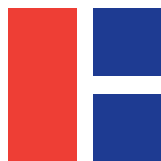


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ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1460)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE AND SHARE TRANSACTION
ACQUISITION OF ABSOLUTE ROBUST LIMITED**

Reference is made to the announcement of the Company dated 10 November 2017 (the “**Announcement**”) in relation to the Sale and Purchase Agreement entered into between the Purchaser, an indirect wholly-owned subsidiary of the Company, and 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. The Company would like to provide supplemental information to the Announcement as follows.

Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

THE SALE AND PURCHASE AGREEMENT

Basis of the Total Consideration

The Directors considered that the Total Consideration is fair and reasonable and in the interest of the Shareholders as a whole due to the following reasons:

- (a) the Group is principally engaged in the businesses of IT application and solution development, IT infrastructure solutions, secondment services and maintenance and support services. It has been actively searching for new business opportunities so as to diversify the Group’s business with growth potential. Prior to entering into the Acquisition with the Vendors, the Directors have

* *For identification purposes only*

considered the following public information and are optimistic about the growth potential of data centre industry in Hong Kong and the growth potential of INAX:–

- (i) according to Hong Kong’s *Legislative council brief in relation to measures to facilitate the development of data centres* issued by the Innovation and Technology Bureau, Office of the Government Chief Information Officer (“**OGCIO**”) on 30 March 2016 and *Cisco Global Cloud Index: Forecast and Methodology, 2014-2019* cited therein, the global workloads for data centres will be more than doubled from 2014 to 2019 and the global data centre traffic will increase at a compound annual growth rate (“**CAGR**”) of approximately 25%, and the CAGR of approximately 24% for Asia Pacific region for the same period. According to the *Cisco Global Cloud Index: Forecast and Methodology, 2015-2020*, the data centre traffic CAGR forecast is expected to be 27% globally and 27% for Asia Pacific region;
 - (ii) according to the OGCIO official website, the data centre sector has been growing fast in Hong Kong in recent years. The demand for data centres in the coming years is expected to increase continuously. The Hong Kong government is committed to foster Hong Kong as a prime location for data centres in Asia Pacific. Hong Kong is a prime location for setting up data centres because Hong Kong is a major financial and international trading and logistics hub and is home to many regional offices and headquarters of global corporations. This generates great demand for secure data centre facilities and services to support business growth in the PRC and Hong Kong. Hong Kong is an ideal location for data centres with its robust telecommunications infrastructure as well as geographical and strategic advantages including reliability in terms of its low risk of natural calamities and electricity power supply, proximity to the PRC, increasing demand for data centre services in commerce, free flow of information, protection of data privacy, large pool of information and communications technology talents and a free economy;
- (b) INAX is principally engaged in IT infrastructure business with a focus on IT & telecommunication infrastructures and data centre industry. Due to the nature of business and the growth potential of data centre industry, the Directors considered that it is more appropriate to use market approach and a forward-looking perspective to determine the Total Consideration for INAX as opposed to making reference to the net asset value of INAX. Prior to the determination of the Total Consideration for the Acquisition, the Directors have considered other comparable listed companies engaging in similar businesses. The price to earning ratio (“**PE ratio**”) of such comparable listed companies are approximately 38 based on their respective company profiles posted on the website of The Stock Exchange of Hong Kong Limited.

Accordingly, taking into account the fact that INAX is a private company, the Directors considered applying the PE ratio of 22 (being over 40% discount of the PE Ratio of the comparable listed companies) for determination of the Total Consideration is fair and reasonable.

Considering the forward-looking perspective, the growth potential of INAX's business can be reflected in its past track records. According to the audited financial statements of INAX for the year ended 30 April 2017, the NPAT of INAX was HK\$7,748,955 compared to HK\$219,772 for the year ended 30 April 2016, which accounts for approximately more than 3,425% or 34 times growth.

The Total Consideration was also based on the 2018 Full-year Performance Target, being HK\$20 million. According to the unaudited financial statements of INAX for the four months ended 31 August 2017, the NPAT of INAX had already achieved HK\$5,961,801. Taking into account the financial performance of INAX for the four months ended 31 August 2017 and INAX's confirmed orders from clients presented by the Vendors, the Directors considered that the NPAT of INAX for the full year ending 30 April 2018 will likely reach more than half of the 2018 Full-year Performance Target, namely HK\$10 million and therefore agreed to pay 50% of the Total Consideration upon Completion. Under the terms of the Sale and Purchase Agreement, the remaining portion of the Total Consideration will be payable depending on the actual NPAT of INAX as shown in the 2018 Interim Financial Statements, the 2018 Final Financial Statements and based on the formula disclosed in the Announcement.

THE IDENTITY OF OTHER SHAREHOLDERS OF INAX

The identity of the other 85% shareholders of INAX are Mr. Wilcox Law, Mr. Lee Yiu Keung Bruce and Mr. Wong Tai Sum. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the other 85% shareholders of INAX are Independent Third Parties to the Company.

REASONS AND BENEFITS FOR THE ACQUISITION

The Directors considered that the Acquisition can enable the Group to 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 although the Group will not obtain control over INAX after the Completion for the following reasons:

- (a) acquisition of 15% INAX shareholdings was commercially concluded between the Group and the Vendors after arms-length negotiation;
- (b) having considered that the Group will be a minority shareholder after Completion, the Group imposed a Condition for the Completion to have all shareholders of INAX to enter into a shareholders' agreement in such form and substance to the satisfaction of the Purchaser;
- (c) the agreed form of shareholders' agreement contain certain provisions to protect the Purchaser, being a minority shareholder, including without limitation the following:
 - (i) certain material matters or actions shall not be transacted without unanimous consent of all shareholders of INAX in writing;

- (ii) the Purchaser has the right to nominate 1 director in INAX; and
- (iii) if the NPAT of INAX is less than HK\$10 million for the financial year ending 30 April 2019, INAX shall allot and issue such number of new shares to the Purchaser equivalent to 15% of the enlarged issued share capital of INAX at a nominal consideration within five (5) Business Days after the date of the audited financial report of INAX for such financial year is issued.
- (d) the Acquisition offers an opportunity for the Group to diversify its existing business portfolio and achieve synergy between the Group's business and INAX's business. The Group has extensive experience in providing data related products and services to its clients in Hong Kong whilst INAX has reputation and expertise in the data centre business. As the Group has not in the past been engaged in the provision of data centre business, the Directors considered that the acquisition of a minority interest in INAX will enable the Group to enter into the data centre market and gain the expertise and experience in running the data centre business by allowing the majority shareholders of INAX to continue leading INAX; and
- (e) the Directors considered that there will be synergy effect between the Group's clientele and INAX's clientele. The Group's largest clients are government departments and financial institutions whilst INAX's clientele focuses on corporations engaging in a wide range of business. The Directors considered that the Group's clientele will complement INAX's clientele upon Completion of the Acquisition.

By order of the Board
ICO Group Limited
Lee Cheong Yuen

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 17 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.