	Relevant
Waste Management	
Water Consumption	
<b>Social Aspect</b>	
Non-discriminatory Recruitment, Diversity, and Equal Opportunities	Most important
Product Responsibility	
Data Security and Privacy	
Anti-corruption	
Whistle-blowing Mechanism	
Training and Development	Important
Occupational Health and Safety	
Supply Chain Management	
Customer Satisfaction	
Protection of Intellectual Property Rights	
Community Participation	
Prevention of Child and Forced Labour	Relevant

## OPERATING PRACTICES

The Group identified continuously creating value for the customers through high-quality, safe products and satisfying consumer expectations as the essential component to the Group's success. Thus, we built a variety of rules and procedures across various business activities and operations to ensure product quality and foster sustainable business growth.

### Product Responsibility

The Group values product quality and continuously improving the product and services. We strictly abide by all applicable laws and regulations in our operational areas relating to products and services, including but not limited to:

- the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong);
- the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong);
- the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong); and
- the Personal Data Protection Act 2010 of Malaysia.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Considering the Group's business nature, the Group is not involved in material advertising, labelling, and health and safety-related risks. We have established an extensive quality assurance process to ensure that the products and services are in compliance with relevant laws and regulations. Due to the Group's business nature, the product recall procedure is not applicable.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning health and safety, advertising, labeling, and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group.

## *Protection of Intellectual Property Rights*

As an enterprise primarily provides IT products and services, the Group is fully aware the intellectual property rights are the efforts of others. Thus, we are making our best effort to avoid any infringement in our operations and to obtain genuine copyrighted products, such as computer software and firewalls.

All employees are required to strictly follow all applicable regulations, including but not limited to the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong). Employees are also provided with fundamental instructions to ensure that they do not violate any intellectual property rights, including trademarks and copyrights. If the employee is discovered to violate these rights, he or she may face disciplinary or legal action.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning intellectual property rights that has a significant impact on the Group's operation.

## *Customer Satisfaction*

To inspire continuous improvement in our services and products, the Group is eager to listen to customer feedback. The Group has established a comprehensive procedure to handle customer comments. If the Group receives any complaints, the Group swiftly resolves the issue through effective corrective measures. In addition, management discusses and reviews all submitted complaints during regular meetings to prevent a recurrence.

During the Reporting Period, the Group did not receive any cases of product or service-related complaints.

## *Data Privacy Protection*

To safeguard the privacy of the customer data, the Group has implemented a comprehensive policy on Personal Data Governance to secure its assets and data. The policy stated the Group's guidelines for data accuracy, data retention, information security, international transfer of personal data, etc. Our employees are required to comply with regulations in relation to physical security, access control security, data security, application security, network and communication security, and password management.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning data protection and privacy that would have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Supply Chain Management

To demonstrate our commitment to a sustainable supply chain, the Group guarantee the compliance of all supply chain management practices to the laws of regulation of the jurisdiction. Our management practices included establishing a Supplier Code of Conduct to serve as a guide for business partners and suppliers to follow. We intend to establish mutual and sustainable relationships with our suppliers as well as local economies. During the Reporting Period, the Group had a total of 322 suppliers, we have sampled 10 of those to conduct an annual assessment and the distribution of suppliers are as follows:



A well-regulated, fair, and transparent tendering and evaluation approach and process have been adopted in prospective supplier selection and the relevant policies have been formulated to minimize and manage risks in the supply chain, including the environmental and social risks. In addition to the offered price, the Group considers the supplier's background, qualifications, management model, service quality, financial health, prior experience with similar services, contract fulfillment, social and environmental compliance, and follow-up services. Moreover, the Group gives preference to local suppliers over foreign ones to promote green procurement and environmentally friendly practices in the supply chain, as well as reduce the carbon footprint caused by transportation.

The Group reviews and monitors the performance of its suppliers periodically to ensure compliance with service standards, contract requirements, and quality provisions. If services fall below the agreed-upon standard, the cooperation will be terminated.

During the Reporting Period, the Group was not aware of any major suppliers' actions or practices that had a significant negative impact on business ethics, environmental protection, human rights, and labour practices.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## Anti-corruption

The Group is dedicated to achieving the highest standards of conduct and integrity throughout its business operations. We aspire to exemplify ethical practices and maintain a strong commitment to integrity in every aspect of our work, ensuring that our business operations reflect these core values consistently. We strictly adhere to applicable anticorruption, bribery, extortion, fraud, and anti-money laundering laws and regulations, including but not limited to:

- the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong); and
- the Anti-Corruption Commission Act 2009 of Malaysia.

During the Reporting Period, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

During the Reporting Period, the Group has conducted anti-corruption training, and online anti-corruption training materials have been provided to senior management and directors.

### *Whistleblowing policy*

The Group upholds the highest standard of business ethics and has zero tolerance for any form of misconduct, including bribery, extortion, and fraud. Once any wrongdoing including violation of legal or regulatory requirements, misconduct or fraud that could damage the Group's brand and reputation, and violations of the Group's Code of Conduct is recognized, each of our employees is required to report through the whistleblowing channel as stipulated.

Once there is a report, the management will conduct an investigation immediately. The Group endeavors to protect the whistleblower from typical concerns, such as potential revenge, and guarantees that the whistleblower's information will be treated with confidentiality.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations related to bribery, extortion, fraud, and money laundering that would have a significant impact on the Group.

## ENVIRONMENTAL PROTECTION

The Group recognizes the importance of maintaining a clean environment as part of our commitment to social responsibility. Consequently, we are dedicated to enhancing our environmental and sustainability performance. Even though our business activities do not involve any significant impact to the environment, we strive to minimize any environmental footprint through effective resource management and waste treatment practices. We strictly comply with applicable laws and regulations, including but not limited to the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

We have established and implemented the environmental policy to achieve efficient processes across its operations and manage its environmental impact. In addition, our suppliers, business partners, and customers are encouraged to respect the practices outlined in this policy to advance their own adopting sustainability initiatives.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Emissions

### Air Emission

During the Reporting Period, our air emissions were mainly generated from the petrol consumption of vehicles. The relevant emission data is as follows:

Pollutants <sup>1</sup>	Unit	2024	2023
Nitrogen Oxides (NO <sub>x</sub> )	Kg	0.19	0.23
Sulphur Oxides (SO <sub>x</sub> )	Kg	0.00	0.01
Particulate Matter (PM)	Kg	0.01	0.02

To minimize air emissions, the Group has implemented various measures, detailed in the "Energy Consumption" section.

### Greenhouse Gas ("GHG") Emission

The Group is committed to reduce the total GHG emissions intensity per square meter in five years (i.e. 2027). During the Reporting Period, Scope 1 and 2 GHG emissions, which are attributed to the combustion of fuel from mobile sources and purchased electricity consumed respectively are disclosed. To gradually quantify the Scope 3 emission, the Group has calculated the emission of paper waste disposal. The emission data is as follows.

GHG emissions <sup>1</sup>	Unit	2024	2023
Direct GHG emissions (Scope 1)	tonnes CO <sub>2</sub> e	0.9	1.1
Energy indirect GHG emissions (Scope 2)	tonnes CO <sub>2</sub> e	126.6	123.5
Other indirect GHG Emissions (Scope 3)	tonnes CO <sub>2</sub> e	0.6	1.0
Total GHG emissions	tonnes CO <sub>2</sub> e	127.5	125.6
Intensity <sup>2</sup>	tonnes CO <sub>2</sub> e/m <sup>2</sup>	0.09	0.10

1. GHG emission data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, and the 2023 Sustainability Report published by CLP.
2. As at 31 March 2024, the Group had an office area of 1,429.8 m<sup>2</sup>. This data has also been used for calculating other intensity data.

To achieve our emission target progressively, we have adopted different measures to reduce consumption and improve energy efficiency, which is detailed in the section "Energy Consumption" and "Waste Management". To keep tracking the progress and attainability of our goal, we conducted reviews on our measures regularly.







# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Waste Management

The Group is dedicated to reducing total waste disposal intensity per square meter within five years (by 2027). Given the nature of our business, we only generate waste paper, classified as non-hazardous waste, with no hazardous waste produced during operations. The waste data for the Reporting Period is as follows:

	Unit	2024	2023
Total non-hazardous waste generated	tonnes	1.02	1.02
Intensity	tonnes/m <sup>2</sup>	0.0007	0.0008

Several methods have been implemented to reduce waste paper and consumption, as well as raise staff awareness of waste reduction:

-  • Constantly promote the reduction of paper printing and encourage the use of electronic communication
-  • Reuse single-sided paper as scrap paper or for printing internal documents;
-  • Adopt electronic leave application system to replace paper-based leave approval records; and
-  • Display notices in offices to advise employees to use paper responsibly.

In the future, the Group will continue to explore additional green office measures to further minimize environmental impact.

## Use of Resources

To protect the environment and combat climate change, we acknowledge the importance of efficient resource use. The Group strives to enhance employees' awareness of the need for resource conservation and achieve efficient utilization of resources.





### Energy Consumption

The Group is committed to reducing the total energy consumption intensity per square meter within five years (by 2027). Fuel and electricity consumption are the Group's main energy consumption sources. The energy consumption data during the Reporting Period is as follows:

	Unit	2024	2023
Direct energy consumption (Petrol)	kWh	3,042	3,606
Indirect energy consumption (Purchased electricity)	kWh	324,592	316,620
Total energy consumption	kWh	327,634	320,226
Intensity	kWh/m <sup>2</sup>	229	263

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To achieve energy reduction and reduce exhaust gas and GHG emissions, we have adopted a variety of measures, including but not limited to:

- 
  - Plan routes ahead of time to avoid route repetition and optimize fuel consumption;
- 
  - Switch off engines whenever the vehicle is idling;
- 
  - Require staff to turn on power saving mode for computers, printers, and monitors when idle; and
- 
  - Switch off air conditioners and power off computers by the end of the working day.

Moreover, an investigation will be conducted to determine the root cause of the abnormal electricity consumption (if any) and preventative measures will be taken.




## Water Consumption

Concerning the business nature and operating locations, the Group is not aware of any significant use of water resources and did not encounter any significant issues in sourcing water that is fit for the purpose. However, the Group is committed to continuously reducing the consumption intensity per square meter in five years (i.e. 2027).

The water consumption data for the Reporting Period is as follows:

	Unit	2024	2023
Total water consumption	m <sup>3</sup>	103	85
Intensity	m <sup>3</sup> /m <sup>2</sup>	0.07	0.07

To raise the water-saving awareness of employees, different initiatives have been implemented to reduce water usage, including:

- 
  - Consider tap water with purifier to replace the use of distilled water;
- 
  - Inspects the water taps on regular basis and promptly report leaks; and
- 
  - Promote the significance of water conservation to employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The Environment and Natural Resources

As a responsible enterprise, we uphold the principle of sustainability throughout the Group's operations. Given the nature of our business, our impact on the environment is minimal. Nevertheless, we are dedicated to protecting the environment and promoting sustainable development by managing our environmental footprint across all our operating markets.

We strive to enhance the awareness among employees to participate in different kinds of recycling activities and minimize the use of natural resources. Moreover, to reduce the risks and ensure compliance with relevant laws and regulations, the Group regularly assesses the environmental risks of its business and adopts preventive measures.

## Climate Change

Without a doubt, climate change has become one of the world's most critical and pressing concerns in recent decades. The Group recognizes the importance of identifying and mitigating significant climate-related issues and concerns about the potential impact of climate change on the Group's business and operations. We are committed to managing potential climate-related risks that may impact the Group's business operations and incorporating climate change-related risks into its enterprise risk management.

According to the reporting framework published by the Task Force on Climate-related Financial Disclosures, climate-related risks are divided into physical and transitional risks.

### Risk Management

Following discussions by the Board and management, the climate-related risks that have been identified during the year are as follows:

Climate-related risks	Potential financial impact	Our Response
<b>Physical Risks</b> A rise in the frequency and intensity of extreme weather occurrences, (e.g. typhoons, storms, heavy rainfall, extreme cold, or extreme heat) endangers the safety of employees and causes damage to operational sites or power grid	<ul style="list-style-type: none"><li>Drop in revenue due to the reduce of productivity</li></ul>	<ul style="list-style-type: none"><li>Allow flexible working arrangement</li><li>Purchase property loss insurance</li></ul>
<b>Transition Risk</b> Regulatory, technological, and market changes resulting from climate change, including amendments to national policies and listing rules and the introduction of environmental-related taxes	<ul style="list-style-type: none"><li>Increase in compliance cost to fulfill more stringent environmental laws and regulations.</li></ul>	<ul style="list-style-type: none"><li>Regularly monitor the changes in laws or regulations and worldwide trends in climate change</li><li>Adopt extensive measures to protect the environment</li></ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## EMPLOYMENT AND LABOUR PRACTICES

The Group recognizes our employees as our most valuable assets and understands that our high-quality products and services depend on them. Therefore, we are committed to creating a healthy, safe, and harmonious work environment and providing ongoing professional training to support employee development.

### EMPLOYMENT

We strictly adhere to relevant laws and regulations, including but not limited to:

- the Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong);
- the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong); and
- the Employment Act 1955 of Malaysia.

Our staff handbook clearly states relevant employment policies, including but not limited to recruitment and remuneration, benefits, working hours and rest periods, diversity, and equal opportunity. We periodically evaluate the policies and practices to ensure the continual improvement of its employment standards and industry-wide competitiveness. Additionally, the Group adopted the human right policy to protect and promote human rights.

As at 31 March 2024, the Group had a total of 315 employees (2023: 284 employees). All of them were full-time employees. The employee demographic is as follows:

	Unit	2024
<b>By gender</b>		
– Male	person	234
– Female	person	81
<b>By age group</b>		
– Aged under 30	person	64
– Aged 30 to 40	person	108
– Aged 41 to 50	person	90
– Aged above 50	person	53
<b>By geographical region</b>		
– Hong Kong	person	315

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's employee turnover rate is as follows:

Turnover rate <sup>1</sup>	Unit	2024
<b>By gender</b>		
– Male	percentage	31
– Female	percentage	26
<b>By age group</b>		
– Aged under 30	percentage	48
– Aged 30 to 40	percentage	27
– Aged 41 to 50	percentage	27
– Aged above 50	percentage	19
<b>By geographical region</b>		
– Hong Kong	percentage	30
– Malaysia	percentage	N/A

<sup>1</sup> The calculation of the employee turnover rate is based on the guidelines of the HKEX. During the Reporting Period, the number of resignations within the Group was similar to last year. The Group is also actively advancing employment policies to retain talent.






During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare that would have a significant impact on the Group.

## Employees' Health and Safety

The Group places the health and safety of employees at the highest priority and identified it as a key issue in our journey of development and sustainability. The Group strictly complies with the relevant laws and regulations, including but not limited to:

- the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong); and
- the Occupational Safety and Health Act 1994 of Malaysia.

The health and safety policies are clearly stated in the staff handbook. We have implemented the following measures to ensure the well-being of every employee:

- 
 • Working arrangements during typhoons and rainstorms are explicitly established to minimize confusion that could lead to safety issues;
- 
 • Fire extinguishers are strategically positioned, and all fire exits are visible;
- 
 • First aid kits are provided on every office premise;
- 
 • Permanent employees are provided with medical insurance; and
- 
 • Rules and procedures relating to work safety and occupational health issues are developed.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

There were no work-related injuries or fatalities for the past three years including the Reporting Period. During the Reporting Period, no lost days due to work-related injuries were reported. We shall continue to provide a safe and healthy work environment for the employees.

## Employee Development and Training

The Group places a high value on training and continuous development as it is essential for employees to stay updated with the constantly evolving industry trends. Therefore, the Group takes a proactive approach to professional advancement opportunities for its employees. They are encouraged to enroll in internal and external training programs to improve their skills.

During the Reporting Period, the Group's employee training data is as follows:

	Unit	2024
<b>Percentage of Employees Trained</b>		
By Gender		
– Male	percentage	80
– Female	percentage	57
By Employee Category		
– General Staff	percentage	62
– Middle Management	percentage	10
– Senior Management	percentage	8
<b>Average training hours per employee</b>		
By Gender		
– Male	hour	5
– Female	hour	7
By Employee Category		
– General Staff	hour	5
– Middle Management	hour	15
– Senior Management	hour	13

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## Labour Standards

The Group acknowledges that child labor and forced labor violate basic human rights. Therefore, we strictly prohibit the use of child and forced labor in our operations. We comply with all relevant laws and regulations, including but not limited to:

- the Employment Ordinance (Chapter 57 of the Laws of Hong Kong); and
- the Children and Young Persons (Employment) Act 1966 of Malaysia.

The Group guarantees that no employee will be forced or coerced to work against his or her will. During the recruitment procedure, the candidates' personal information is collected to verify the candidates' personal information in the selection of qualified candidates. Additionally, the human resources department verifies the authenticity of their identification documents. If the violation is involved, it will be handled promptly.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations relating to the prevention of child and forced labour that would have a significant impact on the Group.

## COMMUNITY INVESTMENT

The Group concerns with the sustainability of the communities we operate in and strives to initiate a positive impact on the local communities. During the Reporting Period, we donated a total of HK\$110,250 to Tung Wah Group of Hospitals, the parents association of autistic children in mainstream education and St James' Settlement to support the local group in need. Besides, the Group had been working closely with different educational organizations to provide internship opportunities to their students to support the education of the young generation and for them to learn real-life working skills.

Going forward, we are committed to contributing to the communities and working hand in hand with the communities to achieve sustainability through active involvement in different community investment initiatives.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG REPORTING CONTENT INDEX

Subject Areas, Aspects, General Disclosures, and KPIs	Section	
<b>Mandatory Disclosure Requirements</b>		
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board's oversight of ESG issues;</li> <li>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</li> </ul>	Sustainability Governance
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative, and Consistency) in the preparation of the ESG Report.	About the Report – Reporting Guidelines
Reporting Boundary	A narrative explaining the Reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report.	About the Report – Reporting Scope and Period
<b>'Comply or explain' Provisions</b>		
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emission
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity.	Emissions – Greenhouse Gas Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Air Emission, Greenhouse Gas Emission
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures, and KPIs		Section
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the Group's business nature, it is not considered as insignificant.
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures, and KPIs	Section	
<b>B. Social</b>		
<i>Employment and Labour Practices</i>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</li> </ul>	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</li> </ul>	Employees' Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	
KPI B3.2	The average training hours completed per employee by gender and employee category.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures, and KPIs		Section
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
<i>Operating Practices</i>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Data Protection and Privacy

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures, and KPIs	Section
<b>Aspect B7: Anti-corruption</b>	
General Disclosure	Information on: Anti-corruption
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. Anti-corruption – Whistle-blowing policy
KPI B7.3	Description of anti-corruption training provided to directors and staff. Anti-corruption
<i>Community</i>	
<b>Aspect B8: Community Investment</b>	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. Community Investment
KPI B8.1	Focus areas of contribution.
KPI B8.2	Resources contributed to the focus area.

# INDEPENDENT AUDITOR'S REPORT

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## TO THE SHAREHOLDERS OF ICO GROUP LIMITED

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

### OPINION

We have audited the consolidated financial statements of ICO Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 73 to 137, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

# INDEPENDENT AUDITOR'S REPORT

## Valuation of investment property

Refer to notes 2(g), 3(a) and 14 to the consolidated financial statements for the accounting policies, accounting judgement and estimates, and disclosures, respectively.

The Key Audit Matter	How the matter was addressed in our audit
<p>We identified the valuation of investment property as a key audit matter, in the context of the Group's consolidated financial statements, the Group had significant balance of investment property. Significant judgement and estimates are involved to assess the fair value of investment property.</p> <p>The fair value of the Group's investment property was assessed by management based on independent valuation prepared by an independent valuation firm.</p>	<p>Our procedures in relation to valuation of investment property included:</p> <ul style="list-style-type: none"><li>• evaluating the independent valuation firm's competence, expertise and objectivity;</li><li>• assessing the appropriateness of the valuation methodology used by management and the independent valuation firm;</li><li>• reviewing and challenging the reasonableness of key assumptions and critical judgement areas which underpin the fair value estimation;</li><li>• engaging an auditor's expert to assist us to assess the appropriateness of the valuation methodology and the reasonableness of the inputs, assumptions and estimation used by management and the independent valuation firm which underpin the fair value estimation; and</li><li>• checking the accuracy and the relevance of the input data used.</li></ul>

# INDEPENDENT AUDITOR'S REPORT

## Assessment of expected credit loss of trade receivables and contract assets

Refer to notes 2(j)(i), 3(c), 20 and 21 to the consolidated financial statements for the accounting policies, accounting judgment and estimates, and disclosures, respectively.

### The Key Audit Matter

### How the matter was addressed in our audit

As at 31 March 2024, the net carrying amount of the Group's trade receivables and contract assets were amounted to HK\$341,145,000 and HK\$6,445,000, respectively.

Significant management judgement is required to assess the recoverability of trade receivables and contract assets. Management performed a detailed analysis taking into account customers' ageing profile, credit history and historical payment pattern and the forward-looking information for the estimation of expected credit losses ("ECLs") on trade receivables and contract assets. The management has also engaged an independent valuation firm to assist them to perform the ECL assessment of trade receivables and contract assets.

Since the assessment of ECL of trade receivables and contract assets are subjective area which requires management judgements and uses of estimates, and in view of the significance of the amount to the consolidated financial statements as a whole, we considered this as a key audit matter.

Our procedures in relation to the assessment of expected credit loss of trade receivables and contract assets included:

- Obtaining an understanding on management's processes in respect of the assessment of ECL;
- Testing the ageing analysis of the trade receivables and contract assets, on a sample basis, to the source documents;
- Assessing appropriateness of management's estimate of ECL by examining the information provided by the management to derive the key parameters and assumptions of the ECL calculation adopted by the management, including checking historical default data and assessing management's estimated loss rates;
- Reviewing and challenging the reasonableness of key assumptions and critical judgement areas which underpin the ECL calculation;
- Reperforming the ECL calculation based on the Group's credit loss allowance policies; and
- Evaluating the independent valuation firm's competence, expertise and objectivity.

# INDEPENDENT AUDITOR'S REPORT

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## OTHER INFORMATION IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company ("Audit Committee") assists the Directors in discharging their responsibilities in this regard.

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

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

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

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

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



# INDEPENDENT AUDITOR'S REPORT

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**BDO Limited**

*Certified Public Accountants*

**Lui Chi Kin**

Practising Certificate Number P06162

Hong Kong, 28 June 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	1,076,785	877,322
Cost of sales		(867,331)	(703,581)
<b>Gross profit</b>		<b>209,454</b>	<b>173,741</b>
Other revenue	5	11,428	8,302
Other (loss)/gain, net	6	(867)	1,413
General and administrative expenses		(152,533)	(128,812)
Impairment loss on trade receivables and contract assets	31(a)	(19,700)	(795)
Change in fair value of investment property	14	(2,555)	(21,840)
Finance costs	7(a)	(1,883)	(1,485)
<b>Profit before taxation</b>	7	<b>43,344</b>	<b>30,524</b>
Income tax	8	(10,347)	(7,797)
<b>Profit for the year</b>		<b>32,997</b>	<b>22,727</b>
<b>Attributable to:</b>			
Shareholders of the Company		16,691	10,966
Non-controlling interests		16,306	11,761
<b>Profit for the year</b>		<b>32,997</b>	<b>22,727</b>
<b>Earnings per share</b>	12		
Basic (HK cents per share)		1.9	1.2
Diluted (HK cents per share)		1.9	1.2

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
<b>Profit for the year</b>	<b>32,997</b>	<b>22,727</b>
<b>Other comprehensive income for the year</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>(9,977)</b>	<b>(10,953)</b>
<b>Total comprehensive income for the year</b>	<b>23,020</b>	<b>11,774</b>
<b>Attributable to:</b>		
Shareholders of the Company	<b>6,714</b>	<b>13</b>
Non-controlling interests	<b>16,306</b>	<b>11,761</b>
<b>Total comprehensive income for the year</b>	<b>23,020</b>	<b>11,774</b>

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	43,100	39,635
Investment property	14	174,958	187,859
Goodwill	15	49,473	49,473
Intangible assets	16	7,257	12,104
Interests in associate	17	-	-
		<b>274,788</b>	<b>289,071</b>
<b>Current assets</b>			
Inventories	19	1,346	15,192
Trade and other receivables	21	363,306	310,880
Contract assets	20(a)	6,445	31,076
Pledged bank deposit	22	1,999	1,999
Time deposit with original maturities over three months	23(a)	156,000	66,000
Cash and cash equivalents	23(a)	150,622	150,920
		<b>679,718</b>	<b>576,067</b>
<b>Current liabilities</b>			
Trade and other payables	24	(260,611)	(190,181)
Contract liabilities	20(b)	(60,155)	(62,275)
Lease liabilities	26	(1,625)	(221)
Promissory note payables	27	(39,212)	-
Tax payable	28(a)	(4,577)	(2,917)
		<b>(366,180)</b>	<b>(255,594)</b>
<b>Net current assets</b>		<b>313,538</b>	<b>320,473</b>
<b>Total assets less current liabilities</b>		<b>588,326</b>	<b>609,544</b>
<b>Non-current liabilities</b>			
Lease liabilities	26	(1,819)	-
Promissory note payables	27	(19,889)	(57,354)
Deferred tax liabilities	28(b)	(1,380)	(1,896)
		<b>(23,088)</b>	<b>(59,250)</b>
<b>Net assets</b>		<b>565,238</b>	<b>550,294</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Capital and reserves</b>			
Share capital	29(b)	21,940	21,940
Reserves		515,764	509,050
<b>Total equity attributable to equity shareholders of the Company</b>		<b>537,704</b>	530,990
Non-controlling interests		27,534	19,304
<b>Total equity</b>		<b>565,238</b>	550,294

Approved and authorised for issue by the board of directors on 28 June 2024 and were signed on its behalf by:

Lee Cheong Yuen  
Chairman and Executive Director

Pun Shing Cheung  
Executive Director

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>At 1 April 2022</b>	21,940	315,360	1,010	7,050	185,617	530,977	23,743	554,720
Profit for the year	-	-	-	-	10,966	10,966	11,761	22,727
Other comprehensive income for the year								
– Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(10,953)	-	(10,953)	-	(10,953)
Total comprehensive income for the year	-	-	-	(10,953)	10,966	13	11,761	11,774
Interim dividend declared to non-controlling interests	-	-	-	-	-	-	(16,200)	(16,200)
<b>At 31 March 2023 and 1 April 2023</b>	21,940	315,360	1,010	(3,903)	196,583	530,990	19,304	550,294
Profit for the year	-	-	-	-	16,691	16,691	16,306	32,997
Other comprehensive income for the year								
– Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(9,977)	-	(9,977)	-	(9,977)
Total comprehensive income for the year	-	-	-	(9,977)	16,691	6,714	16,306	23,020
Interim dividend declared to non-controlling interests	-	-	-	-	-	-	(8,076)	(8,076)
Share options lapsed	-	-	(1,010)	-	1,010	-	-	-
<b>At 31 March 2024</b>	21,940	315,360	-	(13,880)	214,284	537,704	27,534	565,238

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Operating activities</b>			
Profit before taxation		43,344	30,524
Adjustments for:			
Depreciation and amortisation		8,717	8,555
Gain on renewal of promissory notes	6	–	(2,136)
Change in fair value of investment property	14	2,555	21,840
Bank interest income	5	(9,527)	(1,834)
Impairment loss on trade receivables and contract assets	31(a)	19,700	795
Finance costs	7(a)	1,883	1,485
Operating profit before working capital changes		66,672	59,229
Changes in working capital:			
Decrease/(increase) in inventories		13,846	(14,290)
Increase in trade and other receivables		(72,134)	(95,124)
Decrease in contract assets		24,638	88,609
Increase in trade and other payables		74,726	78,902
(Decrease)/increase in contract liabilities		(2,120)	9,993
<b>Cash generated from operations</b>		<b>105,628</b>	<b>127,319</b>
Income tax paid	28(a)	(9,203)	(5,915)
<b>Net cash generated from operating activities</b>		<b>96,425</b>	<b>121,404</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Investing activities</b>			
Payment for acquisition of property, plant and equipment		(2,813)	(390)
Placement of time deposit with original maturities over three months		(90,000)	(66,000)
Interest received		9,527	1,834
<b>Net cash used in investing activities</b>		<b>(83,286)</b>	(64,556)
<b>Financing activities</b>			
	23		
Dividend paid to non-controlling interests		(12,372)	(11,470)
Principal paid on lease liabilities		(1,298)	(1,270)
Interest paid on lease liabilities		(134)	(58)
Bank overdraft interest paid		(2)	(8)
<b>Net cash used in financing activities</b>		<b>(13,806)</b>	(12,806)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(667)</b>	44,042
Effect of foreign exchange rate changes		369	(545)
Cash and cash equivalents at the beginning of the year		150,920	107,423
<b>Cash and cash equivalents at the end of the year</b>	23(a)	<b>150,622</b>	150,920

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 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, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Unit A, 25/F, TG Place, No. 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of IT application and solution development services, IT infrastructure solutions services, IT secondment services, IT maintenance and support services, and property leasing.

## 2. MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

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

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

### (b) Basis of preparation of the consolidated financial statements

The consolidated financial statements comprise the Group and its interests in associate.

Items included in the consolidated financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except the investment property (see note 2(g)) is stated at its fair value.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (b) Basis of preparation of the consolidated financial statements *(Continued)*

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

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

### (c) Application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs")

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

HKFRS 17	Insurance contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

#### *Amendment to HKAS 1 – Disclosure of Accounting Policies*

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose "significant accounting policies" with "material accounting policy information". The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

Except for the abovementioned amendment, these amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

#### *New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA*

In July 2023, the HKICPA published Accounting implications of the abolition of the mandatory provident fund ("MPF")-long service payment ("LSP") offsetting mechanism in Hong Kong that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19, Employee Benefits, in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in April 2023 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the year ended 31 March 2024, with the corresponding adjustment to the comparative carrying amount of the LSP liability. However, since the amount of the catch-up profit or loss adjustment was immaterial, the Group did not restate the comparative figure for the consolidated financial statements.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Company.

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

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

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

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

### (e)(i) Business combinations or asset acquisitions

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

### (e)(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment assessment on goodwill is performed at least on annual basis.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment. Refer to note 2(j)(ii) for the procedures of impairment assessment.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (f) Property, plant and equipment

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

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

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

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

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

### (g) Investment properties

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (h) Intangible assets

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

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

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

Both the period and method of amortisation are reviewed annually.

### (i) Leased assets

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

#### *As a lessee*

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

Where a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (i) Leased assets *(Continued)*

#### *As a lessee (Continued)*

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

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

#### *As a lessor*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (j) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments

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

- financial assets measured at amortised cost (including cash and cash equivalents, time deposit with original maturities over three months, trade and other receivables, contract assets and pledged bank deposit)

#### Measurement of ECLs

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

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

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (j) Credit losses and impairment of assets *(Continued)*

#### (i) Credit losses from financial instruments *(Continued)*

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment reversal or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (j) Credit losses and impairment of assets *(Continued)*

#### (i) Credit losses from financial instruments *(Continued)*

Basis of calculation of interest income

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

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

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

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

Write-off policy

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (j) Credit losses and impairment of assets *(Continued)*

#### (ii) *Impairment of other non-current assets*

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

- property, plant and equipment including right-of-use assets;
- intangible assets; and
- interests in associate.

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

#### – Calculation of recoverable amount

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

#### – Recognition of impairment losses

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

#### – Reversal of impairment losses

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (k) Contract assets and contract liabilities

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

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(r)). A contract liability would also be recognised if the Group is obligated to transfer goods or services to a customer for which the Group has received consideration from the customer. In such cases, a corresponding receivable would also be recognised (see note 2(l)).

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

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

### (l) Trade and other receivables

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

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

### (m) Inventories

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (n) Other financial liabilities

#### (i) Trade and other payables

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

#### (ii) Promissory note payables

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

### (o) Employee benefits

#### *Short term employee benefits and contributions to defined contribution retirement plans*

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

### (p) Income tax

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (q) Provisions and contingent liabilities

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

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

### (r) Revenue and other revenue

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

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

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

#### (i) *Revenue from IT application and solution development services*

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

#### (ii) *Revenue from IT infrastructure solutions services*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (r) Revenue and other revenue *(Continued)*

#### (iii) Revenue from IT secondment services

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

#### (iv) Revenue from IT maintenance and support services

Revenue for IT maintenance and support services in respect of IT infrastructure solutions services carried out by the Group together with IT maintenance and support services performed by third party suppliers is recognised gross when the Group delivered the IT infrastructure solutions services to the customers together with the maintenance licenses issued by third party suppliers.

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

#### (v) Interest income

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

#### (vi) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, refer to note 2(i) for the accounting policy of the Group as a lessor.

## 3. ACCOUNTING JUDGEMENT AND ESTIMATES

Key sources of estimation uncertainty are as follows:

### (a) Fair value of investment property

Investment property is carried in the consolidated statement of financial position at its fair value, details of which are disclosed in note 14. The fair value of the investment property was determined by reference to valuations conducted on the property by an independent and professionally qualified valuation firm using property valuation techniques which involve certain assumptions of prevailing market conditions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment property included in the consolidated statement of financial position and corresponding adjustments to the changes in fair value reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2024, the carrying amount of investment property was HK\$174,958,000 (2023: HK\$187,859,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

### (b) Impairment assessment of goodwill

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

As at 31 March 2024, the carrying amount of goodwill was HK\$49,473,000 (2023: HK\$49,473,000).

### (c) Measurement of the ECLs for trade receivables and contract assets

The measurement of the ECLs for trade receivables and contract assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of debtors defaulting and the resulting losses). Further details are set out in note 31(a).

As at 31 March 2024, the carrying amounts of trade receivables and contract assets are approximately HK\$341,145,000, net of impairment loss of approximately HK\$13,653,000 (2023: approximately HK\$281,616,000, net of impairment loss of approximately HK\$1,127,000) and approximately HK\$6,445,000, net of impairment loss of approximately HK\$7,197 (2023: approximately HK\$31,076,000, net of impairment loss of approximately HK\$23,000), respectively.

### (d) Revenue recognition

As explained in notes 2(k) and 2(r), revenue recognition on an incomplete project is dependent on management's estimation of the total outcome of the service contract, as well as the work done to date. Based on the Group's recent experience and the nature of the services activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the contract assets and contract liabilities as disclosed in note 20 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in the future periods as an adjustment to the amounts recorded to date.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 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:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
IT application and solution development services	81,288	71,563
IT infrastructure solutions services	823,017	613,725
IT secondment services	25,309	27,065
IT maintenance and support services	146,715	164,969
Revenue from other sources:	1,076,329	877,322
Property leasing	456	-
	1,076,785	877,322

There is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 March 2024 and 2023.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting (Continued)

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

Disaggregate of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2024 and 2023 is set out below.

	Year ended 31 March 2024					Total HK\$'000
	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	

Revenue from contracts with customers within the scope of HKFRS 15						
Disaggregated by timing of revenue recognition						
– Point in time	-	823,017	-	51,491	-	874,508
– Over time	81,288	-	25,309	95,224	-	201,821
	81,288	823,017	25,309	146,715	-	1,076,329
Revenue from other sources	-	-	-	-	456	456
Revenue from external customers and reportable segment revenue	81,288	823,017	25,309	146,715	456	1,076,785
Reportable segment gross profit	17,716	116,495	9,061	65,726	456	209,454

	Year ended 31 March 2023					Total HK\$'000
	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	

Disaggregated by timing of revenue recognition						
– Point in time	-	613,725	-	79,791	-	693,516
– Over time	71,563	-	27,065	85,178	-	183,806
Revenue from external customers and reportable segment revenue	71,563	613,725	27,065	164,969	-	877,322
Reportable segment gross profit	16,705	87,376	10,234	59,426	-	173,741

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting *(Continued)*

#### (ii) Geographic information

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

	2024 HK\$'000	2023 HK\$'000
Hong Kong (place of domicile)	1,076,329	877,322
Malaysia	456	–
	<b>1,076,785</b>	877,322

Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong (place of domicile)	99,793	101,174
The PRC, excluding Hong Kong	37	38
Malaysia	174,958	187,859
	<b>274,788</b>	289,071

The geographical location of the non-current assets is based on the physical location of the asset 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. OTHER REVENUE

	2024 HK\$'000	2023 HK\$'000
Bank interest income*	9,527	1,834
Income from government subsidies <sup>#</sup>	–	5,856
Marketing income	393	525
Others	1,508	87
	<b>11,428</b>	<b>8,302</b>

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

<sup>#</sup> During the year ended 31 March 2023, the income from government subsidies represented a one-off subsidy under Employment Support Scheme launched by the Government of Hong Kong Special Administrative Region ("HKSAR").

## 6. OTHER (LOSS)/GAIN, NET

	2024 HK\$'000	2023 HK\$'000
Gain on renewal of promissory notes (note 27)	–	2,136
Net foreign exchange loss	(867)	(723)
	<b>(867)</b>	<b>1,413</b>

## 7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	2024 HK\$'000	2023 HK\$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank overdraft	2	10
– Interest on lease liabilities (note 13(b))	134	58
Effective interest expense of promissory note payables (note 27)	1,747	1,417
	<b>1,883</b>	<b>1,485</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 7. PROFIT BEFORE TAXATION *(Continued)*

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

	2024 HK\$'000	2023 HK\$'000
Salaries, wages and other benefits	169,055	155,304
Contributions to defined contribution retirement plan	5,094	4,940
	<b>174,149</b>	<b>160,244</b>

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

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

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

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

### (c) Other items

	2024 HK\$'000	2023 HK\$'000
Short-term leases (note 26)	819	860
Cost of hardware and software sold	800,918	651,167
Amortisation of intangible assets (note 16)	4,847	4,930
Depreciation charge (note 13)		
– owned property, plant and equipment	972	860
– right-of-use assets	2,898	2,765
Auditor's remuneration		
– audit services	1,050	950
– other services	150	150

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

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

	2024 HK\$'000	2023 HK\$'000
<b>Current tax — Hong Kong Profits Tax (note 28(a))</b>		
Provision for the year	10,863	8,628
Over-provision from prior year	—	(33)
	<b>10,863</b>	<b>8,595</b>
<b>Deferred tax (note 28(b))</b>	<b>(516)</b>	<b>(798)</b>
	<b>10,347</b>	<b>7,797</b>

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the years ended 31 March 2024 and 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime in Hong Kong.

For this subsidiary, the first HK\$2 million of assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated on the same basis in 2023.

The provision for Hong Kong Profits Tax for the year ended 31 March 2024 has taken into account a reduction granted by the Government of HKSAR of 100% of the tax payable for the year of assessment 2023–24 subject to a maximum reduction of HK\$3,000 for each business (2023: a maximum reduction of HK\$6,000 was granted for the year of assessment 2022–23 and was taken into account in calculating the provision for the year ended 31 March 2023).

- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (iii) A PRC subsidiary of the Group was qualified as "Small Low-profit Enterprise" in Guangdong and subjected to a concessionary PRC Enterprise Income Tax rate is 25%. A Malaysia subsidiary of the Group is subjected to Malaysia Corporate Tax standard rate is 24%.

No provision for PRC Enterprise Income Tax and Malaysia Corporate Tax have been made as the subsidiaries established in the PRC and Malaysia did not have assessable profits subject to PRC Enterprise Income Tax and Malaysia Corporate Tax respectively during the years ended 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

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

	2024 HK\$'000	2023 HK\$'000
Profit before taxation	43,344	30,524
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	7,073	4,910
Effect of non-deductible expenses	5,111	4,132
Effect of non-taxable income	(1,749)	(733)
Effect of temporary differences not recognised	86	(284)
Over-provision from prior year	–	(33)
Statutory tax concession	(174)	(195)
Actual tax expense	10,347	7,797

## 9. DIRECTORS' EMOLUMENTS

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

### For the year ended 31 March 2024

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>				
Lee Cheong Yuen ( <i>Chairman</i> )	600	3,064	329	3,993
Pun Shing Cheung (note (i))	360	505	18	883
<b>Non-executive director</b>				
Choi Chiu Fai Stanley ( <i>Vice Chairman</i> )	360	–	–	360
<b>Independent non-executive directors</b>				
Ip Kwok Him	360	–	–	360
Yvonne Low Win Kum	120	–	–	120
Chan Kai Wing (note (iii))	180	–	–	180
	1,980	3,569	347	5,896

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 9. DIRECTORS' EMOLUMENTS (Continued)

For the year ended 31 March 2023

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>				
Lee Cheong Yuen ( <i>Chairman</i> )	600	2,610	432	3,642
Pun Shing Cheung (note (i))	210	685	18	913
Leong Yeng Kit (note (ii))	250	-	-	250
<b>Non-executive director</b>				
Choi Chiu Fai Stanley ( <i>Vice Chairman</i> )	360	-	-	360
<b>Independent non-executive directors</b>				
Ip Kwok Him	360	-	-	360
Yvonne Low Win Kum	120	-	-	120
Chan Kai Wing (note (iii))	105	-	-	105
Chiu King Yan (note (iv))	50	-	-	50
	2,055	3,295	450	5,800

Notes:

- (i) Pun Shing Cheung was appointed as an executive director of the Company on 31 August 2022. The amount for the relevant years represented the remuneration of this director from the date of appointment.
- (ii) Leong Yeng Kit was retired as an executive director of the Company on 31 August 2022. The amount for the relevant year represented the remuneration of this director for the capacity as the director.
- (iii) Chan Kai Wing was appointed as an independent non-executive director of the Company on 31 August 2022. The amount for the relevant years represented the remuneration of this director from the date of appointment.
- (iv) Chiu King Yan was retired as an independent non-executive director of the Company on 31 August 2022. The amount for the relevant year represented the remuneration of this director for the capacity as the director.
- (v) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2024 and 2023. No director waived or agreed to waive any emoluments during the years ended 31 March 2024 and 2023.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2023: one) is a director whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the remaining four (2023: four) individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other emoluments	11,872	9,674
Retirement scheme contributions	36	36
	<b>11,908</b>	<b>9,710</b>

The emoluments of these four (2023: four) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK\$2,000,001 to HK\$2,500,000	–	2
HK\$2,500,001 to HK\$3,000,000	2	2
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	1	–

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2024 and 2023.

## 11. DIVIDENDS

A final dividend in respect of the year ended 31 March 2024 of HK\$1.0 cent per ordinary share amounting to HK\$8,775,903 was proposed pursuant to a resolution passed by the Board of Director on 28 June 2024. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 12. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	2024	2023
Profit attributable to equity shareholders of the Company (HK\$)	16,691,000	10,966,000
Weighted average number of ordinary shares in issue	877,590,312	877,590,312
Basic earnings per share (HK cents per share)	1.9	1.2

### (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.

	2024	2023
Profit attributable to equity shareholders of the Company (HK\$)	16,691,000	10,966,000
Weighted average number of ordinary shares for diluted earnings per share	877,590,312	877,590,312
Diluted earnings per share (HK cents per share)	1.9	1.2

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amount

	Leasehold land and buildings held for own use carried at cost HK\$'000	Other properties leased for owned use carried at cost HK\$'000	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Furniture and other office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>							
At 1 April 2022	48,524	3,973	4,576	4,606	686	679	63,044
Additions	-	-	-	390	-	-	390
Written off	-	-	-	-	-	(51)	(51)
Exchange adjustments	-	-	-	(7)	-	-	(7)
At 31 March 2023 and 1 April 2023	48,524	3,973	4,576	4,989	686	628	63,376
Additions	-	799	1,293	1,302	218	-	3,612
Lease modification	-	3,722	-	-	-	-	3,722
Exchange adjustments	-	-	-	3	-	-	3
At 31 March 2024	48,524	8,494	5,869	6,294	904	628	70,713
<b>Accumulated depreciation</b>							
At 1 April 2022	10,173	2,574	2,275	3,789	683	679	20,173
Depreciation for the year	1,565	1,200	477	380	3	-	3,625
Written back on disposals	-	-	-	-	-	(51)	(51)
Exchange adjustments	-	-	-	(6)	-	-	(6)
At 31 March 2023 and 1 April 2023	11,738	3,774	2,752	4,163	686	628	23,741
Depreciation for the year	1,565	1,333	499	469	4	-	3,870
Exchange adjustments	-	-	-	2	-	-	2
At 31 March 2024	13,303	5,107	3,251	4,634	690	628	27,613
<b>Carrying amount</b>							
At 31 March 2024	35,221	3,387	2,618	1,660	214	-	43,100
At 31 March 2023	36,786	199	1,824	826	-	-	39,635

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

### (b) Right-of-use assets

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

	31 March 2024 HK\$'000	31 March 2023 HK\$'000
Ownership interests in leasehold land and buildings held for own use, carried at cost in Hong Kong, with remaining lease term of between 10 and 50 years	35,221	36,786
Other properties leased for own use, carried at depreciated cost	3,387	199

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

	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	1,565	1,565
Other properties leased for own use	1,333	1,200
	2,898	2,765
Interest on lease liabilities (note 7(a))	134	58

During the year ended 31 March 2024, the addition to right-of-use assets was HK\$799,000 (2023: nil), which is comprised of other properties leased for own use.

Details of total cash outflow for leases, the future cash outflows arising from leases that have not yet commenced and the maturity analysis of lease liabilities are set out in notes 23(c) and 26, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

### (c) Other properties leased for own use

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

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

	Lease liabilities recognised (discounted) HK\$'000	Potential future lease payments under extension options not included in lease liabilities (undiscounted) HK\$'000
<b>For the year ended 31 March 2024</b>		
Office – Hong Kong	2,740	–
<b>For the year ended 31 March 2023</b>		
Office – Hong Kong	221	–

### (d) Leasehold land and buildings held for own use

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. INVESTMENT PROPERTY

	2024 HK\$'000	2023 HK\$'000
<b>At fair value</b>		
At 1 April	<b>187,859</b>	220,108
Fair value change	<b>(2,555)</b>	(21,840)
Exchange adjustments	<b>(10,346)</b>	(10,409)
<b>At 31 March</b>	<b>174,958</b>	187,859

As at 31 March 2023 and 31 March 2024, independent valuations were undertaken by B.I. Appraisals Limited. This firm is an independent qualified external valuation firm and has professional qualifications and recent experience in the valuation of similar properties in the relevant location. The valuations of the property were principally arrived at using income capitalisation approach by taking into account the current rents and the reversionary income potential of the property which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. In the valuation, which falls under Level 3 of fair value hierarchy, the market rentals of all lettable units of the property are assessed and capitalised at market yield expected by investors for this type of the property. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the year. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. The market rentals are assessed by reference to the rentals achieved in the lettable units of the property as well as other lettings of similar properties in the neighborhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing the other lettings of similar properties in the neighborhood 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.

For the year ended 31 March 2024, the adopted capitalisation rates in the valuation was 4.9% (2023: 5.0%) and the monthly market rent per square foot ranged from Malaysian Ringgit ("RM") 8.4 (equivalent to approximately HK\$14.3) to RM17.0 (equivalent to approximately HK\$29.0) (2023: RM8.8 (equivalent to approximately HK\$15.5) to RM17.8 (equivalent to approximately HK\$31.6)). An increase in the price per square foot would result in an increase in the fair value measurement of the investment property, and vice versa.

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 judgement in relation to the adjustments made by the external valuation firm. The fair value measurement is positively correlated to the monthly market rent per square foot and negatively correlated to the capitalisation rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. GOODWILL

	HK\$'000
<b>Cost</b>	
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	49,473
<b>Impairment</b>	
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	–
<b>Carrying amount</b>	
At 31 March 2024	49,473
At 31 March 2023	49,473

Goodwill is allocated to the Group's cash-generating unit ("CGU") of the business in IT infrastructure solutions services income and IT maintenance and support services income.

The recoverable amount of the CGU at 31 March 2024 was based on its value-in-use and was determined by Integrated Professional Appraisals Limited (2023: Integrated Professional Appraisals Limited), an independent qualified external valuation firm and has professional qualifications and recent experience for similar valuation. The valuation used cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate stated below which does not exceed the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate stated below. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

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

	2024	2023
Average revenue growth rate	3.0%	3.5%
Terminal growth rate	2.5%	2.5%
Pre-tax discount rate	13.4%	13.5%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 16. INTANGIBLE ASSETS

	Acquired computer software HK\$'000	Customer relationship HK\$'000	Software and knowhow HK\$'000	Total HK\$'000
<b>Cost</b>				
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	1,103	18,750	5,441	25,294
<b>Accumulated amortisation</b>				
At 1 April 2022	1,003	5,625	1,632	8,260
Charge for the year	92	3,750	1,088	4,930
At 31 March 2023 and 1 April 2023	1,095	9,375	2,720	13,190
Charge for the year	8	3,750	1,089	4,847
At 31 March 2024	1,103	13,125	3,809	18,037
<b>Carrying amount</b>				
At 31 March 2024	–	5,625	1,632	7,257
At 31 March 2023	8	9,375	2,721	12,104

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. INTERESTS IN ASSOCIATE

	2024 HK\$'000	2023 HK\$'000
At 1 April	–	–
Share of loss of associate	–*	–*
At 31 March	–	–

Note: The Group has discontinued the recognition of its share of loss of associate because the share of loss of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further loss. The amounts of the Group's unrecognised share of loss of associate for the current year and cumulatively were nil (2023: nil) and nil (2023: nil), respectively.

\* Represents the amount less than HK\$1,000.

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

Name of associate	Place of incorporation and operation	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activity
			Group's effective interest 2024	2023	
Bao Cheng Holdings (HK) Limited ("Bao Cheng HK")	Hong Kong	2,000 ordinary shares	25%	25%	Investment holding

### Summarised financial information of Bao Cheng HK

Consolidated financial information about the Group's interests in the Bao Cheng HK, that is not material, is disclosed below:

	2024 HK\$'000	2023 HK\$'000
Net loss for the year	–*	–
Other comprehensive income for the year	–	–
Total comprehensive income for the year	–*	–
Carrying amount of the associate in the consolidated financial statement	–*	–

\* Represents the amount less than HK\$1,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. SUBSIDIARIES

- (a) The following list contains the particulars of major subsidiaries as at 31 March 2024. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business and kind of legal entity	Particulars of issued and paid up/registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by subsidiaries	
Great Talent Holdings Limited	BVI, limited liability company	100 shares of US\$1 each	100%	100%	-	Investment holding
Wide Ocean Technologies Limited	BVI, limited liability company	100 shares of US\$1 each	100%	100%	-	Investment holding
ICO Holdings Limited	Hong Kong, limited liability company	10,000 shares	100%	-	100%	Investment holding
Wide Faith Management Ltd.	BVI, limited liability company	100 shares of US\$1 each	100%	-	100%	Investment holding
ICO Limited	Hong Kong, limited liability company	1,000,000 shares	100%	-	100%	Provision of information technology services
ICO Technology Limited	Hong Kong, limited liability company	1,000,000 shares	51%	-	51%	Provision of information technology services
Value Digital Limited	BVI, limited liability company	1 share of US\$1 each	100%	-	100%	Investment holding
Catering Automation Limited	BVI, limited liability company	15,000 shares of US\$1 each	100%	-	100%	Investment holding
PS International Company Limited	BVI, limited liability company	10,000 shares of US\$1 each	70%	-	70%	Investment holding
PointSoft Limited	Hong Kong, limited liability company	10,000 shares	70%	-	70%	Development and sales of software

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. SUBSIDIARIES (Continued)

(a) (Continued)

Name of company	Place of incorporation and business and kind of legal entity	Particulars of issued and paid up/registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by subsidiaries	
ICO Group Holdings Limited	Hong Kong, limited liability company	1 share	100%	-	100%	Property holding
ICO IT Properties Limited	BVI, limited liability company	1 share of US\$1 each	100%	100%	-	Investment holding
ICO IT Properties (Malaysia) Limited	BVI, limited liability company	1 share of US\$1 each	100%	-	100%	Investment holding
O2O Limited	BVI, limited liability company	1 share of US\$1 each	100%	-	100%	Investment holding
Nexus Primo Sdn. Bhd.	Malaysia, limited liability company	1,000,000 shares of RM1 each	100%	-	100%	Property holding

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. SUBSIDIARIES (Continued)

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

	ICOT		PointSoft Group	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
NCI percentage	49%	49%	30%	30%
Current assets	257,980	215,922	23,438	20,471
Non-current assets	876	384	7,957	12,096
Current liabilities	(216,675)	(193,791)	(4,418)	(2,931)
Non-current liabilities	(125)	(46)	(1,503)	(1,990)
Net assets	42,056	22,469	25,473	27,646
Carrying amount of NCI	19,892	11,010	7,642	8,294

	ICOT		PointSoft Group	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Revenue	716,073	627,973	24,885	23,732
Profit for the year	30,321	21,469	4,828	4,139
Total comprehensive income	30,321	21,469	4,828	4,139
Profit and total comprehensive income allocated to NCI	14,858	10,520	1,448	1,241
Dividend declared to NCI	5,976	14,700	2,100	1,500
Cash flows generated from operating activities	64,896	14,585	12,374	7,382
Cash flows (used in)/generated from investing activities	(3)	288	(174)	4
Cash flows used in financing activities	(19,503)	(20,353)	(7,104)	(5,000)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Finished goods	1,346	15,192

## 20. CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	2024 HK\$'000	2023 HK\$'000
Contract assets	13,642	31,099
Less: impairment loss	(7,197)	(23)
	6,445	31,076

Contract assets have decreased as the Group has provided less services ahead of the agreed payment schedules for fixed-price contracts.

The contract assets represent the Group's rights to receive consideration for the IT application and solution development services, IT infrastructure solutions services, IT secondment services and IT maintenance and support service that are not billed as at the end of each of the accounting period. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of impairment assessment of contract assets for the years ended 31 March 2024 and 2023, are set out in note 31(a).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 20. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

### (b) Contract liabilities

	2024 HK\$'000	2023 HK\$'000
Contract liabilities		
– Billings in advance of performance	60,155	62,275

Typical payment term which impact the amount of contract liabilities recognised is as follows:

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

#### *Movement in contract liabilities*

	HK\$'000
At 1 April 2022	52,282
Decrease in contract liabilities as a result of recognising revenue during the year included in the contract liabilities at the beginning of the period	(45,684)
Increase in contract liabilities as a result of billings in advance	55,677
At 31 March 2023 and 1 April 2023	62,275
Decrease in contract liabilities as a result of recognising revenue during the year included in the contract liabilities at the beginning of the period	(54,500)
Increase in contract liabilities as a result of billings in advance	52,380
At 31 March 2024	60,155

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 21. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	354,798	282,743
Less: impairment loss	(13,653)	(1,127)
	341,145	281,616
Other receivables	2,330	2,112
Rental and other deposits	3,898	12,560
Prepayments	15,933	14,592
	363,306	310,880

### (a) Ageing analysis of trade receivables

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

	2024 HK\$'000	2023 HK\$'000
Within 1 month	281,035	214,071
1 to 3 months	43,006	26,529
Over 3 months	17,104	41,016
	341,145	281,616

Trade receivables are due within 30 days from the date of billing. Further details on the Group's credit policy are set out in note 31(a).

### (b) Impairment losses of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(j)(i)). Details of impairment assessment of trade receivables for the years ended 31 March 2024 and 2023, are set out in note 31(a).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 22. PLEDGED BANK DEPOSIT

As at 31 March 2024, bank deposit of HK\$1,999,000 (2023: HK\$1,999,000) was pledged to a bank for performance guarantee (note 33) issued by the bank.

## 23. CASH AND CASH EQUIVALENTS AND TIME DEPOSIT WITH ORIGINAL MATURITIES OVER THREE MONTHS

### (a) Cash and cash equivalents and time deposit with original maturities over three months

Cash and cash equivalents represent cash at banks and in hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Time deposit with original maturities over three months represented fixed deposits with maturity of more than three months from the date of acquisition which carried interest at prevailing market rates ranging from 4.50% to 4.58% (2023: 3.70% to 4.78%) per annum as at 31 March 2024.

Cash and bank balance of HK\$6,348,000 was denominated in Renminbi ("RMB") at 31 March 2024 (2023: HK\$16,798,000). RMB is not a freely convertible currency and the remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC Government.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. CASH AND CASH EQUIVALENTS AND TIME DEPOSIT WITH ORIGINAL MATURITIES OVER THREE MONTHS *(Continued)*

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

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

	Dividend payable to non-controlling interests included in trade and other payables HK\$'000 (note 24)	Lease liabilities HK\$'000 (note 26)	Promissory note payables HK\$'000 (note 27)
<b>At 1 April 2023</b>	<b>6,126</b>	<b>221</b>	<b>57,354</b>
<b>Changes from financing cash flows</b>			
Principal paid on lease liabilities	–	(1,298)	–
Interest paid on lease liabilities	–	(134)	–
Dividend paid to non-controlling interests	(12,372)	–	–
<b>Total changes from financing cash flows</b>	<b>(12,372)</b>	<b>(1,432)</b>	<b>–</b>
<b>Other changes</b>			
Increase in lease liabilities from entering into new leases during the year	–	4,521	–
Interest on promissory note payables	–	–	1,747
Interest on lease liabilities	–	134	–
Interim dividend declared to non-controlling interests	8,076	–	–
<b>Total other changes</b>	<b>8,076</b>	<b>4,655</b>	<b>1,747</b>
<b>At 31 March 2024</b>	<b>1,830</b>	<b>3,444</b>	<b>59,101</b>
<b>At 1 April 2022</b>	<b>1,396</b>	<b>1,491</b>	<b>58,073</b>
<b>Changes from financing cash flows</b>			
Principal paid on lease liabilities	–	(1,270)	–
Interest paid on lease liabilities	–	(58)	–
Dividend paid to non-controlling interests	(11,470)	–	–
<b>Total changes from financing cash flows</b>	<b>(11,470)</b>	<b>(1,328)</b>	<b>–</b>
<b>Other changes</b>			
Derecognition on mature of promissory note	–	–	(20,540)
Initial recognition on issuance of promissory note	–	–	18,404
Interest on promissory note payables	–	–	1,417
Interest on lease liabilities	–	58	–
Interim dividend declared to non-controlling interests	16,200	–	–
<b>Total other changes</b>	<b>16,200</b>	<b>58</b>	<b>(719)</b>
<b>At 31 March 2023</b>	<b>6,126</b>	<b>221</b>	<b>57,354</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. CASH AND CASH EQUIVALENTS AND TIME DEPOSIT WITH ORIGINAL MATURITIES OVER THREE MONTHS *(Continued)*

### (c) Total cash outflow for leases

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

	2024 HK\$'000	2023 HK\$'000
Within operating cash flows	-	-
Within investing cash flows	-	-
Within financing cash flows	1,432	1,328
	<b>1,432</b>	<b>1,328</b>

These amounts relate to the following:

	2024 HK\$'000	2023 HK\$'000
Lease rentals paid	1,432	1,328

### (d) Major non-cash transaction

During the year ended 31 March 2023, the Group entered into the following major non-cash transaction:

On 11 November 2022, the Company issued promissory note measured at fair value of approximately HK\$18,404,000, the details of the promissory note is set out in note 27 of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 24. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	186,574	138,960
Accrued expenses and other payables	72,207	45,095
Dividend payable to non-controlling interests (note 23(b))	1,830	6,126
	260,611	190,181

### Ageing analysis of trade payables

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

	2024 HK\$'000	2023 HK\$'000
Within 1 month	177,611	120,220
1 to 3 months	8,096	17,003
Over 3 months	867	1,737
	186,574	138,960

## 25. BANKING FACILITIES

The banking facilities (including bank loans and performance bonds) granted to the Group amounted to HK\$106,999,000 (2023: HK\$106,999,000). The banking facilities were utilised to the extent of HK\$12,220,000 (2023: HK\$12,220,000), comprising of performance bond given by a bank of HK\$12,220,000 (2023: HK\$12,220,000).

At 31 March 2024, the banking facilities of the Group were secured by mortgages over the Group's leasehold land and buildings with an aggregate carrying amount of HK\$33,843,000 (2023: HK\$35,347,000) and a corporate guarantee provided by the Company.

All of the Group's banking facilities are subjected to the fulfilment of covenants relating to certain of the Group's ratios, as are commonly found in lending arrangements with financial institutions. If the Group breach the covenants of the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b). At 31 March 2024, none of the covenants relating to drawn down facilities had been breached.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 26. LEASE LIABILITIES

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

	HK\$'000			
As at 1 April 2022				1,491
Interest expense				58
Lease payment				(1,328)
As at 31 March 2023 and 1 April 2023				221
Lease modification				4,521
Interest expense				134
Lease payment				(1,432)
As at 31 March 2024				3,444
	31 March 2024		31 March 2023	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	1,625	1,746	220	222
After 1 year but within 2 years	1,819	1,863	-	-
	3,444	3,609	220	222
Less: total future interest expenses		(165)		(1)
Present value of lease liabilities		3,444		221
			2024	2023
			\$'000	\$'000
Short-term leases expenses			819	860
Aggregate undiscounted commitments for short term leases			650	540

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 27. PROMISSORY NOTE PAYABLES

On 12 November 2019 and 22 November 2021, the Company issued promissory notes with fair value of approximately HK\$18,815,000 and approximately HK\$37,672,000, respectively, which will mature on the third anniversary from the respective dates of issuance carrying interest at 2% per annum. One of the promissory note was due on 11 November 2022. The Company has been agreed with the Vendor to extend the maturity date and delay in repayment under the Promissory Note. On 10 November 2022, 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") on 12 November 2022 in the principal amount of approximately HK\$20,540,000 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 issued with fair value of approximately HK\$18,404,000 and bears an interest of 2% per annum and shall become mature on the 36 months from the date of issue, which are the same terms as those of the Promissory Note.

The respective fair value was determined by Integrated Professional Appraisals Limited and B.I. Appraisals Limited, independent and professionally qualified valuation firms not connected to the Group. Valuation was made on the basis of effective interest method which is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rates used in the calculation of the fair value at 22 November 2021 and 12 November 2022 are 1.72% and 5.77%, respectively.

The Directors considered that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, the modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain on renewal of promissory note of approximately HK\$51,000 in consolidated statement of profit or loss during the year ended 31 March 2023.

The Directors considered that no derivatives were embedded in the promissory note payables and it is appropriate to use amortised cost to account for the promissory note payables in the consolidated statement of financial position. For the year ended 31 March 2024, effective interest expenses of approximately HK\$1,747,000 (2023: approximately HK\$1,417,000) on the promissory notes was recognised in the consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2024 HK\$'000	2023 HK\$'000
<b>Current taxation movement</b>		
At 1 April	(2,917)	(237)
Charged to profit or loss (note 8(a))	(10,863)	(8,595)
Tax paid for the year	9,203	5,915
<b>At 31 March</b>	<b>(4,577)</b>	<b>(2,917)</b>
Analysed for reporting purpose as:		
Tax payable	(4,577)	(2,917)

### (b) Deferred tax liabilities recognised

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

	Depreciation allowance in excess of related depreciation HK\$'000	Intangible assets HK\$'000	Total HK\$'000
At 1 April 2022	(100)	2,794	2,694
Credited to profit or loss (note 8(a))	1	(799)	(798)
At 31 March 2023 and 1 April 2023	(99)	1,995	1,896
Credited to profit or loss (note 8(a))	283	(799)	(516)
At 31 March 2024	184	1,196	1,380

### (c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK\$11,775,000 (2023: approximately HK\$11,775,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and the entity. The tax losses do not expire under current legislation.

### (d) Deferred tax liabilities not recognised

There were no other material unrecognised deferred tax liabilities as at 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 29. CAPITAL, RESERVES AND DIVIDENDS

### (a) Movement in components of equity

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

	Share premium HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000 (note 35)
At 1 April 2022	315,360	1,010	29,602	345,972
Profit and total comprehensive income for the year	–	–	373	373
At 31 March 2023 and 1 April 2023	315,360	1,010	29,975	346,345
Loss and total comprehensive income for the year	–	(1,010)	(3,618)	(4,628)
At 31 March 2024	315,360	–	26,357	341,717

### (b) Share capital

*Authorised and issued share capital*

	Nominal Value		HK\$'000
	HK\$	Number of shares	
<b>Authorised</b>			
At 31 March 2023 and 31 March 2024	0.025	4,000,000,000	100,000
<b>Issued and fully paid</b>			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	0.025	877,590,312	21,940

Note:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 29. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

### (c) Nature and purpose of reserves

#### (i) *Share premium*

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

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

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

#### (ii) *Share option reserve*

The share option reserve represents cumulative expenses recognised on the granting of unexercised share options over the exercisable period.

#### (iii) *Exchange reserve*

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of companies outside Hong Kong.

### (d) Dividends

The Directors recommend the payment of a final dividend of HK\$1.0 cent per ordinary share for the year ended 31 March 2024 (2023: nil).

### (e) Capital management

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

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

The Group monitors its capital structure on the basis of an adjusted debt-to-capital ratio. For this purpose, the Group defines adjusted debt as total debt (which includes lease liabilities, promissory note payables and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents, time deposit with original maturities over three months and pledged bank deposit. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During the year, the Group's strategy was to maintain an adjusted debt-to-capital ratio of no more than 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to equity owners of the Company, issue new shares, raise new debt financing or sell assets to reduce debt. At 31 March 2024, the adjusted debt-to-capital ratio of the Group was 4.1% (2023: 5.2%).

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

On 9 July 2021, the Company has granted share options to certain employees and advisers to subscribe for an aggregate of 40,000,000 ordinary shares of nominal value of HK\$0.025 each in the share capital of the Company, for HK\$1 consideration per share, pursuant to the share option scheme adopted by the Company on 12 August 2016. These share options will be exercisable with validity period commencing from 9 July 2021 to 8 July 2023. The exercise price of these share options is HK\$0.325 per share, being the closing price of the shares on the date of grant.

Share options granted to advisers for the efforts of the business projects. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

Exercisable period	Exercise price per share HK\$	Outstanding at 1 April 2023	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 March 2024	
Employees	9 July 2021 to 8 July 2023	0.325	2,416,000	-	-	2,416,000	-
Advisers	9 July 2021 to 8 July 2023	0.325	7,720,000	-	-	7,720,000	-
			10,136,000	-	-	10,136,000	-

No share options were granted during the year ended 31 March 2024.

No share options were forfeited nor expired during the year ended 31 March 2023 and 10,136,000 share options were lapsed during the year ended 31 March 2024.

The fair value of share options granted was measured based on binomial option pricing model. The inputs into the model are as follows:

Grant date	9 July 2021
Share price at grant date	HK\$0.325
Exercise price	HK\$0.325
Expected volatility	62.45%
Risk-free interest rate	0.095%
Life of share options	2 years

Expected volatility was determined by using historical volatility of the Company's share price and adjusted for any expected changes to future volatility based on publicly available information. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Changes in the subjective input assumptions could materially affect the fair value estimate.

For the year ended 31 March 2024, the Group has no expense recognised (2023: nil) in relation to share options granted by the Company and the equity-settled share-based payment expenses were shown as a separate line item on the consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

### (a) Credit risk

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

#### (i) Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 March 2024, 10% (2023: 13%) of the trade receivables was due from the Group's largest debtor; and 34% (2023: 34%) of the trade receivables was due from the Group's five largest debtors.

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

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

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

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

Trade receivables of approximately HK\$361,979,000 (2023: approximately HK\$282,743,000) and contract assets of approximately HK\$6,461,000 (2023: approximately HK\$31,099,000), totalling of approximately HK\$368,440,000 (2023: approximately HK\$313,842,000), are assessed within lifetime ECLs.

Included in the impairment loss allowance for trade receivables are individually impaired trade receivables with an aggregate credit-impaired balance of HK\$18,454,000 (2023: nil) which has been fully impaired and expected credit loss allowance of HK\$2,396,000 as at 31 March 2024 (2023: HK\$1,150,000). The Group does not hold any collateral over these balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

### (a) Credit risk *(Continued)*

#### (i) Trade receivables and contract assets *(Continued)*

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

	Expected loss rate %	Gross carrying amount (after excluding credit- impaired balance) HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
<b>At 31 March 2024</b>				
– Current (not past due)	0.24	288,177	697	287,480
– 1–30 days past due	0.55	28,862	158	28,704
– 31–90 days past due	1.46	23,726	346	23,380
– 91–360 days past due	10.75	8,813	947	7,866
– Over 360 days past due	60.78	408	248	160
		<b>349,986</b>	<b>2,396</b>	<b>347,590</b>
<b>At 31 March 2023</b>				
– Current (not past due)	0.08	245,334	187	245,147
– 1–30 days past due	0.16	20,746	33	20,713
– 31–90 days past due	0.57	25,802	147	25,655
– 91–360 days past due	3.16	20,792	657	20,135
– Over 360 days past due	10.79	1,168	126	1,042
		<b>313,842</b>	<b>1,150</b>	<b>312,692</b>

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

### (a) Credit risk *(Continued)*

#### (i) Trade receivables and contract assets *(Continued)*

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 April	1,150	355
Impairment loss recognised during the year	19,700	795
At 31 March	20,850	1,150

#### (ii) Other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which was immaterial.

#### (iii) Pledged bank deposit, cash at banks and time deposit within original maturities over three months

Cash and time deposit within original maturities over three months are deposited with financial institutions with sound credit ratings and the Group has an exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The Group does not provide any guarantees which would expose the Group to credit risk excepted of contingent liabilities disclosed set out in note 33.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from contract assets and trade and other receivables are set out in notes 20 and 21 respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at 31 March 2024 and 2023 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flow				Carrying amount at 31 March
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flow	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 March 2024</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	260,611	-	-	260,611	260,611
Lease liabilities	1,746	1,863	-	3,609	3,444
Promissory note payables	40,788	20,540	-	61,328	59,101
	303,145	22,403	-	325,548	323,156
<b>At 31 March 2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	190,181	-	-	190,181	190,181
Lease liabilities	222	-	-	222	221
Promissory note payables	1,748	40,788	20,540	63,076	57,354
	192,151	40,788	20,540	253,479	247,756

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

### (c) Interest rate risk

The Group's interest rate risk arises primarily from cash at banks.

The Group does not anticipate significant interest rate risk to cash at banks and time deposit with original maturities over three months because the interest rates of bank deposits are not expected to change significantly.

The interest expenses derived therefrom are relatively insignificant to the Group's operations since the promissory notes bore fixed interest rate. Therefore, the Group's income and operating cash flows are less affected by the risk of changes in market interest rates. Accordingly, the Directors are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

### (d) Foreign currency exchange risk

For presentation purposes, the Group's financial statements are shown in Hong Kong dollars, which is also the functional currency of the Company. The companies within the Group, whose functional currencies are different from Hong Kong dollars, have translated their financial statements into Hong Kong dollars for consolidation purpose.

The management considers that the Group is not exposed to significant foreign currency risk as majority of the Group's transactions are denominated in Hong Kong dollars. For the monetary assets and monetary liabilities denominated in other currencies, since the amounts are not material, the management considers the exposure of exchange rate fluctuation is not significant for the year. Accordingly, no foreign currency sensitivity analysis is presented.

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### Financial assets

	Year ended 31 March 2024 Financial assets at amortised cost HK\$'000	Year ended 31 March 2023 Financial assets at amortised cost HK\$'000
Trade and other receivables	347,373	296,288
Contract assets	6,445	31,076
Pledged bank deposit	1,999	1,999
Time deposit with original maturities over three months	156,000	66,000
Cash and cash equivalents	150,622	150,920
	<b>662,439</b>	<b>546,283</b>

### Financial liabilities

	Year ended 31 March 2024 Financial liabilities at amortised cost HK\$'000	Year ended 31 March 2023 Financial liabilities at amortised cost HK\$'000
Trade and other payables	260,611	190,181
Lease liabilities	3,444	221
Promissory notes payables	59,101	57,354
	<b>323,156</b>	<b>247,756</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. CONTINGENT LIABILITIES

At 31 March 2024, performance bonds of approximately HK\$12,220,000 (2023: approximately HK\$12,220,000) were given by a bank in favour of customers of the Group to protect the customers from the Group's default on its obligation under the contracts. At 31 March 2024 and 2023, the Directors do not consider that a claim will probably be made against the Group.

## 34. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group has entered into the following transactions:

### Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors as disclosed in note 9 and certain of the highest paid employees of the Group as disclosed in note 10, is as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	16,533	16,209
Post-employment benefits	401	504
	<b>16,934</b>	<b>16,713</b>

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current asset</b>			
Investments in subsidiaries	18	1	1
<b>Current asset</b>			
Amounts due from subsidiaries		422,886	425,958
<b>Current liabilities</b>			
Accrued expenses		(128)	(320)
Promissory note payables		(39,212)	-
		(39,340)	(320)
<b>Net current assets</b>		<b>383,546</b>	<b>425,638</b>
<b>Total assets less current liabilities</b>		<b>383,547</b>	<b>425,639</b>
<b>Non-current liability</b>			
Promissory note payables		(19,890)	(57,354)
<b>Net assets</b>		<b>363,657</b>	<b>368,285</b>
<b>Capital and reserves</b>			
Share capital	29	21,940	21,940
Reserves		341,717	346,345
<b>Total equity</b>		<b>363,657</b>	<b>368,285</b>

Approved and authorised for issue by the board of directors on 28 June 2024 and were signed on its behalf by:

**Lee Cheong Yuen**  
Chairman and Executive Director

**Pun Shing Cheung**  
Executive Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out below:

### RESULTS

	Year ended 31 March				
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Revenue	606,290	637,340	712,450	877,322	<b>1,076,785</b>
Profit before taxation	82,977	22,637	25,848	30,524	<b>43,344</b>
Income tax	(5,686)	(6,612)	(6,934)	(7,797)	<b>(10,347)</b>
Profit for the year	77,291	16,025	18,914	22,727	<b>32,997</b>
Profit attributable to:					
Equity shareholders of the Company	70,086	8,099	8,122	10,966	<b>16,691</b>
Non-controlling interests	7,205	7,926	10,792	11,761	<b>16,306</b>
	77,291	16,025	18,914	22,727	<b>32,997</b>

### ASSETS AND LIABILITIES

	At 31 March				
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Total assets	573,337	701,270	777,450	865,138	<b>954,506</b>
Total liabilities	(123,609)	(196,105)	(222,730)	(314,844)	<b>(389,268)</b>
Total equity	449,728	505,165	554,720	550,294	<b>565,238</b>
Non-controlling interests	(7,695)	(21,537)	(23,743)	(19,304)	<b>(27,534)</b>
Total equity attributable to equity shareholders of the Company	442,033	483,628	530,977	530,990	<b>537,704</b>