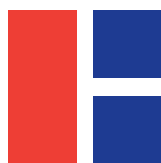


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ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1460)

DISCLOSEABLE AND SHARE TRANSACTION ACQUISITION OF ABSOLUTE ROBUST LIMITED

THE ACQUISITION

The Board is pleased to announce that on 10 November 2017 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition, pursuant to which, among other things, the Purchaser has agreed to acquire the Sale Shares of the Target, which is the legal and beneficial owner of 15% shares of INAX, upon Completion free from all encumbrances and other third party rights.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are below 25% and the Total Consideration will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and a share transaction on the part of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the Completion is subject to the fulfillment and/or waiver, where applicable, of the Conditions set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

* For identification purpose only

THE SALE AND PURCHASE AGREEMENT

On 10 November 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at the Total Consideration which shall be settled by way of issue of the Consideration Shares by the Company to the Vendors at the Issue Price upon Completion. The principal terms of the Sale and Purchase Agreement are set out below.

Date: 10 November 2017 (after trading hours)

Parties:

- (i) Vendors: Mr. Cheung Yiu Cho
Mr. Lau Yiu Ting
Mr. Wong Sze Chung Armstrong
- (ii) Purchaser: Value Digital Limited

Subject Matter

Under the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target.

The Total Consideration

The Total Consideration of HK\$66,000,000.00 shall be satisfied by the Purchaser to procure the Company to issue to each of the Vendors the Consideration Shares in three (3) tranches in the following manner:

- (a) upon Completion, a sum of HK\$33,000,000.00, being the amount representing 50% of the Total Consideration, shall be satisfied by the Company issuing new Shares at the Issue Price to each of the Vendors in proportion to their respective shareholdings in the Target (the “**First Tranche Consideration Shares**”);
- (b) subject to the achievement of the 2018 Performance Targets, the balance sum of HK\$33,000,000.00, being the amount representing 50% of the Total Consideration shall be satisfied by the Company issuing new Shares at the Issue Price to each of the Vendors in proportion to their respective shareholdings in the Target in the following manner:

- (i) within fourteen (14) Business Days after the Purchaser receiving the 2018 Interim Financial Statements and if the actual NPAT of INAX as shown in the 2018 Interim Financial Statements is greater than the 2018 Half-year Performance Target, being HK\$10,000,000.00, the Company will allot and issue such number of Consideration Shares at the Issue Price to each of the Vendors in proportion to their respective shareholdings in the Target (the “**Second Tranche Consideration Shares**”) in accordance with the following formula:

$$C = \frac{(D - E)}{2018 \text{ Full-year Performance Target}} \times \frac{\text{Total Consideration}}{\text{Issue Price}}$$

Notes:

- C = Second Tranche Consideration Shares to be allotted and issued to the Vendors.
- D = the actual NPAT of INAX for the period from 1 May 2017 to 31 October 2017 as shown in the 2018 Interim Financial Statements.
- E = the 2018 Half-year Performance Target, being HK\$10,000,000.00.

PROVIDED ALWAYS THAT:

- (a) If “D” is equal to or less than the 2018 Half-year Performance Target, no Consideration Shares will be issued in this tranche.
- (b) If “D” is equal to or greater than the 2018 Full-year Performance Target, then “D” shall be deemed to be the amount of the 2018 Full-year Performance Target, being HK\$20,000,000.00. The number of Consideration Shares to be issued in this second tranche shall not be more than 50% of the total Consideration Shares.

- (ii) within fourteen (14) Business Days after the Purchaser receiving the 2018 Final Financial Statements and if the actual NPAT of INAX as shown in the 2018 Final Financial Statements is greater than the 2018 Half-year Performance Target, being HK\$10,000,000.00, the Company will allot and issue such number of Consideration Shares at the Issue Price to each of the Vendors in proportion to their respective shareholdings in the Target (the “**Third Tranche Consideration Shares**”) in accordance with the following formula:

$$F = \frac{(G - H)}{2018 \text{ Full-year Performance Target}} \times \frac{\text{Total Consideration}}{\text{Issue Price}}$$

Notes:

- F = Third Tranche Consideration Shares to be allotted and issued to the Vendors.
- G = the actual NPAT of INAX for the financial year ending 30 April 2018 as shown in the 2018 Final Financial Statements.
- H = the actual NPAT of INAX for the period from 1 May 2017 to 31 October 2017 as shown in the 2018 Interim Financial Statements.

PROVIDED ALWAYS THAT:

- (a) If “G” is equal to or less than the 2018 Half-year Performance Target, no Consideration Shares will be issued in this tranche.
- (b) If “G” is equal to or greater than the 2018 Full-year Performance Target, then “G” shall be deemed to be the amount of the 2018 Full-year Performance Target, being HK\$20,000,000.00. The aggregate number of Consideration Shares to be issued in the second tranche and the third tranche shall not be more than 50% of the total Consideration Shares.
- (c) If “H” is equal to or less than the 2018 Half-year Performance Target, than “H” shall be deemed to be the amount of the 2018 Half-year Performance Target, being HK\$10,000,000.00.
- (d) If “G” is equal to or less than “H”, no Consideration Shares will be issued in this tranche.

The Total Consideration was determined after arm’s length negotiations between the Parties. Subject to the achievement of the 2018 Performance Targets, the Total Consideration was calculated based on the following formula:

$$A = B \times PE \text{ Ratio} \times 15\%$$

Note:

A = Total Consideration

B = the 2018 Full-year Performance Target

PE Ratio = 22, being the price to earning ratio determined based on various factors including the price to earning ratio of listed entities engaging in similar business and the potential growth of the data centre business

The Consideration Shares

Each of the Vendors holds approximately 61.37%, 36.36% and 2.27% of the issued share capital of the Target respectively. Subject to the terms and conditions of the Sale and Purchase Agreement, the Consideration Shares will be allotted and issued to each of the Vendors in proportion to their respective shareholdings in the Target. Accordingly, the maximum amount of the Consideration Shares to be issued to the Vendors is 436,507,937 Shares, of which each of the Vendors is to be allotted 267,884,921 Shares, 158,714,286 Shares and 9,908,730 Shares respectively. The aggregate nominal value of the maximum amount of Consideration Shares is approximately HK\$1.09 million. The Consideration Shares will not be subject to any restrictions on subsequent sales.

The Consideration Shares represent approximately (i) 10.91% of the entire issued share capital of the Company as at the date of this announcement; and (ii) 9.84% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares will rank pari passu in all respects with the Shares in issue at the date of issue including all dividends and distributions declared, made or paid on or after such date of issue.

The Issue Price

The Issue Price of the Consideration Shares represents:

- (a) a premium of approximately 0.80% to the closing price of HK\$0.1500 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) the average of closing prices of approximately HK\$0.1512 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 0.66% to the average of closing prices of approximately HK\$0.1522 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Consideration Shares will be issued under the General Mandate. As at the date of this announcement, no Shares have been issued under the General Mandate. The issue of the Consideration Shares under the General Mandate is not subject to the approval of the Shareholders.

Conditions precedent

Completion is conditional upon the following Conditions being fulfilled:

- (a) the passing by the Board and the Shareholders (other than those prohibited from voting under the Listing Rules, if applicable) of all necessary resolutions at the Board meeting and general meeting of the Company approving the Sale and Purchase Agreement, the issue of the Consideration Shares to the Vendors and other transactions contemplated under the Sale and Purchase Agreement;
- (b) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject to conditions to which neither the Company nor the Vendors shall reasonably object) the listing of and permission to deal in the Consideration Shares;
- (c) all necessary authorisations, consents and approval from and filing and registration with the Stock Exchange and other applicable government institutions and regulatory authorities in relation to the transaction contemplated under the Sale and Purchase Agreement having been obtained;

- (d) there being no applicable law, rules, regulations, order, injunction, decree or judgment of any court or other governmental authorities which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate, prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated in the Sale and Purchase Agreement;
- (e) the Purchaser having completed and satisfied with the results of due diligence review and investigation on the business, financial and legal aspects of the Target and INAX;
- (f) there being no material adverse change on the Target and INAX as of the date of the Sale and Purchase Agreement and at all times up to and including the Completion Date;
- (g) the Vendors' warranties remaining true and accurate and not misleading in all material respect as given as of the date of the Sale and Purchase Agreement and at all times up to and including the Completion Date;
- (h) the Target is a registered shareholder and beneficial owner of 15% of the entire issued share capital of INAX at the time of signing of the Sale and Purchase Agreement and shall remain so as at any time before and upon Completion; and at all time, none of the Vendors has any knowledge of any event which will, or is reasonably expected to result in a change in the Target's shareholdings in INAX after the Completion;
- (i) the Purchaser has received the audited financial statements of INAX for the financial year ended 30 April 2017 and the NPAT of INAX is no less than HK\$7,500,000.00; and
- (j) all shareholders of INAX having entered into a shareholders' agreement in such form and substance to the satisfaction of the Purchaser.

If any of the above conditions precedent has not been fulfilled or waived by the Purchaser (except for conditions precedent (a) to (d) which neither Party shall be entitled to waive) on or before the Long Stop Date:

- (a) neither Party shall be obliged to proceed with the sale and purchase of the Sale Shares; and
- (b) the Sale and Purchase Agreement shall be automatically terminated forthwith and cease to be of any effect, the Parties shall have no claim against each other arising out of or in connection with the Sale and Purchase Agreement save for any claims arising out of any antecedent breach of the Sale and Purchase Agreement.

INFORMATION OF THE TARGET AND INAX

The Target is an investment holding company and according to the unaudited financial statements of the Target for the period from 16 June 2017 (incorporation date) to 31 August 2017, the Target has no material assets or business activities other than the holding of 15% legal and beneficial interest in INAX.

INAX is a limited company incorporated in Hong Kong on 22 March 2005 and is principally engaged in IT infrastructure business with a focus on IT & telecommunication infrastructures and data centre industry.

In the past 12 years, INAX has provided various customized IT solutions with in-building IT & extra-low voltage systems to its clients including local area network, telecommunication, wide area network, cable containment, aisle containment system, public addressing, digital broadcasting reception, closed-circuit television, security & alarm, radio-frequency identification and intelligent building systems. With its own engineering and technical team of over 60 staff members, apart from providing customized IT solutions, INAX also provides technical support and maintenance services for its IT products and solutions.

Based on the audited financial statements of INAX for the years ended 30 April 2016 and 30 April 2017 and the unaudited financial statements of INAX for the four months ended 31 August 2017, set out below is a summary of the key financial data of INAX:

	For the year ended 30 April 2016 (Audited) (HK\$)	For the year ended 30 April 2017 (Audited) (HK\$)	For the four months ended 31 August 2017 (Unaudited) (HK\$)
Profit before taxation	219,772	8,278,209	7,139,881
Profit after taxation	219,772	7,748,955	5,961,801
	As at 30 April 2016 (Audited) (HK\$)	As at 30 April 2017 (Audited) (HK\$)	As at 31 August 2017 (Unaudited) (HK\$)
Net asset value	2,449,224	14,699,629	13,661,430

Upon Completion, the Target, which holds 15% legal and beneficial interest in INAX, will become a subsidiary of the Group and the financial results of the Target will be consolidated into the Group's financial statement.

REASONS AND BENEFITS FOR THE ACQUISITION

The Group has been actively searching for new business opportunities so as to diversify the Group's business with growth potential and to broaden its source of income that can possibly generate return to its shareholders.

In the course of conducting its data-related business, the Group has spotted a rapidly growing need for data centre service in Hong Kong. More and more of the Group's existing clients are converting into or taking up data-centric business models. The Group also noticed an increasing influx into Hong Kong of new clients in demand of data centre facilities. Based on the above, the Group believes that if it could secure market entry into the data centre business, a significant growth engine could be added to its service portfolio.

The Directors consider that the Acquisition will speed up the Group's entry into the data centre business, enhance its competitive offerings, open up new streams of revenue and sustain the long-term development of the Group.

The Sale and Purchase Agreement has been agreed under normal commercial terms and after arm's length negotiations between the Parties. The Directors are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there are no other changes in the share capital of the Company from the date of this announcement up to the date of issue of the Consideration Shares and the 2018 Performance Targets is being achieved, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue of the Consideration Shares:

	As at the date of this announcement		Immediately after the issue of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
BIZ Cloud Limited (Note 2)	2,130,000,000	53.25%	2,130,000,000	48.01%
Cloud Gear Limited (Note 4)	2,130,000,000	53.25%	2,130,000,000	48.01%
Friends True Limited (Note 5)	2,130,000,000	53.25%	2,130,000,000	48.01%
Imagine Cloud Limited (Note 7)	2,130,000,000	53.25%	2,130,000,000	48.01%
Lee Cheong Yuen (“Mr. Lee”) (Notes 1 and 2)	2,130,000,000	53.25%	2,130,000,000	48.01%
Chan Kwok Pui (“Mr. Chan”) (Notes 1 and 4)	2,130,000,000	53.25%	2,130,000,000	48.01%
Yong Man Kin (“Mr. Yong”) (Notes 1 and 5)	2,130,000,000	53.25%	2,130,000,000	48.01%
Tam Kwok Wah (“Mr. Tam”) (Notes 1 and 7)	2,130,000,000	53.25%	2,130,000,000	48.01%
Saetia Ladda (Note 3)	2,130,000,000	53.25%	2,130,000,000	48.01%
Ma Kit Ling (Note 6)	2,130,000,000	53.25%	2,130,000,000	48.01%
Public Shareholders:				
Lau Calvin Chuen Yien	259,804,000	6.5%	259,804,000	5.86%
The Vendors				
Mr. Cheung Yiu Cho	–	–	267,884,921	6.04%
Mr. Lau Yiu Ting	–	–	158,714,286	3.58%
Mr. Wong Sze Chung Armstrong	–	–	9,908,730	0.22%
Other Public Shareholders	1,610,196,000	40.25%	1,610,196,000	36.29%
Total	4,000,000,000	100.00%	4,436,507,937	100.00%

Notes:

- On 27 February 2015, the ultimate controlling shareholders of the Company, namely, Mr. Lee, Mr. Chan, Mr. Yong and Mr. Tam, entered into a 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 ultimate controlling shareholders of the Company together are deemed to have controlling interest in the share capital of the Company through BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited.
- Shares in which Mr. Lee is interested consist of (i) 1,170,000,000 Shares held by BIZ Cloud Limited, a company wholly owned by Mr. Lee, and (ii) 960,000,000 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan, Mr. Yong and Mr. Tam.
- Ms. Saetia Ladda is the spouse of Mr. Lee. Under the Securities and Futures Ordinance, Ms. Saetia Ladda is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
- Shares in which Mr. Chan is interested consist of (i) 160,000,000 Shares held by Cloud Gear Limited, a company wholly owned by Mr. Chan, and (ii) 1,970,000,000 Shares in which Mr. Chan is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Yong and Mr. Tam.

5. Shares in which Mr. Yong is interested consist of (i) 725,000,000 Shares held by Friends True Limited, a company wholly owned by Mr. Yong, and (ii) 1,405,000,000 Shares in which Mr. Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Chan and Mr. Tam.
6. Ms. Ma Kit Ling is the spouse of Mr. Yong. Under the Securities and Futures Ordinance, Ms. Ma Kit Ling is deemed to be interested in the Shares in which Mr. Yong is interested.
7. Shares in which Mr. Tam is interested consist of (i) 125,000,000 Shares held by Imagine Cloud Limited, a company wholly owned by Mr. Tam, and (ii) 2,005,000,000 Shares in which Mr. Tam is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Yong and Mr. Chan.

INFORMATION OF THE PARTIES

The Purchaser is an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in the businesses of IT application and solution development, IT infrastructure solutions, secondment services and maintenance and support services.

The Vendors together own 100% of the Target and the Target owns 15% of INAX. Except for the Vendors' shareholding in the Company after the Acquisition as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors is Independent Third Party of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are below 25% and the Total Consideration will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and a share transaction on the part of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the Completion is subject to the fulfillment and/or waiver, where applicable, of the Conditions set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“2018 Final Financial Statements”	the audited financial statements of INAX for the financial year ending 30 April 2018
“2018 Full-year Performance Target”	the NPAT of INAX for the full financial year ending 30 April 2018 which shall not be less than HK\$20,000,000
“2018 Half-year Performance Target”	the NPAT of INAX for the half-year financial period from 1 May 2017 to 31 October 2017 which shall not be less than HK\$10,000,000

“2018 Interim Financial Statements”	the audited financial statements of INAX for the period from 1 May 2017 to 31 October 2017
“2018 Performance Targets”	the 2018 Full-year Performance Target or the 2018 Half-year Performance Target
“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of the Target which is the legal and beneficial owner of 15% shares of INAX
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong, except a Sunday, a Saturday and a public holiday or a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	ICO Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the transfer of the Sale Shares from the Vendors to the Purchaser on the Completion Date under the Sale and Purchase Agreement
“Completion Date”	the 5th Business Days after the last Condition having been fulfilled (or waived by the Purchaser) or such other date as the Purchaser and the Vendors may mutually agree in writing, on which Completion is to take place
“Conditions(s)”	the conditions precedent set out in the Sale and Purchase Agreement
“Consideration Share(s)”	the issue to each of the Vendors new shares of the Company at the Issue Price in three (3) tranches in accordance with the payment terms under the Sale and Purchase Agreement
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 18 August 2017 to allot, issue and deal with 800,000,000 Shares (representing 20% of the number of issued Shares on that date)

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“INAX”	INAX Technology Limited, a company incorporated in Hong Kong with an issued share capital of HK\$4,511,450
“Independent Third Party(ies)”	a third party who is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Issue Price”	HK\$0.1512, being the market price per Share to be allotted and issued to each of the Vendors as Consideration Shares to be determined on the basis of the average market price per Share in the preceding five (5) Business Days from the day of the Sale and Purchase Agreement
“Long Stop Date”	8 February 2018, being 90 days after the date of the Sale and Purchase Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Last Trading Day”	9 November 2017 being the last trading day of the Shares before the signing date of the Sale and Purchase Agreement
“NPAT”	the net profit after tax excluding extraordinary items
“Purchaser”	Value Digital Limited, a company incorporated in British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Party(ies)”	the Purchaser and/or the Vendors
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 November 2017 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Sale Share(s)”	the entire issued shares of the Target
“Share(s)”	the ordinary shares of HK\$0.0025 each in the share capital of the Company

“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Absolute Robust Limited, a limited liability company incorporated in the British Virgin Islands with an issued share capital of US\$11,000 and 11,000 shares
“Total Consideration”	Subject to the achievement of the 2018 Performance Targets set out under the Sale and Purchase Agreement, the total consideration for the sale and purchase of the Sales Shares in the sum of HK\$66,000,000 payable by the Purchaser to the Vendors
“Vendor(s)”	Mr. Cheung Yiu Cho, Mr. Lau Yiu Ting and Mr. Wong Sze Chung Armstrong
“%”	per cent.

By order of the Board

ICO Group Limited

Lee Cheong Yuen

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 10 November 2017

As at the date of this announcement, the executive Directors are Mr. Lee Cheong Yuen and Mr. Pang Yick Him; the non-executive Directors are Mr. Chan Kwok Pui and Mr. Tam Kwok Wah; and the independent non-executive Directors are Dr. Chan Mee Yee, Dr. Cheung Siu Nang Bruce and Ms. Kam Man Yi Margaret.