



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

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1460

**2021/22**  
**INTERIM REPORT**

\*For identification purpose only



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# INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of ICO Group Limited (the "Company") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

	Notes	(Unaudited)	
		Six months ended 30 September	
		2021	2020
		HK\$'000	HK\$'000
Revenue	6	358,951	281,123
Cost of sales		(281,770)	(234,653)
<b>Gross profit</b>		<b>77,181</b>	<b>46,470</b>
Other revenue and other net gains	7	993	5,526
General and administrative expenses		(46,247)	(31,599)
Impairment losses on trade receivables and contract assets		(751)	(140)
Change in fair value of contingent consideration payables		(446)	(860)
Change in fair value of investment property		(4,669)	(1,836)
Equity-settled share-based payment expenses		(3,986)	-
Share of profit of associates		-	797
Share of profit of joint ventures		399	143
Finance costs	8(a)	(377)	(334)
<b>Profit before taxation</b>	8	<b>22,097</b>	<b>18,167</b>
Income tax	9	(5,857)	(4,102)
<b>Profit for the period</b>		<b>16,240</b>	<b>14,065</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		12,157	10,973
Non-controlling interests		4,083	3,092
<b>Profit for the period</b>		<b>16,240</b>	<b>14,065</b>
			(restated)
<b>Earnings per share</b>	11		
Basic (HK cents per share)		1.4	1.8
Diluted (HK cents per share)		1.4	1.8

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

For the six months ended 30 September 2021

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		(Unaudited) At 30 September 2021 HK\$'000	(Audited) At 31 March 2021 HK\$'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		44,750	46,756
Investment property	12	224,765	231,067
Goodwill		49,473	49,473
Intangible assets		19,499	21,965
Interests in associates	13	2,177	2,177
Interests in joint ventures		1,851	1,452
Other financial asset		6,480	7,700
		<b>348,995</b>	<b>360,590</b>
<b>Current assets</b>			
Inventories		374	851
Trade and other receivables	14	194,713	150,895
Contract assets		96,442	79,720
Tax recoverable		–	405
Pledged bank deposit		1,999	1,999
Cash and cash equivalents		114,531	106,810
		<b>408,059</b>	<b>340,680</b>
<b>Current liabilities</b>			
Trade and other payables	15	(92,571)	(103,013)
Contract liabilities		(35,904)	(28,178)
Lease liabilities		(1,226)	(1,360)
Contingent consideration payables	16	(37,903)	(37,457)
Tax payable		(6,677)	(1,261)
		<b>(174,281)</b>	<b>(171,269)</b>
<b>Net current assets</b>		<b>233,778</b>	<b>169,411</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to equity shareholders of the Company								
	(note 17)		(note 18)		Fair value		Non-controlling interests	Total equity	
	Share capital	Share premium	Share option reserve	Exchange reserve	(non-recycling)	Retained profits			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	

For the six months ended  
30 September 2021  
(Unaudited)

At 1 April 2021	17,661	279,161	-	9,087	(64,009)	241,728	483,628	21,537	505,165
Profit for the period	-	-	-	-	-	12,157	12,157	4,083	16,240
Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	-	-	-	-	(1,220)	-	(1,220)	-	(1,220)
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(702)	-	-	(702)	-	(702)
Total comprehensive income for the period	-	-	-	(702)	(1,220)	12,157	10,235	4,083	14,318
Issue of new shares upon placing of shares	3,532	27,551	-	-	-	-	31,083	-	31,083
Issue of new shares upon exercise of share options under the share option scheme	747	8,959	(2,976)	-	-	2,976	9,706	-	9,706
Recognition of equity-settled share-based payment expenses	-	-	3,986	-	-	-	3,986	-	3,986
Interim dividend declared to the non-controlling interests	-	-	-	-	-	-	-	(5,587)	(5,587)
<b>At 30 September 2021</b>	<b>21,940</b>	<b>315,671</b>	<b>1,010</b>	<b>8,385</b>	<b>(65,229)</b>	<b>256,861</b>	<b>538,638</b>	<b>20,033</b>	<b>558,671</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to equity shareholders of the Company							
	(note 17)			Fair value			Non-	Total
	Share	Share	Exchange	reserve	Retained	Total	controlling	equity
	capital	premium	reserve	(non-	profits		interests	
HK\$'000	HK\$'000	HK\$'000	recycling)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended</b>								
<b>30 September 2020 (Unaudited)</b>								
<b>At 1 April 2020</b>	15,562	257,768	(117)	(64,809)	233,629	442,033	7,695	449,728
Profit for the period	-	-	-	-	10,973	10,973	3,092	14,065
Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	-	-	-	1,400	-	1,400	-	1,400
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	6,808	-	-	6,808	-	6,808
Total comprehensive income for the period	-	-	6,808	1,400	10,973	19,181	3,092	22,273
Issue of new shares upon placing of shares	2,099	21,393	-	-	-	23,492	-	23,492
Interim dividend declared to the non-controlling interests	-	-	-	-	-	-	(3,577)	(3,577)
<b>At 30 September 2020</b>	17,661	279,161	6,691	(63,409)	244,602	484,706	7,210	491,916



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
<b>Net cash (used in)/generated from operating activities</b>	<b>(27,551)</b>	26,070
<b>Investing activities</b>		
Payments for acquisition of property, plant and equipment and intangible assets	(111)	(287)
Acquisition of subsidiaries	-	288
Withdrawal of time deposit	-	1,198
Other cash flows arising from investing activities	96	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(15)</b>	1,199
<b>Financing activities</b>		
Dividends paid to non-controlling interests	(5,587)	(3,789)
Principal paid on lease liabilities	(758)	(507)
Interest paid on lease liabilities	(86)	(53)
Bank overdraft interest	(2)	-
Proceeds from issue of new shares upon placing of shares	31,083	23,492
Proceeds from issue of new shares upon exercise of share options	9,706	-
<b>Net cash generated from financing activities</b>	<b>34,356</b>	19,143
<b>Net increase in cash and cash equivalents</b>	<b>6,790</b>	46,412
Effect of foreign exchange rate changes	931	-
Cash and cash equivalents at the beginning of the period	106,810	45,366
<b>Cash and cash equivalents at the end of the period</b>	<b>114,531</b>	91,778

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 April 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. The Company's registered office address is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Unit A, 25/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of IT application and solution development services, IT infrastructure solutions services, IT secondment services, IT maintenance and support services, and property leasing and e-commerce business.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The unaudited condensed consolidated financial statements do not include all the information and disclosures required in a complete set of financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the Company's audit committee.

## 3. APPLICATION OF AMENDMENTS TO HKFRSs

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

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 4. ESTIMATES AND JUDGEMENTS

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

The judgements, estimates and assumptions applied in this interim report, including the key sources of estimation uncertainty, were the same as those applied in the Group's annual financial statements for the year ended 31 March 2021.

## 5. FAIR VALUES MEASUREMENT

### (a) Financial assets and liabilities measured at fair value

#### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 5. FAIR VALUES MEASUREMENT (CONTINUED)

### (a) Financial assets and liabilities measured at fair value (Continued)

#### Fair value hierarchy (Continued)

The Group engages independent professional valuers performing valuation for its financial asset at fair value through other comprehensive income and contingent consideration payables, which are categorised into Level 3 of the fair value hierarchy. Valuation reports with analysis of changes in fair value measurement is prepared by independent valuers at each interim and annual reporting date, reviewed by the financial controller and approved by the Directors. Discussion of the valuation process and results with the financial controller and audit committee is held twice a year, to coincide with the reporting dates.

	Fair value at 30 September 2021				Fair value measurements as at 31 March 2021			
	Fair value measurements as at 30 September 2021 categorised into				Fair value measurements as at 31 March 2021 categorised into			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

#### Recurring fair value measurements

##### Assets:

Other financial asset	6,480	-	-	6,480	7,700	-	-	7,700
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##### Liabilities:

Contingent consideration payables	37,903	-	-	37,903	37,457	-	-	37,457
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For the six months ended 30 September 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### Information about Level 3 fair value measurements

	Fair value at		Valuation technique	Significant unobservable inputs	Range of inputs	Change in the relevant significant input	Favourable/(unfavourable) change in profit or loss	
	30 September 2021	31 March 2021					For the six months ended 30 September 2021	For the year ended 31 March 2021
	(Unaudited)	(Audited)					(Unaudited)	(Audited)
	HK\$'000	HK\$'000					HK\$'000	HK\$'000

#### Financial asset at fair value

Other financial asset	6,480	7,700	Market-based approach	Marketability discount	20.6% (For the year ended 31 March 2021: 20.6%)	+5% -5%	320 320	390 390
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As at 30 September 2021, no sensitivity analysis is performed on contingent consideration payables as the impact is not significant to the Group's profit.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 5. FAIR VALUES MEASUREMENT (CONTINUED)

### (a) Financial assets and liabilities measured at fair value (Continued)

*Information about Level 3 fair value measurements (Continued)*

The movements during the reporting period of Level 3 fair value measurements are set out below:

	(Unaudited) At 30 September 2021 HK\$'000	(Audited) At 31 March 2021 HK\$'000
<b>Other financial assets</b>		
At the beginning of the period/year	7,700	6,900
Fair value change recognised in other comprehensive income	(1,220)	800
At the end of the period/year	6,480	7,700
<b>Contingent consideration payables</b>		
At the beginning of the period/year	37,457	-
Initial recognition in respect of acquisition of subsidiaries	-	36,467
Derecognition upon settlement in respect of acquisition of associates	-	990
Change in fair value recognised in profit or loss	446	-
At the end of the period/year	37,903	37,457

### (b) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2021 and 31 March 2021.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 6. REVENUE AND SEGMENT REPORTING

### (a) Revenue

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

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
IT application and solution development services	76,434	36,124
IT infrastructure solutions services	185,677	163,026
IT secondment services	10,925	12,461
IT maintenance and support services	85,915	69,512
	<b>358,951</b>	<b>281,123</b>

### (b) Segment reporting

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 6. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

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

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

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

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

	Six months ended 30 September 2021 (Unaudited)					
	IT application and solution development services HK\$'000	IT infrastructure solutions HK\$'000	IT secondment services HK\$'000	IT maintenance and support services HK\$'000	Property leasing and e-commerce business HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition						
- Point in time	-	185,677	-	47,251	-	232,928
- Over time	76,434	-	10,925	38,664	-	126,023
Reportable revenue from external customers and segment revenue	76,434	185,677	10,925	85,915	-	358,951
Reportable segment gross profit	15,469	28,393	3,390	29,929	-	77,181

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 6. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

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

	Six months ended 30 September 2020 (Unaudited)				
	IT application and solution development services HK\$'000	IT infrastructure solutions services HK\$'000	IT secondment services HK\$'000	IT maintenance and support services HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition					
- Point in time	-	163,026	-	35,064	198,090
- Over time	36,124	-	12,461	34,448	83,033
Reportable revenue from external customers and segment revenue	36,124	163,026	12,461	69,512	281,123
Reportable segment gross profit	3,193	21,029	3,993	18,255	46,470

#### (ii) Geographic information

Revenue from external customers

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

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



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 6. REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

#### (ii) Geographic information (Continued)

Specified non-current assets

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

The above table sets out the information about the geographical location of the Group's property, plant and equipment, investment property, goodwill, intangible assets, and interests in associates and joint ventures ("Specified non-current assets"). The geographical location of the Specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment, and investment property and (ii) the location of the operation to which they are allocated, in the case of goodwill, intangible assets, and interests in associates and joint ventures.

## 7. OTHER REVENUE AND OTHER NET GAINS

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank overdraft	2	–
– Interest on lease liabilities	86	53
Effective interest expense of promissory note payable	289	281
	377	334

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 8. PROFIT BEFORE TAXATION (CONTINUED)

### (c) Other items

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

## 9. INCOME TAX

The taxation charged to profit or loss represents:

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

- (a) The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong for the six months ended 30 September 2021 and 2020 was 16.5%, except for one subsidiary of the Company which is qualifying corporation under the two-tiered Profits Tax rate regime in Hong Kong. For this subsidiary, the first HK\$2 million of assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.
- (b) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (c) A PRC subsidiary of the Group was qualified as "Small Low-profit Enterprise" in Guangdong and subject to a concessionary PRC Enterprise Income Tax rate. Two Malaysia subsidiaries of the Group subjected to Malaysia Corporate Tax. For the six months ended 30 September 2021 and 2020, the PRC Enterprise Income Tax rate was 25% and the Malaysia Corporate Tax standard rate was 24%.

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: Nil).

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	(Unaudited)	
	Six months ended 30 September	
	2021	2020 (Restated)
Profit attributable to equity shareholders of the Company (HK\$)	<b>12,157,000</b>	10,973,000
Weighted average number of ordinary shares in issue (Note)	<b>844,564,449</b>	625,748,602
Basic earnings per share (HK cents per share)	<b>1.4</b>	1.8

### (b) Diluted earnings per share

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

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 12. INVESTMENT PROPERTY

	(Unaudited) At 30 September 2021 HK\$'000	(Audited) At 31 March 2021 HK\$'000
<b>At fair value</b>		
At the beginning of the period/year	231,067	–
Addition arising from acquisition of subsidiaries	–	237,566
Fair value change	(4,669)	(14,123)
Exchange adjustments	(1,633)	7,624
	<b>224,765</b>	<b>231,067</b>
At the end of the period/year	224,765	231,067

On 2 June 2020 (the acquisition date), 31 March 2021 and 30 September 2021, independent valuations were undertaken by B.I. Appraisals Limited. This firm is independent qualified external valuers not related to the Group and has appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant location. The valuations of the property were principally arrived at using income capitalisation approach by taking into account the current rents passing and the reversionary income potential of the property which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. In the valuation, which falls under Level 3 of fair value hierarchy, the market rentals of all lettable units of the property are assessed and capitalized at market yield expected by investors for this type of the property. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the period. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. The market rentals are assessed by reference to the rentals achieved in the lettable units of the property as well as other lettings of similar properties in the neighbourhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions of similar properties in Malaysia and adjusted to take account of the valuer's knowledge of the market expectation from property investors to reflect factors specific to the property.

On 30 September 2021, the adopted capitalisation rates in the valuation range from 4.6%–5.2% and the monthly market rent per square feet ranged from RM8.0 (equivalent to approximately HK\$14.9) to RM16.2 (equivalent to approximately HK\$30.2).

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 13. INTERESTS IN ASSOCIATES

	(Unaudited) At 30 September 2021 HK\$'000	(Audited) At 31 March 2021 HK\$'000
Carrying amount	2,177	2,177

The following table contains the particulars of associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of incorporation/ registration and operation	Particulars of issued and paid-up capital/ registered share capital	Proportion of ownership interest				Principal activity
			Group's effective interest		Held by the Company		
			30 September 2021	31 March 2021	30 September 2021	31 March 2021	
Bao Cheng Holdings (HK) Limited ("Bao Cheng HK")	Hong Kong	2,000 ordinary shares	25%	25%	-	-	Investment holding
深圳市寶誠生物發展有限 公司 ("Bao Cheng PRC")	The PRC	Registered capital RMB30,000,000	20%	20%	-	-	Not yet commenced business

Bao Cheng HK holds 80% interest in Bao Cheng PRC.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 14. TRADE AND OTHER RECEIVABLES

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

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 15. TRADE AND OTHER PAYABLES

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

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

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



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 16. CONTINGENT CONSIDERATION PAYABLES

	(Unaudited) At 30 September 2021 HK\$'000	(Audited) At 31 March 2021 HK\$'000
Contingent consideration payables for acquisition of subsidiaries	37,903	37,457

During the six months ended 30 September 2021 and 2020, the fair value of contingent consideration payables were determined with reference to the valuation report prepared by an independent professional external valuer by expectation on the estimated revenue for a period of eighteen months from the completion date and the probability of occurrence of expected scenario.

Pursuant to the acquisition agreement, the vendor guarantees to the Company a period of eighteen months from the completion date, the total gross rental net of taxes of Malaysia (including Goods and Services Tax) ("**Gross Rental**") received in full by Nexus Primo Sdn. Bhd. ("**Nexus Primo**") generated by the leases entered into for the investment property shall reach the sum of not less than RM10.15 million ("**Performance Guarantee**"). The Gross Rental shall be determined and certified by the auditors of Nexus Primo, whose determination shall be final and conclusive. In the event the vendor fails to achieve the Performance Guarantee, the Company shall be entitled to deduct a sum of RM10.15 million from the consideration which would be effected by the non-issuance of the promissory note with principal amount of RM10.15 million in Hong Kong dollars under the payment schedule. The fair value of the aforementioned promissory note is recognised at nil.

Apart from the aforesaid promissory note, the amount included the promissory note of RM20 million to be issued once the e-commerce and payment platform is completed and with satisfactory of the Company, in accordance with the supplementary agreement signed on 2 June 2020. Details of the fulfillment of condition of the issuance of this promissory note subsequent to the reporting date are set out in note 22.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 17. SHARE CAPITAL

	Nominal Value		
	HK\$	Number of shares	HK\$'000
<b>Authorised</b>			
At 1 April 2020	0.0025	40,000,000,000	100,000
Share consolidation (note (ii))	-	(36,000,000,000)	-
At 31 March 2021 and 30 September 2021	0.025	4,000,000,000	100,000
<b>Issued and fully paid</b>			
At 1 April 2020	0.0025	6,225,393,129	15,562
Issue of new shares (note (iii))	0.0025	839,000,000	2,099
	0.0025	7,064,393,129	17,661
Share consolidation (note (ii))	-	(6,357,953,817)	-
At 31 March 2021 and 1 April 2021	0.025	706,439,312	17,661
Shares issued upon placing of shares (note (iv))	0.025	141,287,000	3,532
Shares issued upon exercise of share options under the share option scheme (note (v))	0.025	29,864,000	747
At 30 September 2021	0.025	877,590,312	21,940

### Notes:

- (i) 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.
- (ii) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 4 December 2020, the share consolidation of every ten issued and unissued shares of HK\$0.0025 each into one consolidated share of HK\$0.025 each became effective on 8 December 2020.
- (iii) On 24 September 2020, the Company completed the placement of 839,000,000 shares in accordance with the terms and conditions of the placing agreement dated 27 August 2020 at the price of HK\$0.028 per share.
- (iv) On 20 April 2021, the Company completed the placement of 141,287,000 shares in accordance with the terms and conditions of the placing agreement dated 29 March 2021 at the price of HK\$0.22 per share.
- (v) For the six months ended 30 September 2021, 29,864,000 share options were exercised at a subscription price of HK\$0.325 per share, resulting in the issue of 29,864,000 new shares at par value of HK\$0.025 each for a total cash consideration of approximately HK\$9,705,800. Approximately HK\$8,959,000 representing the difference between the subscription price and the par value was added to share premium. In addition, the fair value of the share options granted during the period was approximately HK\$3,986,000, which was recognised as equity-settled share-based payment expenses. During the period, the share options with fair value of approximately HK\$2,976,000 was exercised and transferred from the share option reserve to retained profits.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 18. 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 holder, 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.

	Exercisable period	Exercise price per share HK\$	Outstanding at 1 April 2021	Granted during the period	Exercised during the period	Outstanding at 30 September 2021
Employees	9 July 2021 to 8 July 2023	0.325	-	24,400,000	(21,984,000)	2,416,000
Advisers	9 July 2021 to 8 July 2023	0.325	-	15,600,000	(7,880,000)	7,720,000
			-	40,000,000	(29,864,000)	10,136,000

No share options were granted during the six months ended 30 September 2020.

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 six months ended 30 September 2021, the Group recognised a total expense of approximately HK\$3,986,000 (for the six months ended 30 September 2020: 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 condensed consolidated statement of profit or loss.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 19. MATERIAL RELATED PARTY TRANSACTIONS

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

### Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors and certain senior management staff of the Group, is as follows:

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Short-term employee benefits	6,201	6,190
Post-employment benefits	51	53
	<b>6,252</b>	<b>6,243</b>

Total remuneration is included in staff costs (see note 8(b)).

## 20. CONTINGENT LIABILITIES

At 30 September 2021, a performance bond of HK\$10,221,000 (31 March 2021: HK\$10,221,000) was given by a bank in favour of a customer of the Group to protect the customer from the Group's default on its obligation under the contracts. The Board consider it is not probable that a claim will be made against the Group.

## 21. IMPACT OF NOVEL CORONAVIRUS DISEASE ("COVID-19") PANDEMIC

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 22. EVENT AFTER THE REPORTING PERIOD

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

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

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

## 23. POSSIBLE IMPACT OF AMENDMENTS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Up to the date of issue of these interim financial statements, the HKICPA has issued a number of amendments which are not yet effective for the six months ended 30 September 2021 and which have not been adopted in these interim financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Infected Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual improvements to HKFRSs, 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
HKFRS 17, <i>Insurance Contracts</i>	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



# MANAGEMENT DISCUSSION AND ANALYSIS

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

## BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 September 2021 ("**Interim 2021**"), the Group recognised a profit attributable to equity shareholders of the Company of approximately HK\$12.2 million as compared to the profit attributable to equity shareholders of the Company of approximately HK\$11.0 million for the six months ended 30 September 2020 ("**Interim 2020**"). As compared to Interim 2020, the increase were primarily attributable to the net effect of: (i) an increase in gross profit by approximately HK\$30.7 million; (ii) an increase in change in fair value of contingent consideration payables and change in fair value of investment property by approximately HK\$2.4 million; and (iii) an increase in general and administrative expenses by approximately HK\$14.6 million, which was mainly due to the increase in staff cost of approximately HK\$13.7 million.

### Provision of IT application and solution development services

This segment provides design and implementation of IT application solution services and procurement of third party hardware and software. The revenue generated from this segment amounted to approximately HK\$76.4 million, representing approximately 21.3% of the total revenue for Interim 2021. The revenue derived from this segment increased by approximately 111.6% from approximately HK\$36.1 million for Interim 2020 to approximately HK\$76.4 million for Interim 2021. The significant increase was primarily due to commencement of implementation phase of various new projects during Interim 2021.

### Provision of IT infrastructure solutions services

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

### Provision of IT secondment services

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Provision of IT maintenance and support services

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

## Property leasing and e-commerce business

On 6 December 2017, ICO IT Properties (Malaysia) Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with various vendors, at total consideration of RM145 million for the acquisition of O2O Limited and its subsidiary, which holds a building construction project (the "Property") and an online-to-offline wholesale trading platform in Malaysia (collectively, the "Project CKB"). The acquisition of Project CKB was completed on 2 June 2020. Upon the completion, (i) the companies in the Project CKB becomes indirect wholly-owned subsidiaries of the Company and their financial statements were consolidated into the Group; (ii) the Property was classified as investment property in the consolidated statement of financial position; and (iii) the business of Project CKB became the new business segment of the Group.

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

## Future Prospects

The Group continues to face various types of risk and uncertainties which may adversely affect its business, results and financial position. The key risks and uncertainties facing by the Group are detailed under the Report of Directors in the annual report 2020/21 of the Company for the year ended 31 March 2021. In order to mitigate the risks, the management of the Group would closely monitor the operations and financial position of the Group, as well as maintaining good relationship with customers and suppliers.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

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

### Gross profit and gross profit margin

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

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

### General and administrative expenses

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

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

On 2 June 2020, the acquisition of Project CKB was completed. As a result, investment property and contingent consideration payables were recognised during Interim 2020. According to the relevant accounting standards, the investment property and financial liabilities are required to be remeasured at fair value at the end of each reporting period with the remeasurement gain or loss recognised in profit or loss. With reference to the valuation reports prepared by independent professional valuers, valuation gain or loss on the investment property and financial liabilities were determined and recognised for Interim 2020 and Interim 2021. Nevertheless, the valuation gains or losses were merely results of accounting treatments and do not have any actual impacts on the results of the operations and cash flows of the Group.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance costs

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

## Income tax

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

## Profit for the period

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

## USE OF PROCEEDS

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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

	Intended use of net proceeds HK\$ million	Utilised of the net proceeds up to 30 September 2021 HK\$ million	Unutilised of the net proceeds up to 30 September 2021 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	–	On or before 31 December 2023
Further business development	4.8	0.3	4.5	
<b>Total</b>	<b>22.8</b>	<b>18.3</b>	<b>4.5</b>	
<b>2021 Placing Shares Proceeds</b>				
Development of the Algorithmic Trading Solution Platform	30.5	–	30.5	On or before 31 December 2024

## INVESTMENT PROPERTY

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

## CAPITAL STRUCTURE

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

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

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

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

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

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



# MANAGEMENT DISCUSSION AND ANALYSIS

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

During Interim 2021 and Interim 2020, the Group's capital is mainly derived from long term debt (being promissory note), net proceeds from placing and retained profits of the Group. When managing its capital, the Group's primary objectives are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During Interim 2021 and Interim 2020, the promissory note issued by the Company carry interest of 2% per annum.

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During Interim 2021 and up to the date of this interim report, the Group did not enter into any material acquisitions or disposals of subsidiaries and affiliated companies.

## SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

### Significant investments held as at 30 September 2021

#### (i) *INAX Technology Limited ("INAX")*

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## (ii) *Project CKB*

On 6 December 2017, ICO IT Properties (Malaysia) Limited entered into a sale and purchase agreement with various vendors, at total consideration of RM145 million for the acquisition of Project CKB. The acquisition was completed on 2 June 2020. Upon the completion, (i) the companies in the Project CKB become indirect wholly-owned subsidiaries of the Company and their financial statements were consolidated into the Group; (ii) the Property was classified as investment property in the consolidated statement of financial position; and (iii) the business of Project CKB became the new business segment of the Group.

Project CKB provides property leasing services and online trading platform services. By acquiring Project CKB, it is expected that the Group shall be able to diversify its revenue sources by receiving stable rental income from the physical stores as well as service income from the online trading platform. On 18 March 2020, the Malaysian Government implemented the MCO as a preventive measure for the COVID-19 in Malaysia. As a result, Project CKB was not yet started its operation for Interim 2021 and FY2021. During Interim 2021, no dividend income was received from this investment.

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

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

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

The adopted capitalisation rates in the valuation range from 4.6%–5.2%, and the monthly market rent per square feet ranged from approximately RM8.0 (equivalent to approximately HK\$14.9) to approximately RM16.2 (equivalent to approximately HK\$30.2). The capitalisation rate and the monthly market rent per square feet are the key parameters in the valuation method of income capitalisation and they involve professional judgement in relation to the adjustments made by the Valuer. The fair value measurement is positively correlated to the monthly market rent per square feet and negatively correlated to the capitalisation rate. Taking into account the change in fair value of investment property, the Group considered the decrease in fair value change in investment property of approximately HK\$4.7 million is appropriate.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Other investments held as at 30 September 2021

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

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

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

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

## Capital assets held as at 30 September 2021

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

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

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

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

## CHARGE ON GROUP'S ASSETS

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed a total of 276 full-time employees (as at 30 September 2020: 234). The staff costs, including Directors' emoluments, of the Group were approximately HK\$67.2 million for Interim 2021 (Interim 2020: approximately HK\$53.4 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

### CORPORATE GOVERNANCE PRACTICES

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

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

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

Mr. Lee, who acts as the Chairman and an executive Director, is responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective Executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently. The Company understands the importance to comply with the code provision A.2.1 of the CG Code and will continue to consider the feasibility to nominate appropriate person for the role of chief executive officer.

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

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

The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the regulatory requirements from time to time, and meet the expectation of shareholders and other stakeholders of the Company.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. In response to specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2021.



## OTHER INFORMATION

### CHANGE IN DIRECTORS' INFORMATION

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

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

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During Interim 2021 and 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company.

### COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the substantial shareholders of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during Interim 2021 and 2020.

### SHARE OPTION SCHEME

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

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

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

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

Notes:

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

## EVENT AFTER THE REPORTING PERIOD

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

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

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

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 September 2021, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "**Shares**"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the laws of Hong Kong)), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage to the issued capital of the Company
Mr. Lee Cheong Yuen ("Mr. Lee") (Notes 2 and 3)	Beneficial owner; interest held jointly with another person; interest of a controlled corporation	171,894,800 (L) (Note 1)	19.59%
Mr. Leong Yeng Kit ("Mr. Leong") (Note 4)	Interest of a controlled corporation	39,093,796 (L) (Note 1)	4.45%
Dr. Choi Chiu Fai Stanley ("Dr. Choi") (Note 5)	Beneficial owner	143,072,000 (L) (Note 1)	16.30%

## OTHER INFORMATION

### Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. On 27 February 2015, our substantial shareholders, namely, Mr. Lee, Mr. Chan Kwok Pui ("**Mr. Chan**") and Mr. Tam Kwok Wah ("**Mr. Tam**") ("the **Substantial Shareholders**"), entered into the confirmation deed to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, the Substantial Shareholders together are deemed to have interest in the share capital of the Company through BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited.
3. Shares in which Mr. Lee is interested consist of (i) 179,200 Shares held by Mr. Lee; (ii) 117,000,000 Shares held by BIZ Cloud Limited, a company wholly-owned by Mr. Lee; and (iii) 54,715,600 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan and Mr. Tam.
4. Shares in which Mr. Leong is interested consist of 39,093,796 Shares held by Titan Wise Group Limited, a company wholly-owned by Mr. Leong.
5. Shares in which Dr. Choi is interested consist of 143,072,000 Shares held by Dr. Choi.
6. As at 30 September 2021, 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 30 September 2021, none of the Directors or chief executive of the Company had any other interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 September 2021 and 2020 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.

## OTHER INFORMATION

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

As at 30 September 2021, the following parties (other than the Director and chief executive of the Company disclosed under the section "Directors' and Chief Executive's Interests in Shares" above) held interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage to the issued capital of the Company
BIZ Cloud Limited (Notes 2 and 3)	Beneficial owner	171,715,600 (L) (Note 1)	19.57%
Ms. Saetia Ladda (Note 4)	Interest in spouse	171,894,800 (L) (Note 1)	19.59%
Mr. Chan (Notes 2, 5 and 6)	Interest held jointly with another person; interest of a controlled corporation	171,894,800 (L) (Note 1)	19.59%
Cloud Gear Limited (Notes 2 and 5)	Beneficial owner	171,715,600 (L) (Note 1)	19.57%
Friends True Limited (Notes 2 and 6)	Beneficial owner	171,715,600 (L) (Note 1)	19.57%
Mr. Tam (Notes 2 and 7)	Interest held jointly with another person; interest of a controlled corporation	171,894,800 (L) (Note 1)	19.59%
Imagine Cloud Limited (Notes 2 and 7)	Beneficial owner	171,715,600 (L) (Note 1)	19.57%

## OTHER INFORMATION

### Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. On 27 February 2015, the Substantial Shareholders entered into the confirmation deed to acknowledge and confirm, among other things, that they were parties acting-in-concert of each of the members of the Group. As such, the Substantial Shareholders, together are deemed to have interest in the share capital of the Company through BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited.
3. Shares in which Mr. Lee is interested consist of (i) 179,200 Shares held by Mr. Lee; (ii) 117,000,000 Shares held by BIZ Cloud Limited, a company wholly owned by Mr. Lee; and (iii) 54,715,600 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan and Mr. Tam.
4. Ms. Saetia Ladda is the spouse of Mr. Lee under the SFO, Ms. Saetia Ladda is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
5. Shares in which Mr. Chan is interested consist of (i) 11,000,000 Shares held by Cloud Gear Limited, a company wholly owned by Mr. Chan; and (ii) 160,715,600 Shares in which Mr. Chan is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Tam.
6. Shares in which Mr. Chan is interested consist of (i) 31,215,600 Shares held by Friends True Limited, a company wholly owned by Mr. Chan; and (ii) 140,500,000 Shares in which Mr. Chan is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Tam.
7. Shares in which Mr. Tam is interested consist of (i) 12,500,000 Shares held by Imagine Cloud Limited, a company wholly owned by Mr. Tam; and (ii) 159,215,600 Shares in which Mr. Tam is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee and Mr. Chan.
8. As at 30 September 2021, 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 chief executive of the Company who held an interest or short positions in the Shares and underlying Shares of the Company as at 30 September 2021 which required to be recorded pursuant to Section 336 of SFO.

## CHANGE OF AUDITOR

Crowe (HK) CPA Limited ("**Crowe**") retired as auditor of the Company at the conclusion of the annual general meeting of the Company (the "**2021 AGM**") which was held on 28 September 2021 and not to seek re-appointment. Crowe had been the auditor of the Company continuously for eight years. The Board and the audit committee of the Company (the "**Audit Committee**") considered that changing the auditor of the Company after an appropriate period of time is a good corporate governance practice to enhance the independence of the auditor of the Company. With the recommendation from the Audit Committee, the Board resolved to propose the appointment of BDO Limited ("**BDO**"), as the new auditor of the Company following the retirement of Crowe at the conclusion of the 2021 AGM. The shareholders of the Company approved an ordinary resolution for the appointment of BDO at the 2021 AGM.



## OTHER INFORMATION

### AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 and was of the opinion that such statements had been prepared in compliance with the applicable accounting standards and the Listing Rules.

By order of the Board

**ICO Group Limited**

**Lee Cheong Yuen**

*Chairman and Executive Director*

Hong Kong, 29 November 2021

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lee Cheong Yuen (*Chairman*)

Mr. Leong Yeng Kit

### Non-executive Director

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

(appointed on 17 August 2021)

### Independent Non-executive Directors

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

(appointed on 17 August 2021)

Ms. Yvonne Low Win Kum

Mr. Chiu King Yan

## COMPANY SECRETARY

Mr. Pun Shing Cheung, *CPA*

## AUTHORISED REPRESENTATIVES

Mr. Leong Yeng Kit

Mr. Pun Shing Cheung, *CPA*

## AUDIT COMMITTEE

Mr. Chiu King Yan (*Chairman*)

Dr. Choi Chiu Fai Stanley

Ms. Yvonne Low Win Kum

## REMUNERATION COMMITTEE

Ms. Yvonne Low Win Kum (*Chairlady*)

Mr. Leong Yeng Kit

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

## NOMINATION COMMITTEE

Mr. Lee Cheong Yuen (*Chairman*)

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

Ms. Yvonne Low Win Kum

## AUDITORS

BDO Limited

## REGISTERED OFFICE

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

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

Unit A, 25/F

TG Place

10 Shing Yip Street, Kwun Tong

Kowloon, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road, North Point

Hong Kong

## PRINCIPAL BANKERS

Citibank N.A.

DBS Bank (Hong Kong) Limited

Shanghai Commercial Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

## COMPANY WEBSITE

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

## STOCK CODE

1460