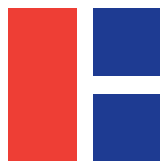


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ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1460)

**VOLUNTARY ANNOUNCEMENT
ESTABLISHMENT OF
JOINT VENTURE**

On 8 August 2018 (after trading hours), Wide Faith, the Company's indirect wholly owned subsidiary, and the Joint Venture Partners entered into the Joint Venture Agreement to establish the Joint Venture in Hong Kong.

The JV Group will engage in provision of translation services for documents through the application of an artificial intelligence translation system to be developed by the JV Group.

The transaction under the Joint Venture Agreement will constitute a fully exempted connected transaction under the de minimis exemption of Chapter 14A of the Listing Rules.

As the capital contribution by Wide Faith into the Joint Venture is less than HK\$3,000,000 and each of the applicable percentage ratios for the transaction is below 5%, this announcement is made by the Company on a voluntary basis.

This announcement is made by the Company on a voluntary basis.

* For identification purposes only

ESTABLISHMENT OF THE JOINT VENTURE

On 8 August 2018 (after trading hours), the Company's indirect wholly owned subsidiary, Wide Faith, and the Joint Venture Partners entered into the Joint Venture Agreement to establish the Joint Venture in Hong Kong. The Joint Venture will be an investment holding company and will incorporate one (1) wholly owned subsidiary which will be the operating company to carry out the businesses of the JV Group.

The principal terms of the Joint Venture Agreement are summarized below:

Date:

8 August 2018

Parties:

1. Wide Faith, an indirect wholly owned subsidiary of the Company;
2. DeepChain, wholly owned by Dr. Chin Yuk Lun Francis and Dr. Chan Mee Yee ("**Dr. Chan**") in equal shares; and
3. Madam Siu.

As the ultimate shareholders of DeepChain were a former independent non-executive director of the Company during the past 12 months as at the date of entering into the Joint Venture Agreement and her spouse, accordingly, DeepChain is a connected party of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Madam Siu is a third party independent of the Group and its connected persons (as defined in the Listing Rules).

Business Scope of the JV Group:

The JV Group is set out for investment in and development of the Project (as defined below). Please refer to the section headed "**The Project**" below for more details of the Project.

Issued capital and shareholdings of the Joint Venture:

At the initial stage, the total issued shares of the Joint Venture will be three hundred (300) shares and will be held in the following manner:

1. Wide Faith : 100 shares
2. DeepChain : 100 shares
3. Madam Siu : 100 shares

The issued capital of the Joint Venture was determined after arm's length negotiation between the parties to the Joint Venture Agreement.

Capital Contribution:

According to the first annual budget plan attached in the Joint Venture Agreement, the initial capital contribution will be approximately HK\$6.6 million, which will be equally borne by the parties to the Joint Venture Agreement.

In the event that it is required to contribute the Joint Venture via cash injection, Wide Faith will satisfy its contribution to the Joint Venture pursuant to the Joint Venture Agreement in cash through its internal resources.

Board composition of the Joint Venture

The board of directors of the Joint Venture shall consist of not more than three directors, of which one director shall be nominated, appointed and removed as requested by each of the shareholders of Joint Venture from time to time. The chairman of the board of directors of the Joint Venture shall be nominated by the board of directors of the Joint Venture at each board meeting of directors of the Joint Venture from time to time. The chairman shall have a casting vote, in the event of an equality of votes.

Raising of Additional Capital

The board of directors of the Joint Venture may resolve to raise additional capital from the shareholders of the Joint Venture by allotting new shares in the capital of the Joint Venture to its shareholders, and such new shares in the Joint Venture shall be offered to all shareholders of the Joint Venture on a pro-rata basis as nearly as practicable to their respective shareholding percentage in the Joint Venture. In the event any of the shareholders of the Joint Venture chooses not to subscribe for any new shares in the capital of the Joint Venture, the other shareholders of the Joint Venture or new investor(s) (if any) may elect to subscribe for such unsubscribed new shares.

Disposal of shares and pre-emptive rights

Each of the shareholders of the Joint Venture agrees with and undertakes to each other that it will not without the prior written consent of all other shareholders of the Joint Venture sell, transfer, or otherwise dispose or encumber any of its shares in the Joint Venture. If any shareholder of the Joint Venture wishes to transfer its shares in the Joint Venture, it shall first offer all (but not some only) of its shares in the Joint Venture to the other shareholders of the Joint Venture in accordance with the provisions of the Joint Venture Agreement.

Dividends

All after-tax profits of the JV Group (after making all necessary deductions as prescribed by the laws of Hong Kong or applicable laws of other jurisdictions) shall be used in the following order:

- (1) Working capital of the JV Group and reinvestment in the development of the business of the JV Group;
- (2) Unless the board of the Joint Venture decides otherwise, repayment of outstanding shareholders' loans and/or external loans from financial institutions, if any; and
- (3) Distribution of dividends to the shareholders of the Joint Venture according to their respective shareholdings in the Joint Venture.

The Project

The JV Group is formed for the purpose of implementing the Project, which involves investment in and development of a machine translation system (the “**System**”) to be used for translation of documents (“**the Project**”). The Project applies artificial intelligence’s deep learning technology to the System and focuses on English-to-Chinese and Chinese-to-English machine translation of documents. At the initial stage, the System will target for translating documents to be posted on the website of the Stock Exchange bilingually in Chinese and English (“**Listing Documents**”). The System will be repeatedly tested by a team of human translators and will be improved with the aim of developing it to be a user friendly program and with high accuracy and productivity.

REASONS FOR AND BENEFITS DERIVED FROM ENTERING INTO THE JOINT VENTURE AGREEMENT

The Group is principally engaged in the businesses of (i) provision of IT application and solution development services; (ii) provision of secondment services; (iii) provision of maintenance and support services; and (iv) provision of IT infrastructure solutions.

The Board noticed there is a high demand for translation services for Listing Documents. Through the establishment of the JV Group and with the aid of the connections and network of the Joint Venture Partners in the field of translation and translators, the Board believe that the JV Group, by applying deep learning technology on the System and with the assistance and surveillance of human translators, can deal with translation engagements in a more efficient way by enhancing productivity as well as accuracy. The JV Group will continue to monitor and test the System in order to develop and enhance the System into a user friendly program for translation. The Joint Venture Partners and the Company believe that with the aid of IT background of the Group and experiences in deep learning projects from the Joint Venture Partners, the operation and running of the System will make twice results with half effort.

The Directors consider that the terms of the Joint Venture Agreement, which were determined after arm's length negotiation among the parties to the Joint Venture, are on the normal commercial terms or better, fair and reasonable and the entering into of the Joint Venture Agreement is in the interests of the Company and the shareholders of the Company as a whole.

Information of the Joint Venture Partners

DeepChain is an investment holding company incorporated in Hong Kong. One of the ultimate shareholders of DeepChain is a respected academic with proven experience in problem-solving using new technologies and experience in leading deep learning projects. Madam Siu has connections and network to the providers of translation services for Listing Documents.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios for establishing the Joint Venture by Wide Faith is below 5%, the entering into of the Joint Venture Agreement does not constitute a notifiable transaction for the Company.

The ultimate shareholders of DeepChain, one of the Joint Venture Partners, are Dr. Chan and her spouse. Dr. Chan was the independent non-executive director of the Company and was resigned all her positions in the Company in July 2018. As Dr. Chan was the independent non-executive director of the Company during the past 12 months as at the date of this announcement, accordingly, DeepChain is a connected party of the Company and the transaction under the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the capital contribution by Wide Faith into the Joint Venture is less than HK\$3,000,000 and each of the applicable percentage ratios for the transaction is below 5%, the transaction under the Joint Venture Agreement will be a de minimis transaction and all the connected transaction requirements including shareholders' approval, annual review and all disclosure requirements are full exempted and this announcement is made by the Company on a voluntary basis only.

DEFINITIONS

In this announcement, the following expressions will, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors of the Company
“Company”	ICO Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“DeepChain”	DeepChain Limited (深結有限公司), a company incorporated in Hong Kong, shareholders of which are Dr. Chin Yuk Lun Francis and Dr. Chan Mee Yee, one of the Joint Venture Partners
“Director”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joint Venture Agreement”	the joint venture agreement entered into between Wide Faith and the Joint Venture Partners on 8 August 2018
“Joint Venture”	the limited company to be incorporated in Hong Kong and equally owned by Wide Faith, DeepChain and Madam Siu in accordance with the terms as set out in the Joint Venture Agreement
“Joint Venture Partners”	DeepChain and Madam Siu
“JV Group”	the Joint Venture and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Siu”	Ms. Siu Fung Yee; one of the Joint Venture Partners
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Wide Faith”

Wide Faith Management Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company

“%”

per cent

By Order of the Board

ICO Group Limited

Lee Cheong Yuen

*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 8 August 2018

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. Cheung Siu Nang Bruce and Ms. Kam Man Yi Margaret.