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**THIS RESPONSE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

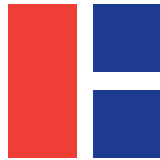
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**If you are in any doubt** as to any aspect about this Response Document or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in **ICO Group Limited**, you should at once hand this Response Document to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

**RESPONSE DOCUMENT  
VOLUNTARY CONDITIONAL CASH OFFER  
BY HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
TITAN WISE GROUP LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE SHARE CAPITAL  
OF ICO GROUP LIMITED (OTHER THAN  
THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
TITAN WISE GROUP LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

*Independent Financial Adviser to the Independent Board Committee*

**AmCap**

*Ample Capital Limited*

*豐盛融資有限公司*

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Capitalised terms used in this cover page shall have the same meanings as those defined in this Response Document.

A letter from the Board is set out on pages 5 to 16 of this Response Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation is set out on pages 17 to 18 of this Response Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 19 to 45 of this Response Document.

The Response Document will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.1460.hk> as long as the Offer remain open.

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## DEFINITIONS

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*In this Response Document, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:*

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning as ascribed to it under the Takeovers Code
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Closing Date”	23 March 2020, being the first closing date of the Offer or any subsequent date as may be announced by the Offeror and approved by the Executive in accordance with the Takeovers Code
“Company”	ICO Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on main board of the Stock Exchange (stock code: 1460)
“Condition(s)”	the conditions precedent to the Offer as set out in the paragraph headed “Conditions to the Offer” in the letter from the Board in this Response Document
“Convertible Bond Holder”	Rainbow Field Investment Limited
“Convertible Bonds”	the outstanding convertible bonds issued by the Company to the Convertible Bond Holder with aggregate principal amount of HK\$131,101,092.40 immediately before their conversion. As a result of their conversion on 16 January 2020, an aggregate principal amount of HK\$131,101,092.40 of such convertible bonds was converted into 990,937,960 conversion Shares
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer and which accompanied with the Offer Document

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Head & Shoulders Securities”	Head & Shoulders Securities Limited, a licensed corporation authorised to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO and the offer agent to the Offeror
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Incident”	the business update on the acquisition of O2O Limited set out in the announcement of the Company dated 6 February 2020
“Independent Board Committee”	the independent board committee of the Company comprising all the non-executive Directors, namely Mr. Tam Kwok Wah, Ms. Tuon Wai Man and Mr. Tso Hon Sai Bosco, and all the independent non-executive Directors, namely Dr. Cheung Siu Nang Bruce, Mr. Ko Sebastian Yat Fung and Ms. Kam Man Yi Margaret, which has been formed to advise the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Ample Capital”	Ample Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and being the independent financial adviser appointed by the Company to advise the Independent Board Committee in respect of the Offer
“Independent Shareholder(s)”	holder(s) of the Shares, other than the Offeror and parties acting in concert with it
“Last Trading Day”	24 January 2020, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Offer Announcement
“Latest Practicable Date”	6 March 2020, being the latest practicable date prior to the printing of this Response Document for ascertaining certain information contained herein

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## DEFINITIONS

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“Letter”	the letter dated 24 January 2020 from Merdeka Corporate Finance Limited, the financial adviser of the Offeror, to the Board in respect of the Offer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the voluntary conditional cash offer made by Head & Shoulders Securities for and on behalf of the Offeror for all Offer Shares on the terms and conditions set out in Offer Document and in compliance with the Takeovers Code
“Offer Announcement”	the offer announcement made by the Offeror on 3 February 2020 in relation to, among other things, the Offer
“Offer Document”	the offer document dated 24 February 2020 despatched by the Offeror to the Shareholders in accordance with the Takeovers Code containing, <i>inter alia</i> , the details of the Offer, together with the Form of Acceptance
“Offer Document LPD”	21 February 2020, being the latest practicable date prior to the printing of the Offer Document for the purpose of ascertaining certain information contained therein
“Offer Period”	commencing from 3 February 2020, being the date of the Offer Announcement and ending on the Closing Date
“Offer Share(s)”	all the Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Titan Wise Group Limited
“Relevant Period”	the period from 3 August 2019, being the date falling six months prior to the commencement of the Offer Period and up to and including the Latest Practicable Date
“Requisition”	requisition for the convening of an extraordinary general meeting to consider and, if appropriate, to approve the proposed removal of existing Directors and the proposed appointment of new Directors as raised in the Requisition Notice

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## DEFINITIONS

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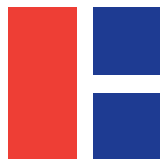
“Requisition Notice”	requisition notice from the legal advisers to the Offeror dated 10 February 2020 containing the Requisition
“Response Announcement”	the announcement of the Company dated 6 February 2020 in response to the Offer Announcement
“Response Document”	this response document dated 9 March 2020 in response to the Offer issued by the Company in accordance with the Takeovers Code
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unconditional Date”	the date on which the Offer become or is declared unconditional in all respects
“%”	per cent

*Unless the context otherwise requires, capitalised terms used in the information which are reproduced from the Offer Document and contained in this Response Document shall have the same meanings as defined in the Offer Document.*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Lee Cheong Yuen  
Mr. Chan Kwok Pui  
Mr. Tam Wing Yuen

*Non-executive Directors:*

Mr. Tam Kwok Wah  
Ms. Tuon Wai Man  
Mr. Tso Hon Sai Bosco

*Independent Non-executive Directors:*

Dr. Cheung Siu Nang Bruce  
Mr. Ko Sebastian Yat Fung  
Ms. Kam Man Yi Margaret

*Registered Office:*

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Principal place of business in Hong Kong:*

Room 2802A, 28/F.  
Singa Commercial Centre  
144–151 Connaught Road West  
Hong Kong

9 March 2020

*To the Independent Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER  
BY HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
TITAN WISE GROUP LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE SHARE CAPITAL  
OF ICO GROUP LIMITED (OTHER THAN  
THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
TITAN WISE GROUP LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

#### INTRODUCTION

On 24 January 2020, the Board received the Letter from Merdeka Corporate Finance Limited, the financial adviser of the Offeror, notifying the Board of the Offeror's intention to

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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make a voluntary conditional cash offer for all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

On 3 February 2020, the Offeror published the Offer Announcement setting out details of the Offer and the information and intention of the Offeror. In response to the Offer Announcement, the Company published the Response Announcement on 6 February 2020.

On 24 February 2020, the Offeror despatched the Offer Document, accompanied with the Form of Acceptance.

The purpose of this Response Document is to provide you with, among other things, information regarding the Group and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer and the advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

**You are advised to read this Response Document, the recommendation of the Independent Board Committee and the letter from the Independent Financial Adviser in conjunction with the Offer Document carefully before taking any action in respect of the Offer.**

**The Offer is subject to the Conditions and accordingly, Shareholders and potential investors of the Company are reminded that the Offer may or may not become unconditional.**

**Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

### THE OFFER

The terms of the Offer as set out below are based on the Offer Document. You are recommended to refer to the Offer Document and the Form of Acceptance for further details.

Head & Shoulders Securities, on behalf of the Offeror, is making the Offer on the following basis:

**For each Offer Share . . . . . HK\$0.05 in cash**

As disclosed in the Offer Document, all the Offer Shares to be acquired under the Offer shall be (a) fully-paid; (b) free from any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same; and (c) with all rights



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## LETTER FROM THE BOARD

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attached to the Shares including all rights to any dividends and other distributions hereafter declared, paid or made in respect thereof on or after the date of despatch of the Offer Document.

There has been no dividend or distribution declared by the Company for the financial year ended 31 March 2019, for the six months ended 30 September 2019 and up to the Latest Practicable Date. In the event that any dividends or distributions are declared after the date of despatch of the Offer Document, paid or made in respect thereof until the close of the Offer, the amount of such dividends or other distributions will be deducted from the Offer Price.

As disclosed in the Offer Document, the Offer Price was determined after taking into account (i) the consideration for acquiring the Sale Shares at HK\$0.05 per Share; (ii) the market price of the Shares; and (iii) the Offeror's review of the Group's business based on the publicly available financial information of the Group. The Offer Price shall be payable in cash. The Offeror reserves the right to revise the terms of the Offer in compliance with the Takeovers Code.

As disclosed in the Offer Document, as at the Offer Document LPD, the Offeror held 990,937,960 Shares, representing approximately 15.92% of the issued share capital of the Company. Save for the aforesaid, the Offeror and parties acting in concert with it do not have any other interests in the share capital or voting rights of the Company.

Based on the Offer Announcement and the Offer Document, the Offeror acquired the 990,937,960 Shares off market from the Convertible Bond Holder at a total consideration of HK\$49,546,898 representing a price of HK\$0.05 per Sale Share pursuant to a sale and purchase agreement dated 21 January 2020 entered into between the Offeror and the Convertible Bond Holder. The sole beneficial owner of Offeror is Mr. Leong Yeng Kit, and the ultimate beneficial owners of the Convertible Bond Holder are Mr. Lau Chuen Yien, Calvin, Mr. Tan Yun Harn and Mr. Teoh Teng Guan. As disclosed in the announcements of the Company dated 16 January 2020 and 17 January 2020, the Convertible Bond Holder exercised the conversion rights attached to the Convertible Bonds in the aggregate principal amount of HK\$131,101,092.40 at the conversion price of HK\$0.1323 per Share.

As a result, the Company allotted and issued a total of 990,937,960 conversion Shares to the Convertible Bond Holder on 16 January 2020, representing approximately 18.93% of the total issued Shares before the conversion and approximately 15.92% of the total issued Shares as enlarged by the allotment and issue of the 990,937,960 conversion Shares. Based on the Company's knowledge, on 21 January 2020, which was the same date as the abovementioned sale and purchase agreement entered into between the Offeror and the Convertible Bond Holder, the Convertible Bond Holder collected the share certificate in respect of the 990,937,960 conversion Shares and transferred to the Offeror.

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## LETTER FROM THE BOARD

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### Value of the Offer

As at the Offer Document LPD and the Latest Practicable Date, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue comprise 6,225,393,129 Shares in issue.

At the Offer Price of HK\$0.05 per Share, the entire issued share capital of the Company is valued at approximately HK\$311,269,656. Based on 5,234,455,169 Shares not already held by the Offeror and parties acting in concert with it and assuming that no change in the issued share capital of the Company before the Closing Date, the Offer is valued at HK\$261,722,758.

### Conditions to the Offer

As disclosed in the Offer Document, the Offer is conditional upon the satisfaction or waiver (as applicable) of the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date in respect of such number of Shares which together with Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and the parties acting in concert with it together holding more than 50% of the voting rights of the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading in the Shares as a result of the Offer and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offer or anything done or caused by or on behalf of the Offeror or the parties acting in concert with it;
- (c) no event, up to the Closing Date, having occurred which would make the Offer or the acquisition of any of the Shares under the Offer void, unenforceable or illegal or their implementation being prohibited or which would impose material conditions, limitations or obligations with respect to the Offer;
- (d) no relevant authority(ies) in Hong Kong, the Cayman Islands, and the BVI having taken or instigated any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer or the acquisition of any of the Shares under the Offer void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to, the Offer (other than such items or events above as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer);

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## LETTER FROM THE BOARD

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- (e) no event occurring or having occurred which is an event of default or other event giving any lender to any member of the Group a right to accelerate the repayment of any obligations prior to their stated maturity date arising from any financing documentation to which any member of the Group is a party or by which it is bound and no lender to any member of the Group indicating on or prior to the date to be stated in the offer document regarding the Offer as the Closing Date that it will exercise such rights to accelerate repayment or claim an event of default; and
- (f) since the date of the last audited consolidated financial statements of the Company, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Company or any other member of the Group.

As disclosed in the Offer Document, the Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above save that Conditions (a) and (c) cannot be waived. It was disclosed in the Offer Document that the Offeror has no knowledge and information as to whether any event mentioned in Condition (e) above exists as at the Offer Document LPD. The Offeror also noted the announcement of the Company dated 6 February 2020 in relation to the business update on the acquisition of O2O Limited, and based on the publicly available information of the Company, the Offeror considers that there is no sufficient information to assess any impact of the fulfilment of Condition (f) of the Offer as at the Offer Document LPD.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke the above Conditions as a basis for not proceeding with the Offer only if the circumstances which give rise to a right to invoke such Conditions are of material significance to the Offeror in the context of the Offer. If any of the Conditions cannot be fulfilled or waived by the Closing Date, the Offer will lapse.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfillment (or if permissible, waiver) of the Conditions in accordance with the Takeovers Code and the Listing Rules.

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Offer Document (or such later date to which the Executive may consent).

**Warning:**

**Shareholders and potential investors of the Company should be aware that the Offer is subject to the Conditions. Accordingly, Shareholders and potential investors of the Company are reminded that the Offer may or may not become unconditional.**

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## LETTER FROM THE BOARD

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**Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

### **Further details of the Offer**

Further details of the Offer including, among others, the expected timetable, the terms and procedures of acceptance of the Offer, are set out in the Offer Document and the Form of Acceptance.

### **INFORMATION ON THE GROUP**

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares had been listed on the GEM of the Stock Exchange since 18 March 2015, and were transferred to the Main Board of the Stock Exchange on 12 October 2016.

The Group principally engaged in the information technology (IT) related businesses and operates through four business segments, (i) the IT application and solution development segment which engaged in the design and implementation of IT application solutions and procurement of third party hardware and software; (ii) the IT infrastructure solutions segment which engaged in the provision of IT infrastructure solutions and sale of IT infrastructure solution related hardware and software; (iii) the secondment services segment which engaged in the provision of secondment services for a fixed period of time according to the secondment service agreements; and (iv) the maintenance and support services segment which engaged in the provision of maintenance and support services.

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## LETTER FROM THE BOARD

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Set out below is a summary of the audited consolidated results of the Group for each of the three financial years ended 31 March 2017, 2018 and 2019, and its unaudited consolidated results for the six months ended 30 September 2019 as extracted from the annual reports of the Company for the years ended 31 March 2018 and 2019, and the interim report of the Company for the six months ended 30 September 2019, respectively:

	<b>For the six months ended 30 September 2019</b>	<b>For the year ended 31 March</b>		
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	331,230	595,467	409,935	487,468
Profit/(loss) before taxation	26,021	96,918	(5,559)	41,592
Profit/(loss) for the period/year attributable to owners of the Company	21,076	83,920	(11,169)	30,445
	<b>As at 30 September 2019</b>	<b>As at 31 March</b>		
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Audited)	(Audited)
Consolidated net asset value attributable to the owners of the Company	369,468	327,818	205,910	179,526

Your attention is drawn to the further details of the information of the Group as set out in the appendices to this Response Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there were 6,225,393,129 Shares in issue which were fully paid-up and rank *pari passu* in all respects with each other, including in particular as to dividends, voting rights and return on capital.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and has not entered into any agreement for the issue of such options, warrants, derivatives or convertibles.

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## LETTER FROM THE BOARD

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The shareholding structure of the Company as at the Latest Practicable Date is set out below:

<b>Shareholders</b>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Lee Cheong Yuen	1,792,000	0.03%
BIZ Cloud Limited ( <i>Notes 1 and 2</i> )	1,170,000,000	18.79%
Cloud Gear Limited ( <i>Notes 1 and 3</i> )	110,000,000	1.77%
Friends True Limited ( <i>Notes 1 and 4</i> )	312,156,000	5.01%
Imagine Cloud Limited ( <i>Notes 1 and 5</i> )	<u>125,000,000</u>	<u>2.01%</u>
 Sub-total	 1,718,948,000	 27.61%
 Offeror and parties acting in concert with it ( <i>Note 6</i> )	 990,937,960	 15.92%
Public Shareholders	<u>3,515,507,169</u>	<u>56.47%</u>
 Total	 <u><u>6,225,393,129</u></u>	 <u><u>100%</u></u>

*Notes:*

1. On 27 February 2015, certain shareholders of the Company, namely, Mr. Lee Cheong Yuen, Mr. Chan Kwok Pui, Mr. Yong Man Kin and Mr. Tam Kwok Wah, (the “**Relevant 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 Relevant Shareholders 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.
2. BIZ Cloud Limited, a company incorporated in the BVI with limited liability, is a company wholly-owned by Mr. Lee Cheong Yuen, an executive director of the Company.
3. Cloud Gear Limited, a company incorporated in the BVI with limited liability, is a company wholly-owned by Mr. Chan Kwok Pui, an executive director of the Company.
4. Friends True Limited, a company incorporated in the BVI with limited liability, is a company wholly-owned by Mr. Yong Man Kin, a former chairman of the Board and an executive director of the Company.
5. Imagine Cloud Limited, a company incorporated in the BVI with limited liability, is a company wholly-owned by Mr. Tam Kwok Wah, a non-executive director of the Company.
6. With reference to the Offer Document, Mr. Leong Yeng Kit is the sole beneficial owner and director of the Offeror.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE OFFEROR AND INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The information set out below is reproduced from the Offer Document:

“The Offeror is a company incorporated in the BVI on 11 July 2019 with limited liability. The principal activity of the Offeror is investment holding.

The Offeror is directly wholly-owned by Mr. Leong, who is also the sole director of the Offeror. Mr. Leong, aged 47, is a lawyer and was a banker by profession. He is currently a practicing lawyer practicing in partnership at the legal firm of Leong Yeng Kit & Co. which he founded and now serves as its managing partner. Mr. Leong was the founder director of OSK Indochina Bank Limited and OSK Indochina Securities Limited and was an independent non-executive director of RHB Indochina Bank Limited and RHB Indochina Securities Limited and had previously served on its remuneration and nominations committee, audit committee, risk management committee and new activities and products committee of both RHB Indochina Bank Limited and RHB Indochina Securities Limited. Mr. Leong is an experienced investor with over a decade of investment experience in various industries, including advertising and media, securities services, rubber and palm oil plantation, real estate, property development, electronics testing and product assurance facility, restaurant chains and private equity fund. Mr. Leong is interested in investing in industries with great potential and he is constantly looking for investment opportunities in Asia.

Mr. Leong, through the Offeror, acquired the Sale Shares from the Vendor pursuant to the Sale and Purchase Agreement as a bona fide purchaser for value without notice of the Incident and the Offeror has since become a registered Shareholder of the Sale Shares with valid title and assumed all the rights in the Sale Shares. As such, the Offeror does not consider the Incident has any impact on the validity of its acquisition of the Sale Shares. The Offeror decided to make the Offer after having considered (i) the price-to-earnings ratio of the Company as compared to other listed companies in Hong Kong with similar principal business activities is low; (ii) the financial performance of the Company since the date of listing demonstrated a general increasing trend; and (iii) future prospects and potential growth of the Company is optimistic.

Having considered the abovementioned, despite the fact that Mr. Leong does not have experience in the operation of the principal business of the Company as at the Latest Practicable Date, Mr. Leong has decided to acquire the Sale Shares and make the Offer in order to seize this investment opportunity. Apart from the changes to the Board composition as set out in the section headed “INTENTION OF THE OFFEROR IN RELATION TO THE GROUP”, the Offeror has no existing plan or contemplation to terminate the employment of any other employees or other personnel of the Group. The Offeror and the majority of the new Directors proposed to be appointed to the Board have extensive professional and business management experience. The Offeror and all new Directors proposed to be appointed to the Board will ensure the existing principal business of the Company will be operated and managed by (i) existing key personnel of the Company, which may include but not limited to senior management of the

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## LETTER FROM THE BOARD

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Company who are responsible for and familiar with the business operation of the Company; and/or (ii) engaging relevant management team with expertise in the IT industry.”

“It is the Offeror’s intention to acquire a majority interest in the Company pursuant to the Offer. The intention of the Offeror is that the Group’s existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. The Offeror had not identified any investment or business opportunities for the Company nor had the Offeror entered into any related agreement, arrangements, understandings or negotiation and there is no plan on any injection or disposal of any assets or businesses into/of the Group as at the Latest Practicable Date.

On 10 February 2020, pursuant to Article 64 of the articles of association of the Company, the Offeror served a requisition notice (the “**Requisition Notice**”) to the Board to require the Board to proceed forthwith, but in any event within 21 days of the date of the deposit of the Requisition Notice to convene an extraordinary general meeting of the Company for the purpose of considering and approving the resolutions to remove all existing Directors and appoint 11 new Directors to the Board.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. However, after the Offer the Offeror will continuously review the operation of the Group and the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s businesses and operations to optimise the value of the Group.”

The Board has noted the intentions of the Offeror in respect of the Company and its employees as stated above.

### LISTING STATUS OF THE COMPANY

The information set out below is reproduced from the Offer Document:

“The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market; it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange.



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## **LETTER FROM THE BOARD**

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Mr. Leong, the sole director of the Offeror and the new Directors proposed to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.”

### **OTHER INFORMATION RELATED TO THE OFFEROR**

Reference is made to the announcement of the Company dated 11 February 2020 in relation to the Requisition. On 10 February 2020, the Board received the Requisition Notice from the Offeror, requesting the Board to convene an extraordinary general meeting of the Company pursuant to Article 64 of the Articles of Association of the Company for the purpose of considering and, if thought fit, to pass the resolutions set out in the Requisition Notice as ordinary resolutions of the Company.

In such regard, the Company despatched the circular and the notice of extraordinary general meeting to the Shareholders on 28 February 2020, and such extraordinary general meeting will be held at the Unit 2602-03, 26/F., BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, at 10:00 a.m. on Thursday, 9 April 2020.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the non-executive Directors, namely Mr. Tam Kwok Wah, Ms. Tuon Wai Man and Mr. Tso Hon Sai Bosco and all the independent non-executive Directors, namely Dr. Cheung Siu Nang Bruce, Mr. Ko Sebastian Yat Fung and Ms. Kam Man Yi Margaret, has been formed to make a recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer.

As disclosed in the announcement of the Company dated 20 February 2020, Ample Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The appointment of Ample Capital has been approved by the Independent Board Committee. The letter of advice from Ample Capital addressed to the Independent Board Committee is set out on pages 19 to 45 of this Response Document.

### **RECOMMENDATION**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 17 to 18 of this Response Document which contains its recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 19 to 45 of this Response Document which contains its advice to the Independent Board Committee in connection with the Offer and the principal factors considered by it in arriving at its advice. Independent Shareholders should read these letters in conjunction with the Offer Document carefully before taking any action in respect of the Offer.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Response Document.

You are also recommended to read carefully further details in respect of the Offer as set out in the Offer Document and the Form of Acceptance which contain details of the Offer before deciding whether or not to accept the Offer.

By Order of the Board

**ICO Group Limited**

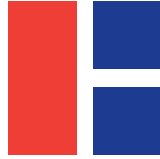
**Lee Cheong Yuen**

*Chairman, Chief Executive Officer and Executive Director*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)**

9 March 2020

*To the Independent Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER  
BY HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
TITAN WISE GROUP LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE SHARE CAPITAL  
OF ICO GROUP LIMITED (OTHER THAN  
THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
TITAN WISE GROUP LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Response Document dated 9 March 2020 issued by the Company in response to the Offer, in which this letter forms a part. Terms used in this letter shall have the meanings as those defined in the Response Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to give recommendation to the Independent Shareholders as to whether, in our opinions, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer. Ample Capital has been appointed, with our approval, as the independent financial adviser to advise us in this respect. Details of its advice and the principal factors and reasons taken into consideration in arriving at its advice are set out in the letter from the Independent Financial Adviser on pages 19 to 45 of the Response Document.

We also wish to draw your attention to the letter from the Board and the additional information set out in the appendices to the Response Document.

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

### RECOMMENDATION

Having considered the terms of the Offer and the advice from Ample Capital, we consider that the terms of the Offer are not fair and not reasonable. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer and the “Letter from the Independent Financial Adviser” in the Response Document. The Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee of  
**ICO Group Limited**

<b>Tam Kwok Wah</b>	<b>Tuon Wai Man</b>	<b>Tso Hon Sai</b>	<b>Cheung Siu Nang Bruce</b>	<b>Ko Sebastian Yat Fung</b>	<b>Kam Man Yi Margaret</b>
<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Ample Capital, the Independent Financial Adviser in respect of the Offer, and is prepared for the purpose of incorporation into this Response Document.*

**AmCap**

*Ample Capital Limited*  
*豐盛融資有限公司*

Ample Capital Limited  
Unit A, 14th Floor  
Two Chinachem Plaza  
135 Des Voeux Road Central  
Hong Kong

9 March 2020

*To the Independent Shareholders and Independent Board Committee*

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFER  
BY HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
TITAN WISE GROUP LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE SHARE CAPITAL  
OF ICO GROUP LIMITED (OTHER THAN  
THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
TITAN WISE GROUP LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our engagement by the Company to advise the Independent Board Committee in respect of the Offer, the particulars of which have been set out in the Response Document to the Independent Shareholders dated 9 March 2020 and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Response Document.

On 3 February 2020, the Offeror announced that it intends to make the Offer (in compliance with the Takeovers Code) through Head & Shoulders Securities to acquire all the Shares not already owned by the Offeror and parties acting in concert with it at the Offer Price of HK\$0.05 per Offer Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising all the non-executive Directors, namely Mr. Tam Kwok Wah, Ms. Tuon Wai Man and Mr. Tso Hon Sai Bosco, and all the independent non-executive Directors, namely Dr. Cheung Siu Nang Bruce, Mr. Ko Sebastian Yat Fung and Ms. Kam Man Yi Margaret, has been formed to advise the Independent Shareholders as to whether the terms of the Offer is fair and reasonable and as to the acceptance of the Offer.

We, Ample Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer. The appointment of Ample Capital has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted. As at the Latest Practicable Date, other than this appointment as the Independent Financial Adviser to the Independent Board Committee in connection with the Offer, we did not have any other relationship with or interest in the Company during the past two years immediately preceding the Latest Practicable Date, the Offeror or any other parties that could reasonably be regarded as relevant to our independence to act as the Independent Financial Adviser to the Independent Board Committee.

### **BASIS OF OUR OPINION**

In formulating our opinions and recommendations, we have relied on the information in relation to the Offer and operation of the Group supplied to us by the Company, the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Response Document. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. Our review and analyses were based upon, among others, the information provided by the Company including the announcements, the Offer Document and the Response Document and certain published information from the public domain including trading performance of the Shares on the Stock Exchange, information set out in the annual report of the Company for the year ended 31 March 2019 (the “**Annual Report 18/19**”) and the interim report of the Company for the six months ended 30 September 2019 (the “**Interim Report 19/20**”). We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion, which included market research, review and analyse of certain published information available to us from the public domain. The Independent Shareholders will be notified of any material changes to such information provided in the Response Document and our opinion as soon as possible as required under the Takeovers Code. We have also assumed that all statements of opinion made by the Directors and the management of the Company in the Response Document were reasonably made after due enquiries and careful consideration. The Directors have confirmed that, to the best of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Response Document, including this letter, misleading.

We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Takeovers Code. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company or the Offeror as set out in the Response Document or Offer Document, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Offer.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

### PRINCIPAL TERMS OF THE OFFER

The Offer is made by Head & Shoulders Securities Limited for and on behalf of the Offeror, on and subject to the terms set out in the Offer Document and the form of acceptance and transfer or cancellation accompanied therewith to acquire all the Shares not already owned by the Offeror and parties acting in concert with it at the Offer Price of HK\$0.05 per Offer Share.

The information pertaining to the Offer as extracted from the Offer Document is set out below:

For each Offer Share ..... HK\$0.05 in cash

As at the Latest Practicable Date, there were a total of 6,225,393,129 Shares in issue. As at the Offer Document LPD, the Offeror held 990,937,960 Shares, representing approximately 15.92% of the issued share capital of the Company. Save for the aforesaid, the Offeror and parties acting in concert with it do not have any other interests in the share capital or voting rights of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Conditions to the Offer

The Offer is conditional upon the satisfaction or waiver (as applicable) of the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date in respect of such number of Shares which together with Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and the parties acting in concert with it together holding more than 50% of the voting rights of the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading in the Shares as a result of the Offer and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offer or anything done or caused by or on behalf of the Offeror or the parties acting in concert with it;
- (c) no event, up to the Closing Date, having occurred which would make the Offer or the acquisition of any of the Shares under the Offer void, unenforceable or illegal or their implementation being prohibited or which would impose material conditions, limitations or obligations with respect to the Offer;
- (d) no relevant authority(ies) in Hong Kong, the Cayman Islands, and the BVI having taken or instigated any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer or the acquisition of any of the Shares under the Offer void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to, the Offer (other than such items or events above as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer);
- (e) no event occurring or having occurred which is an event of default or other event giving any lender to any member of the Group a right to accelerate the repayment of any obligations prior to their stated maturity date arising from any financing documentation to which any member of the Group is a party or by which it is bound and no lender to any member of the Group indicating on or prior to the date to be stated in the offer document regarding the Offer as the Closing Date that it will exercise such rights to accelerate repayment or claim an event of default; and
- (f) since the date of the last audited consolidated financial statements of the Company, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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material adverse change in, the general affairs, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Company or any other member of the Group.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Offer, we have taken into consideration the following principal factors:

#### Information on the Group

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares had been listed on the GEM of the Stock Exchange since 18 March 2015, and were transferred to the Main Board of the Stock Exchange on 12 October 2016.

The Group is principally engaged in the information technology (IT) related businesses and operates through four business segments, (i) the IT application and solution development segment which engaged in the design and implementation of IT application solutions and procurement of third party hardware and software; (ii) the IT infrastructure solutions segment which engaged in the provision of IT infrastructure solutions and sale of IT infrastructure solution related hardware and software; (iii) the secondment services segment which engaged in the provision of secondment services for a fixed period of time according to the secondment service agreements; and (iv) the maintenance and support services segment which engaged in the provision of maintenance and support services.

Financial information of the Group (as extracted from the Group's interim report for the six months ended 30 September 2019 (the "Interim Report") and the Group's annual report for the two years ended 31 March 2018 and 2019 (the "Annual Reports")) is further discussed below.

#### a) Financial results of the Group

	For the year ended			For the six months ended	
	31 March			30 September	
	2017	2018	2019	2018	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	487,468	409,935	595,467	242,227	331,230
Gross profit	96,172	48,714	97,405	39,392	54,073
Profit/(loss) for the year/period	33,908	(7,083)	93,184	84,957	24,360

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Revenue*

As set out in the Interim Report and Annual Reports, approximately 52.4%, 64.1%, 71.7%, 63.6% and 67.6% of the Group's revenue for the three years ended 31 March 2019 and the six months ended 30 September 2018 and 2019 was derived from the IT infrastructure solutions segment.

The Group recorded a decrease in revenue by approximately HK\$77.5 million or 15.9%, from approximately HK\$487.5 million for the year ended 31 March 2017 to approximately HK\$409.9 million for the year ended 31 March 2018. Such decrease was mainly attributable to the decrease in revenue of the Group's IT application and solution development segment by approximately HK\$117.7 million resulting from (i) the significant drop of revenue recognised from the Group's large-scale projects as the implementation phase of the projects were substantially completed during the year ended 31 March 2018 and according to the project implementation plans the final implementation phase of these projects would contribute less revenue than past phases which were executed in past years; (ii) the significant drop of revenue derived from direct procurement of hardware and software for the Group's large-scale projects during the year ended 31 March 2018 as the procurement services were substantially completed in past years; and (iii) following the substantial completion of the implementation phase of the Group's large-scale projects, the Group is yet to secure another large-scale IT project that would provide new stream of income to the Group during the year ended 31 March 2018, which was partially offset by (iv) the increase in revenue of the Group's secondment services segment by approximately HK\$15.9 million resulting from the increase in demand for secondment services from one existing customer and the addition of two new secondment contracts from its customers in the financial sectors during the year ended 31 March 2018; and (v) the increase in revenue of the Group's maintenance and support services segment by approximately HK\$16.8 million resulting from the significant revenue recorded from the maintenance phase of the Group's largest IT Project which commenced since November 2017 after the completion of the implementation phase of the project.

The Group recorded an increase in revenue by approximately HK\$185.5 million or 45.3%, from approximately HK\$409.9 million for the year ended 31 March 2018 to approximately HK\$595.5 million for the year ended 31 March 2019. Such increase was mainly attributable to (i) the increase in revenue of the Group's IT infrastructure solutions segment by approximately HK\$164.3 million resulting from (a) significant increase in amount of revenue generated from customers in the construction and financial sectors due to their business expansion and technological refreshment; and (b) the number of active customers for the Group increased as a result of the Group's effort to expand its sales channel and customer portfolio; and (ii) the increase in revenue of the Group's maintenance and support services segment by approximately HK\$38.1 million resulting from significant revenue recorded from the maintenance phase of the Group's sizable IT Projects which commenced since November 2017 and August 2018 subsequent to the completion of their implementation phase, which was partially offset by the decrease in revenue of the Group's IT application and solution development segment by approximately HK\$15.0 million

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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resulting from (iii) the significant drop of revenue recognised from the Group's large-scale projects as the implementation phase of the projects were substantially completed during the year ended 31 March 2018 and according to the project implementation plans the final implementation phase of these projects would contribute less revenue than past phases which were executed in past years; and (iv) following the substantial completion of the implementation phase of the Group's large-scale projects, the Group is yet to secure another large-scale IT project that would provide significant new stream of income to this segment during the year ended 31 March 2019.

The Group recorded an increase in revenue by approximately HK\$89.0 million or 36.7%, from approximately HK\$242.2 million for the six months ended 30 September 2018 to approximately HK\$331.2 million for the six months ended 30 September 2019. Such increase was mainly attributable to (i) the increase in revenue of the Group's IT infrastructure solutions segment by approximately HK\$69.9 million resulting from (a) significant increase in revenue generated from customers in the construction and financial sectors due to their business expansion and technological refreshment; and (b) 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 increase in revenue of the Group's IT application and solution development segment by approximately HK\$15.5 million resulting from the commencement of implementation phrase of various new projects during the six months ended 30 September 2019.

### *Gross profit*

The Group recorded a decrease in gross profit by approximately HK\$47.5 million or 49.4%, from approximately HK\$96.2 million for the year ended 31 March 2017 to approximately HK\$48.7 million for the year ended 31 March 2018, while the Group recorded a decrease in gross profit margin from approximately 19.7% for the year ended 31 March 2017 to approximately 11.9% for the year ended 31 March 2018. During the year ended 31 March 2018, while the Group was in the process of bidding new tenders in order to secure new revenue streams, the Group had to retain a sizeable team of IT professionals to get itself ready for the next large-scale project. During this transitional period, apart from devoting its resources on presale and tender bidding activities, the Group also rearranged its human resources to focus on completing existing engagements so that all of its staff were utilized. As such, the gross profit and gross profit margin generated from the provision of IT application and solution development services, IT infrastructure solutions and maintenance and support services were decreased during the year ended 31 March 2018.

The Group recorded an increase in gross profit by approximately HK\$48.7 million or 100.0%, from approximately HK\$48.7 million for the year ended 31 March 2018 to approximately HK\$97.4 million for the year ended 31 March 2019, while the Group recorded an increase in gross profit margin from approximately 11.9% for the year ended 31 March 2018 to approximately 16.4% for the year ended 31 March 2019. During the year ended 31 March 2019, the gross profit generated from the IT infrastructure solutions

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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segment and maintenance and support services segment increased in line with the increase in revenue for these two segments, while the gross profit margin for these two segments remained relatively stable. For the IT application and solution development segment, the gross profit and the gross profit margin increased and reverted to a normal level after the successful downsizing exercise during the year ended 31 March 2019 which reduced the team size of the Group to an optimal and sustainable level. For the secondment services segment, despite the slight decrease in revenue, the gross profit and the gross profit margin for this segment increased slightly due to the increased charge rate for secondment contracts awarded to the Group during the year ended 31 March 2019.

The Group recorded an increase in gross profit by approximately HK\$14.7 million or 37.3%, from approximately HK\$39.3 million for the six months ended 30 September 2018 to approximately HK\$54.1 million for the six months ended 30 September 2019, while the Group's gross profit margin remained relatively stable at approximately 16.3% and 16.3% for the six months ended 30 September 2018 and 2019. Although there was an increase in gross profit margin for the IT application and solution development segment and secondment services segment, the effect was being set off by the slight decrease in gross profit margin in the IT infrastructure solutions segment.

### *Profit/(loss) for the year/period*

The Group recorded a net profit of approximately HK\$33.9 million for the year ended 31 March 2017 while the Group recorded a net loss of approximately HK\$7.1 million for the year ended 31 March 2018. Such decrease was mainly attributable to the combined effect of (i) the decrease in gross profit of approximately HK\$47.5 million as explained above; and (ii) the increase in administrative expenses of approximately HK\$1.4 million resulting from the increase in staff cost of approximately HK\$4.4 million due to the effort incurred for tender bidding processes and other presale activities with an aim to secure another large-scale IT project offsetting (a) the decrease in professional fees of approximately HK\$1.1 million due to the absence of professional fee incurred for the transfer of listing during the year ended 31 March 2017; and (b) the decrease in rental expenses paid by the Group of approximately HK\$1.8 million following the relocation of the head office of the Group to an acquired premises in Kwun Tong, which was partially offset by (i) the decrease in provision for income tax of approximately HK\$6.2 million due to the significant decrease in taxable profits as a result of the net loss recorded by the Group; and (ii) the gain on change in fair value of contingent consideration payable of approximately HK\$2.9 million in relation to the acquisition of 15% equity interest of INAX Technology Limited (“INAX”) as a result of the drop in stock price of the Company as at 31 March 2018 when compared with the stock price of the Company as at the date of completion of the acquisition of INAX, for the year ended 31 March 2018 as compared to the year ended 31 March 2017.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group recorded a net loss of approximately HK\$7.1 million for the year ended 31 March 2018 while the Group recorded a net profit of approximately HK\$93.2 million for the year ended 31 March 2019. Such increase was mainly attributable to the combined effect of (i) the increase in gross profit of approximately HK\$48.7 million as explained above; and (ii) the aggregate gain on changes in fair value of contingent consideration payable and derivative component of convertible bonds of approximately HK\$67.1 million as a result of the remeasurement of the fair value of these financial liabilities according to the relevant accounting standards and with reference to the valuation reports prepared by an independent professional valuer, which was partially offset by (i) the increase in general and administrative expenses of approximately HK\$7.6 million as a result of the increase in staff cost of approximately HK\$7.3 million attributed to (a) expansion of the Group's sale team despite its effort to downsize its technical team so as to expand its sales channels; (b) presale and tender bidding activities in order to secure new projects for the IT application and solution development segment; and (c) commission paid to sales staff which was in line with the increase in revenue of the Group; (ii) the increase in finance costs of approximately HK\$4.3 million as a result of the imputed interest expenses arising from amortisation of the liability component in convertible bonds in accordance with the relevant accounting standards; and (iii) the increase in income tax expenses of approximately HK\$2.2 million, for the year ended 31 March 2019 as compared to the year ended 31 March 2018.

The Group recorded a decrease in net profit by approximately HK\$60.6 million or 71.3%, from approximately HK\$85.0 million for the six months ended 30 September 2018 to approximately HK\$24.4 million for the six months ended 30 September 2019. Such decrease was mainly attributable to (i) a decrease in aggregate of change in fair value of derivative component in convertible bonds and gain on conversion of convertible bonds by approximately HK\$31.3 million and a decrease in change in fair value of contingent consideration payable by approximately HK\$24.0 million as a result of the remeasurement of the fair value of these financial liabilities according to the relevant accounting standards and with reference to the valuation reports prepared by an independent professional valuer; and (ii) an increase in general and administrative expenses by approximately HK\$16.6 million due to the increase in staff cost incurred for (a) expansion of the Group's sales team despite its effort to downsize its technical team so as to expand its sales channels; (b) presale and tender bidding activities in order to secure new projects for the IT application and solution development segment; and (c) commission paid to sales staff which was in line with the increase in revenue of the Group, which was partially offset by an increase in gross profit by approximately HK\$14.7 million as explained above, for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**b) Financial positions of the Group**

	As at 31 March 2017 <i>HK\$'000</i> (Audited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)	As at 31 March 2019 <i>HK\$'000</i> (Audited)	As at 30 September 2019 <i>HK\$'000</i> (Unaudited)
Total assets	248,250	329,493	509,503	543,178
Total liabilities	(64,224)	(117,594)	(169,617)	(164,147)
Net assets attributable to owners of the Company	179,526	205,910	327,818	369,468

As at 30 September 2019, the Group's total assets were approximately HK\$543.2 million. Assets of the Group mainly include (i) property, plant and equipment of approximately HK\$47.6 million; (ii) interest in associates of approximately HK\$63.2 million; (iii) other financial assets of approximately HK\$27.9 million; (iv) deposits for acquisition of a subsidiary of approximately HK\$146.0 million; (v) trade and other receivables of approximately HK\$202.7 million; and (vi) cash and cash equivalents of approximately HK\$31.3 million.

As at 30 September 2019, the Group recorded total liabilities amounted to approximately HK\$164.1 million, which mainly consisted of (a) trade and other payables of approximately HK\$101.6 million; and (b) liability component in convertible bonds of approximately HK\$43.3 million.

The Group's consolidated net assets attributable to owners of the Company amounted to approximately HK\$327.8 million and HK\$369.5 million as at 31 March 2019 and 30 September 2019, with a value per Share of approximately HK\$0.0527 and HK\$0.0593, respectively (calculated based on 6,225,393,129 Shares in issue as at the Latest Practicable Date).

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### *Adjusted consolidated net assets*

Taking into account the valuation of the Group's properties as at 31 December 2019, the Group's unaudited consolidated net assets attributable to owners would be adjusted as follows:

	<i>HK\$'000</i>
The Group's unaudited consolidated net assets attributable to owners as at 30 September 2019	369,468
Add: market valuation of the properties as at 31 December 2019 based on the valuation report prepared by an independent valuer	59,500
Less: the carrying value of the properties as at 30 September 2019 based on the information provided by the Company	(42,263)
The Group's unaudited adjusted consolidated net assets attributable to owners	386,705

Based on 6,225,393,129 Shares in issue as at the Latest Practicable Date, the unaudited adjusted consolidated net assets attributable to owners ("**Adjusted NAV**") per share amounted to approximately HK\$0.0621 per Share.

### *Recent developments on the acquisition of O2O Limited*

We also noted that the Company published an announcement on 6 February 2020 (the "**Announcement I**") providing an update on the acquisition of the entire issued capital of O2O Limited (the "**Acquisition**"). It was mentioned in the Announcement I that the purchaser, a wholly owned subsidiary of the Company (the "**Purchaser**"), served a notice on 6 February 2020 (the "**Notice**") to request the vendor (the "**Vendor**") to cure certain breaches or non-performances of the conditions to the Acquisition. Should the Acquisition terminate, and if the relevant collaterals/guarantees cannot fully recover the payments of the consideration made as detailed within the Announcement I, impairment loss on the aforementioned payments may incur and the Company's financial position may be adversely affected.

The Company further published an announcement on 28 February 2020 (the "**Announcement II**") providing an update on the development relating to the Acquisition and the Notice. It was mentioned that the Purchaser has maintained a dialogue with the Vendor while the Vendor has taken steps to appoint the nominee of the Purchaser as director of certain companies prescribed in the agreement of the Acquisition. The Vendor has requested to dispute the contents of the Notice and denied that it had breached the undertaking, and further submitted that the Vendor had fulfilled the two Conditions Precedent II referred to in the Notice. Taken together the fresh documents provided by the



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Vendor, the Purchaser is seeking independent legal advice on the merit of the submissions of the Vendor based on the fresh documents made available to the Purchaser. The Announcement II further mentioned that the Group is committed to perform its obligations under the Acquisition agreement and to complete the Acquisition in accordance with the terms and conditions of the Acquisition agreement.

It is also noted that in the event of the Acquisition agreement being terminated by the Company as a result of breach and/or non-performance by the Vendor, the Company is entitled to collect payment of damages equivalent to 20% of the total consideration as part of the clauses within the agreement of the Acquisition.

As advised by the Directors, they are of the view that with the collaterals held by the Company, including (i) the entire issued share capital of O2O Limited; (ii) the entire issued share capital of Nexus Primo Sdn. Bhd.; and (iii) personal guarantees by Mr. Tan Yun Harn, Mr. Teoh Teng Guan and Mr. Lau Chuen Yien, Calvin, being the guarantors and the ultimate beneficial owners and the directors of the Vendor, the likelihood of recovering the amount entitled by it under the Acquisition agreement is good and it is unlikely the termination of the Acquisition will have a material effect on the financial position of the Group. In addition, as the Group principally engaged in the IT related businesses, the Directors are of the view that the sustainability of the Group's business will not be affected should the Acquisition not proceed.

Despite the possible termination of the Acquisition and if the collaterals or guarantees are insufficient to cover the consideration paid, the Group may need to recognise an impairment loss. The Company is currently seeking independent legal advice to ascertain the legal position and remedies of the Company under the Acquisition agreement. Given whether the Acquisition agreement will be terminated and the subsequent development of the recovery of the consideration paid are yet to be certain and taking into account the Group's principal business shall remain in operation, we are of the view that the Independent Shareholders should consider the current available information and analysis in this IFA Letter to assess whether to accept the Offer.

### **Information on the Offeror and its intention on the Group**

With reference to the Offer Document, the Offeror is a company incorporated in the BVI on 11 July 2019 with limited liability. The principal activity of the Offeror is investment holding. The Offeror is directly wholly-owned by Mr. Leong Yeng Kit ("**Mr. Leong**"), who is also the sole director of the Offeror.

Mr. Leong, aged 47, obtained a degree of Bachelor of Laws (LL.B.) of Law from the University of Buckingham and is a lawyer and banker by profession. Mr. Leong is currently a practicing lawyer practicing in partnership at Leong Yeng Kit & Co., a legal firm founded by him and he now serves as its Managing Partner. Mr. Leong was the founder-director of OSK Indochina Bank Limited and OSK Indochina Securities Limited and was an independent non-executive director of RHB Indochina Bank Limited and RHB Indochina Securities Limited



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and had previously served on its remuneration and nominations committee, audit committee, risk management committee and new activities and products committee of both RHB Indochina Bank Limited and RHB Indochina Securities Limited. Mr. Leong is an investor in various industries, including advertising and media, securities services, rubber and palm oil plantation, real estate, property development, electronics testing and product assurance facility, restaurant chains and private equity fund.

The education background and work experience of Mr. Leong have been very focus in law and banking. The Company being principally engaged in the businesses of IT application and solution development, IT infrastructure solutions, secondment services and maintenance and support services require specific expertise and relevant knowledge from the management. Mr. Leong's capability in managing the business of the Company in the absence of any past experience in connection to the Group's business nature, in specific, the IT industry, is questionable. It is also noted that Mr. Leong's corporate exposures are predominately in Malaysia, which raises uncertainty as to his competency to guide the Group which is primarily based in Hong Kong with most of the revenue generated locally. Based on Mr. Leong's education background, work experience and geographical exposures, it is not convincing as to whether Mr. Leong has sufficient knowledge or experience to oversee the operation of the Group or even the business development in the future.

With reference to the Offer Document, the Offeror intends to acquire a majority interest in the Company pursuant to the Offer. The Offeror intends to maintain the Company's existing principal activities and its listing status on the Stock Exchange.

The Offer Document discloses that following the completion of the Offer, the Offeror will conduct a review on the existing principal businesses and the financial position of the Group and would formulate business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fundraising, restructuring of the business and/or business diversification will be appropriate to enhance the long-term growth potential of the Group.

In this connection, as at and to our best knowledge based on the publicly available information, the Offeror does not have any concrete plan on the future development of the business of the Group. Considering that there is no evidence showing Mr. Leong has any knowledge or experience in IT application and solution development, IT infrastructure solutions, secondment services and it remains doubtful whether the credentials of Mr. Leong may provide new business opportunities to enhance the Group's future prospects, we would like to remind the Independent Shareholders that it is remote and uncertain whether and when business opportunities may be presented to the Group by the Offeror.

According to the announcement issued by the Company dated 11 February 2020, the Offeror requested the Board to convene an extraordinary general meeting of the Company (the "EGM") to remove all existing directors of the Company and to be replaced by a new group of directors (the "New Board"), while Mr. Leong is proposed to be appointed as an executive

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Director. According to the disclosure in the notice of extraordinary general meeting issued by the Company dated 28 February 2020 (the “**Notice of EGM**”), the background of the proposed directors in the New Board is heavily skewed to law profession. Not only both of the proposed executive directors are lawyers, two of the proposed non-executive directors and two of the proposed independent non-executive directors are also lawyers, altogether six out of the eleven proposed directors. Among them, three of the proposed directors work in the same law firm while five of the 11 proposed directors have a family relationship. The composition of the New Board raises grave concern as to its ability to lead the Company as well as its existing business to grow and develop further given none of the New Board members have any experience in the IT industry.

In contrary, the current executive Directors Mr. Lee Cheong Yuen (“**Mr. Lee**”) and Mr. Chan Kwok Pui (“**Mr. Chan**”), are both experts in the IT industry with a degree of Bachelor of Science in computer studies and had over 25 years of experience in the IT industry. In particular, Mr. Lee founded the Group in 1992 and remained his seat as the Chairman, Chief Executive Officer and an executive Director of the Company, while Mr. Chan joined the Group three years later in 1995 and is redesignated from non-executive Director to executive Director on 22 February 2019. Mr. Lee and Mr. Chan, together, made significant contribution to the Group in the past 28 and 25 years, respectively, leading the Group to its listing on GEM of the Stock Exchange in March 2015, and subsequently successfully transferring to the Main Board of the Stock Exchange in October 2016, demonstrating the Group’s continuous compliance to the Listing Rules and its robust financial performance under their leadership.

Currently, Mr. Lee and Mr. Chan are primarily responsible for overseeing the business development, in-house operations, overall strategic planning, devising market strategies and business expansion plans of the Group. Mr. Lee and Mr. Chan both play a very important role in the management, operation, business development and the well-constructed corporate culture of the Group. Mr. Lee and Mr. Chan have been heavily involved and taken a very substantial role in the Board.

The removal of Mr. Lee and Mr. Chan as executive Directors will critically impact the operation of the Group. In consideration of the importance of Mr. Lee and Mr. Chan to the Group and the New Board’s lack of expertise and experience in the IT industry, it casts doubt as to whether Mr. Leong or the New Board are capable of supporting the operation and business development of the Group, let aside the ability to fit in with the Group’s corporate culture. In addition, it is noted that the Offeror’s proposed directors and Mr. Leong, are primarily based in Malaysia according to their business profiles, work experiences and corporate exposures. It casts uncertainty as to whether the proposed New Board will be able to lead the Group to continue the current business which has over 90% and predominately all of the revenue generated from the operations in Hong Kong according to the Interim Report 19/20 and Annual Report 18/19, respectively.

Under the condition that the New Board has no technical knowledge nor related experience in the IT industry, we would like to remind the Independent Shareholders that the business nature of the Group requires expertise knowledge and well-experienced management. The change

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of Board members may have a material impact to the Group's operation, profitability, business performance and future development. Should the Company remain under the existing Board and management, there will not be any uncertainties to the business development of the Company. As such, for Independent Shareholders who wish to seek for long term investment in a stable company, we recommend the Independent Shareholders not to accept the Offer.

### **Analysis of the Offer Price and the financial performance with Peer Comparables**

#### *a) Comparison of the Offer Price and the market price*

The Offer Price of HK\$0.05 per each Offer Share represents:

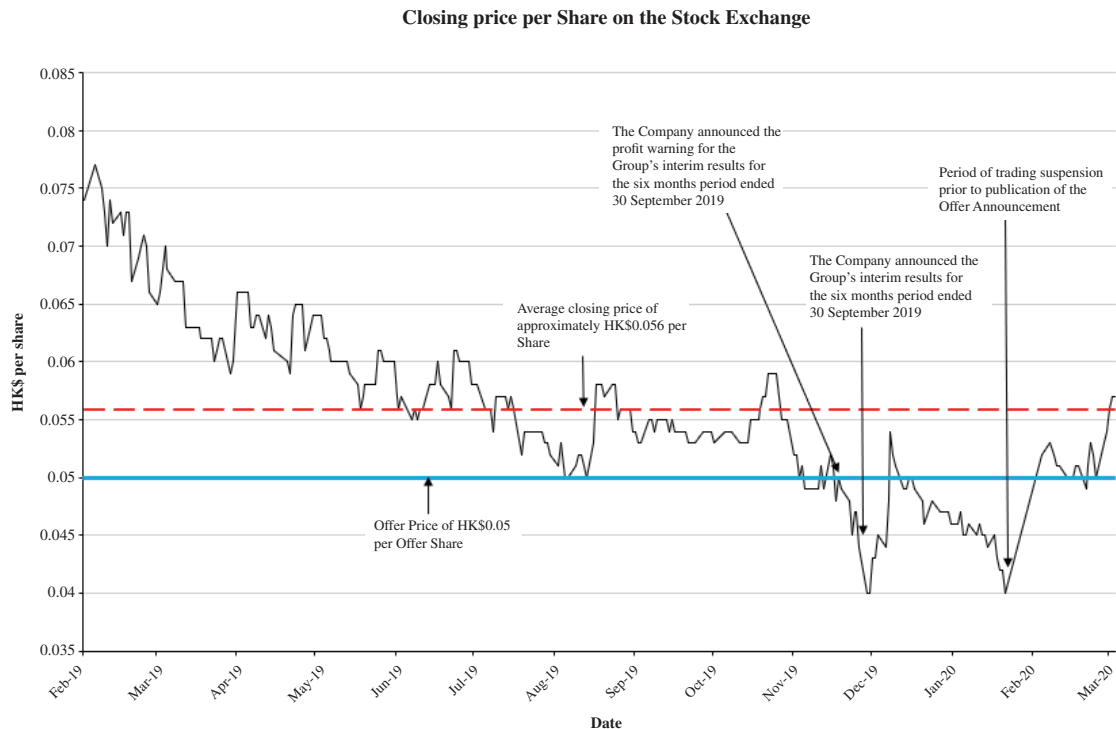
- (i) a premium of approximately 25.00% over the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Last Trading Day immediately before the date of the Offer Announcement;
- (ii) a premium of approximately 17.92% over the average closing price of HK\$0.0424 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 14.42% over the average closing price of HK\$0.0437 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 7.30% over the average closing price of HK\$0.0466 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (v) a discount of approximately 12.28% to the closing price of HK\$0.057 per Share as at the Latest Practicable Date;
- (vi) a discount of approximately 15.68% to the Company's unaudited consolidated net assets per Share of approximately HK\$0.0593 based on the Company's unaudited consolidated net assets attributable to the owners of the Company of approximately HK\$369.5 million as at 30 September 2019 and 6,225,393,129 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 5.12% to the Company's audited consolidated net assets per Share of approximately HK\$0.0527 based on the Company's audited consolidated net assets attributable to the owners of the Company of approximately HK\$327.8 million as at 31 March 2019 and 6,225,393,129 Shares in issue as at the Latest Practicable Date; and

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(viii) a discount of approximately 19.48% to the Company's Adjusted NAV per Share of approximately HK\$0.0621 (as calculated under the paragraph headed "Adjusted consolidated net assets" above).

### b) *Historical closing price of the Shares on the Stock Exchange*

Set out below is the daily closing price of the Shares as quoted on the Stock Exchange from 3 February 2019 (one year prior to the date of the Offer Announcement being 3 February 2020) up to and including the Latest Practicable Date (the "Review Period").



Source: The Stock Exchange

The closing price of the Shares showed a general downward trend from HK\$0.074 per Share as at the beginning of the Review Period to HK\$0.056 per Share as at 21 May 2019 and remained relatively stable at the average closing price of approximately HK\$0.056 per Share with the slight fluctuation in a range between approximately HK\$0.05 per Share and approximately HK\$0.06 per Share from 21 May 2019 to 21 November 2019 (the date before the issue of profit warning announcement for the six months ended 30 September 2019 by the Company).

On 22 November 2019 and 28 November 2019, the Company issued a profit warning announcement and interim result announcement for the six months ended 30 September 2019 disclosing a decrease in net profit of approximately HK\$60.6 million, respectively. After the aforementioned announcements, the closing price of the Shares showed a sharp downward trend to HK\$0.04 per Share as at 2 December 2019, representing a decrease of approximately 20.0%

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as compared to that of 21 November 2019. However, the closing price of the Shares showed a sharp but short upward trend from HK\$0.04 per Share as at 2 December 2019 to HK\$0.054 per Share as at 11 December 2019 but went down to HK\$0.04 per Share as at 24 January 2020 (the trading day immediately prior to the date of suspension of trading as at 29 January 2020). According to the Company's management, based on their best knowledge, they are not aware of any reason for the fluctuation of the price movements.

The Company announced a suspension of trading in relation to the Offer as at 29 January 2020. The Offeror published the Offer Announcement on 3 February 2020 and the Company published the announcement in relation to the Offer and the trading resumption on 6 February 2020. On 7 February 2020, the closing price of the Shares was HK\$0.052 per Share, representing an increase of approximately 30.0% as compared to that of HK\$0.04 per Share as at 24 January 2020 which is the trading day immediately prior to the suspension of trading.

If we look at the overall trend of the Share price performance during the Review Period, prior to the announcement of the Offer, the closing prices of the Shares were generally above the Offer Price. The closing price of the Shares being below the Offer Price during the Review Period may partially be affected by the decrease in net profit for the six months ended 30 September 2019 as compared to the corresponding period ended 30 September 2018. The decrease in net profit for the said interim period was mainly attributable to a decrease in aggregate of change in fair value of derivative component in convertible bonds and gain on conversion of convertible bonds by approximately HK\$31.3 million and a decrease in change in fair value of contingent consideration payable by approximately HK\$24.0 million as a result of the remeasurement of the fair value of these financial liabilities according to the relevant accounting standards and with reference to the valuation reports prepared by an independent professional valuer. Though these valuation gains or losses were merely result of accounting treatments and do not have any real impacts on the results of the operations and cash flows of the Group, the closing price of the Shares went below the Offer Price after the issue of the profit warning announcement dated 22 November 2019 and interim result announcement dated 28 November 2019 for the six months ended 30 September 2019.

Taking into account the abovementioned and that the Offer Price is below the market price of HK\$0.057 as at the Latest Practicable Date, which also represents a discount of approximately 10.6% to the average closing price of the Shares of approximately HK\$0.056 per Share during the Review Period, we consider that the Offer Price is not fair and reasonable in comparison of the historical closing prices of the Shares.

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*c) Offer Comparable analysis*

We have searched on a best effort basis and identified 12 listed companies on the Stock Exchange which have recently undergone general offer exercise (being mandatory general offer and voluntary general offer with/without the intention of privatisation) by an offeror during the past four months with announcements published since 3 October 2019 up to the date of the Offer Announcement (the “**Offer Comparable(s)**”), which we consider such sampling period of the recent four months is adequate as it represents a reasonable period to provide a fair comparable base and representative analysis of the recent general offer exercise in the market. The Offer Comparables represent an exhaustive list of comparable companies meeting the aforementioned criteria as identified by us based on our best information, knowledge and belief through our research on the Stock Exchange. The Offer Comparables reflect the pricing trend of the recent general offer transactions. Though the Offer Comparables have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, we are of the view that the Offer Comparables are meaningful for illustration purpose in comparing the offer prices in the market of other similar transactions to the Offer to enable the Independent Shareholders to make a balanced and informed decision as (i) the offer prices of the Offer Comparables represent the amount (including the relevant premium or discount) which the offerors are willing to pay to the independent shareholders to accept the offer, which the Independent Shareholders can make reference to; and (ii) the purpose of the Offer Comparables analysis is to compare their offer prices of the Offer Comparables with their respective closing price as at the last trading day and their net asset value per share attributable to owners, so as to determine whether the Offer Price is in line with the recent general offer exercises in the market.

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The table below is therefore provided for illustrative purposes only and provides a general reference for the Independent Shareholders about market practice of transactions of this type.

Date of announcement	Company name	Stock code	Type of general offer exercise	Offer price (HK\$)	Net asset value per share attributable to owners (Note 1) (HK\$)	Premium/(discount) over/(to) closing price as at the last trading day (approximately)	Premium/(discount) over/(to) the net asset value per share attributable to owners (approximately)
3/10/2019	Huaneng Renewables Corporation Limited*	958	Voluntary with the intention of privatisation	3.17	3.32	46.1%	(4.6%)
10/10/2019	International Standard Resources Holding Limited	91	Mandatory	0.102	N/A (Note 2)	(38.6%)	N/A (Note 2)
31/10/2019	Asia Pacific Silk Road Investment Company Limited	767	Mandatory	0.05775	0.62589	9.0%	(90.8%)
13/11/2019	Elegance Commercial And Financial Printing Group Limited	8391	Mandatory	0.325	0.199	(14.5%)	63.0%
15/11/2019	Emperor Culture Group Limited	491	Mandatory	0.08	0.186	11.1%	(57.0%)
11/12/2019	FSM Holdings Limited	1721	Mandatory	0.42	0.23	(16.0%)	82.6%
8/1/2020	AV Concept Holdings Limited*	595	Voluntary without the intention of privatisation	0.35	1.247	12.9%	(71.9%)
8/1/2020	Sunway International Holdings Limited	58	Mandatory	0.1	0.296	25.0%	(66.3%)
17/1/2020	Season Pacific Holdings Limited	1709	Mandatory	0.55	0.152	(19.1%)	261.8%
21/1/2020	Zhuhai Holdings Investment Group Limited	908	Mandatory	1.21	2.638	0.8%	(54.1%)
24/1/2020	Imperium Group Global Holdings Limited	776	Mandatory	1.04	0.2	(20.0%)	420.0%
29/1/2020	Kingsley Edugroup Limited*	8105	Voluntary with the intention of privatisation	0.54	0.5185	12.5%	4.2%
					<b>Average</b>	0.8%	44.3%
					<b>Median</b>	4.9%	(4.6%)
					<b>Maximum</b>	46.1%	420.0%
					<b>Minimum</b>	(38.6%)	(90.8%)
Calculations including solely of companies which are denoted with a *							
					<b>Average</b>	23.8%	(24.1%)
					<b>Median</b>	12.9%	(4.6%)
					<b>Maximum</b>	46.1%	4.2%
					<b>Minimum</b>	12.5%	(71.9%)
	<b>The Company</b>	<b>1460</b>		<b>0.05</b>	<b>0.0621</b>	<b>25.0%</b>	<b>(19.5%)</b> (Note 5)

### Notes:

- The net asset value per share represented the latest audited or unaudited net asset value taking into account the adjustment of the valuation of the Offer Comparables' properties (if any) attributable to owners of the respective Offer Comparables based on the latest published financial results of the listed company over the number of issued shares as disclosed in their respective announcements in relation to the general offer exercise.
- Such figure is not available as such company had a net liability position and excluded in the calculations of the average, median, maximum and minimum premium/(discount) of these comparables.
- All data is sourced from the Stock Exchange.
- The Offer Comparables denoted with a \* have undergone voluntary general offer exercise, same as the Company, and such Offer Comparables are solely included into the calculations for further analysis.
- This is derived from the Adjusted NAV per Share of the Company after taking into account the valuation of the Group's properties as at 31 December 2019.



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As set out in the table above, we noted that:

- (i) the Offer Price representing a discount of approximately 19.5% of the Adjusted NAV per Share is lower than the average of Offer Comparables of a premium of approximately 44.3% and also the median of Offer Comparables of a discount of approximately 4.6%;
- (ii) the offer price of six out of 12 of the Offer Comparables represented discount to its relevant net asset value attributable to owners, with a maximum discount of approximately 90.8% and minimum discount of approximately 4.6%. The Offer Price representing a discount of approximately 19.5% of the Adjusted NAV per Share is within the range of these six Offer Comparables;
- (iii) if we consider solely of companies which have undergone voluntary general offer exercise within our Offer Comparables, (i.e. Huaneng Renewables Corporation Limited (958), AV Concept Holdings Limited (595) and Kingsley Edugroup Limited (8105) into the calculations), the Offer Price representing a discount of approximately 19.5% of the Adjusted NAV per Share is slightly higher than the average of these three companies of a discount of approximately 24.1% but lower than the median of these three companies of a discount of approximately 4.6%;
- (iv) the Offer Price representing a premium of approximately 25.0% of the closing prices of the Company on the Last Trading Day is higher than the average of Offer Comparables of a premium of approximately 0.8% and also the median of Offer Comparables of a premium of approximately 4.9%; and
- (v) the offer price of seven out of 12 of the Offer Comparables represents premium to its relevant closing prices, with a maximum premium of approximately 46.1% and minimum premium of approximately 0.8%. The Offer Price representing a premium of approximately 25.0% of the closing prices is within the range of these seven Offer Comparables.

*d) Peer Comparable analysis*

We have searched on a best effort basis and identified 20 listed companies on the Stock Exchange which are (i) engaged in IT related business (i.e. provision of IT application and solution development, IT infrastructure solutions and maintenance and support services) with the revenue contribution from these IT related business of over 50% to the total revenue based on their latest published financial results, which is similar to that of the Company; (ii) with a market capitalization of below HK\$1,000 million as the Company has a market capitalisation of approximately HK\$354.8 million as at the Latest Practicable Date; and (iii) not in the process of being delisted (the “**Peer Comparable(s)**”). The Peer Comparables represent an exhaustive list of comparable companies meeting the aforementioned criteria as identified by us based on our best information, knowledge and belief through our research on the Stock Exchange. We have also inquired the Company’s management, based on their best knowledge, in relation to



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relevancy of the principal businesses of the Peer Comparables as compared with the Company. It is noted from the Board Letter that IT related business is the principal business of the Company. For Independent Shareholders' information purposes, we have included the most comparable companies engaged in the same IT related business industry as the Peer Comparables which, in our opinion, collectively constitute the closest proxies to the Company and are therefore fair and representative samples to serve as a general reference to the valuation of the Group's business. For comparison purpose, we have conducted an analysis on the price-to-earnings ("P/E") ratio on the Peer Comparables as the Company has recorded a net profit for the recent financial year ended 31 March 2019 as per the Annual Report. Our analysis on the Peer Comparables is set out below.

Company name	Principal Business	Stock code	Market capitalisation as at the Latest Practicable Date (HK\$ million)	P/E ratio <sup>(Note 1)</sup> (times) (approximately)
Computer And Technologies Holdings Limited	Provision of enterprise applications software and related operation outsourcing, business process outsourcing, e-business services and related maintenance services	46	760.9	11.2
Founder Holdings Limited	Engaged in software development and the distribution of systems integration and information products, including the provision of electronic publishing and printing systems and information products to media companies as well as the distribution of information products, including the provision of information products to financial institutions, enterprises and government departments	418	473.9	5.4
Automated Systems Holdings Limited	Provision of IT and related products, systems integration, software and consulting services, engineering support for products and solutions, as well as management services	771	752.9	8.9
Maxnerva Technology Services Limited*	Provision of IT integration and solutions services, and electronic products manufacturing	1037	291.4	182.3
Capinfo Company Limited	Provision of IT services, including the system integration, software development, IT planning and consultancy, IT operation and maintenance	1075	271.1	3.9

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Company name	Principal Business	Stock code	Market capitalisation as at the Latest Practicable Date (HK\$ million)	P/E ratio <sup>(Note 1)</sup> (times) (approximately)
i-Control Holdings Limited	Provision of video conferencing and multimedia audiovisual solutions, including audiovisual, conferencing, presentation and multimedia control systems and installation and maintenance services	1402	320.0	13.6
Edvance International Holdings Limited	Provision of network security products, system security products and application and data security products and technical implementation, maintenance and support and consultancy services	1410	475.7	18.2
Chanjet Information Technology Company Limited	Provision of financial and management service to MSEs (medium and small enterprises) via internet technology, the sales of computer software and hardware, technical development of computer software and internet payment	1588	576.4	4.9
Vixel Technologies Holdings Limited	Provision of integrated application performance management (“APM”) system solutions, software development services, technical services and sales of embedded hardware and standard APM software	1782	279.4	9.0
OneForce Holdings Limited	Provision of information technology service in China’s electric power industry including design and implementation of software systems for electric power selling and management, as well as the provision of administrative services, technical services for electric power selling and management, as well as electric power exchange and the sale of hardware in relation to electric power selling and management including automated teller machines for payment of electricity bills, and meter readers	1933	222.3	9.9

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Company name	Principal Business	Stock code	Market capitalisation as at the Latest Practicable Date (HK\$ million)	P/E ratio <sup>(Note 1)</sup> (times) (approximately)
Platt Nera International Limited	Provision of IT support services, including system installations, and enterprise software integration services	1949	160.0	5.6
ECI Technology Holdings Limited*	Provision of installation of CCTV, fire alarm systems, public address systems, audio/video solutions, access control, car park systems and clubhouse management systems and provision of consultation, design, integration, implementation and maintenance services	8013	124.8	142.3
Finsoft Financial Investment Holdings Limited	Provision, development and sale of financial trading software solutions, e-commerce platforms and other online consultancy services	8018	78.2	N/A (Note 2)
Vodatel Networks Holdings Limited	Provision of network and systems infrastructure and applications businesses	8033	82.9	N/A (Note 2)
Jiangsu Nandasoft Technology Company Limited	Provision of computer hardware and software products, system integration service, IT related products and property investment	8045	43.4	N/A (Note 2)
ITE (Holdings) Limited	Provision of smartcard systems, radio frequency identification and related services and research, manufacture and sales of service related products and provision of IT consultancy services	8092	37.0	1.5
abc Multiactive Limited	Provision of professional and maintenance services and design and sales of computer software	8131	25.0	N/A (Note 2)
China Information Technology Development Limited	Sales of computer hardware and the provision of software development, system integration, as well as technical support and maintenance services and leasing of in-house developed computer hardware	8178	417.7	N/A (Note 2)

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Company name	Principal Business	Stock code	Market capitalisation as at the Latest Practicable Date (HK\$ million)	P/E ratio <sup>(Note 1)</sup> (times) (approximately)
Kinetix Systems Holdings Limited	Provision of IT infrastructure solution services, IT development solution services and IT maintenance and support services	8606	65.6	N/A (Note 2)
Mindtell Technology Limited	Provision of system integration and development services, IT outsourcing services, and maintenance and consultancy services	8611	65.5	4.5
			<b>Average</b>	30.1
			<b>Median</b>	9.0
			<b>Maximum</b>	182.3
			<b>Minimum</b>	1.5
Calculations excluding companies which are denoted with a * (Note 4)				
			<b>Average</b>	8.1
			<b>Median</b>	7.3
			<b>Maximum</b>	18.2
			<b>Minimum</b>	1.5
<b>The Company</b>		<b>1460</b>	<b>354.8</b>	<b>4.2</b>

*Notes:*

1. P/E ratio is calculated based on the market capitalisation of the respective Peer Comparables as at the Latest Practicable Date divided by the net profit attributable to owners of the respective Peer Comparables as extracted from their respective latest annual reports.
2. Such figure is not available as such company had recorded a net loss for the latest annual financial year and excluded in the calculations of the average, median, maximum and minimum P/E ratio of comparables.
3. All data is sourced from the Stock Exchange.
4. The Peer Comparables denoted with a \* have an abnormal P/E ratio which is greater than 100 times and such Peer Comparables are excluded in the calculations for further analysis.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the analysis above, we noted that:

- (i) the P/E ratios of the Peer Comparables range from the lowest of approximately 1.5 times to the highest of approximately 182.3 times, with the average of approximately 30.1 times and the median of approximately 9.0 times. The Company's P/E ratio of approximately 4.2 times was below the average and the median of the Peer Comparables but were within the range;
- (ii) if we exclude the abnormally large P/E ratio of Peer Comparables which are greater than 100 times, (i.e. Maxnerva Technology Services Limited (1037) and ECI Technology Holdings Limited (8013)) from into the calculations, the Company's P/E ratio of approximately 4.2 times was still below the average of these Peer Comparables of approximately 8.1 times and the median of these Peer Comparables of approximately 7.3 times; and
- (iii) six out of 20 of the Peer Comparables had recorded a net loss attributable to owners of the respective Peer Comparables for the latest annual financial year.

### CONCLUSION

Having considered the aforementioned principal factors, in particular:

- (a) the Company has recorded the net profit for the years ended 31 March 2017 and 2019 and the six months ended 30 September 2018 and 2019 and the business performance and net assets attributable to owners of the Company of the Group has been experiencing an upward trend;
- (b) the total equity of the Group has also been under considerable growth alongside with the thriving of earnings per Share. Though the Company recorded loss per share of approximately HK\$0.0027 per share for the year ended 31 March 2018, the Group has been experiencing an increasing trend of earnings per share of approximately HK\$0.0076 per share and HK\$0.0185 per share for the year ended 31 March 2017 and 2019, respectively. The Group has been demonstrating stable and steady growth over time in the core business under the experienced management of the current Directors, save for the changes in fair value due to the certain accounting treatments. These valuation gains or losses were merely result of accounting treatments and do not have any real impacts on the results of the operations and cash flows of the Group. With the stable and positive financial performance of the Group, it may not be in the best interest of the Independent Shareholders to accept the Offer at this point of time. Furthermore, the Offeror did not present a concrete plan for the future development of the Group nor have the required prerequisite to allow the Group to continue in the industry;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (c) while it remains doubtful whether the credentials of Mr. Leong and the New Board may provide new business opportunities to enhance the Group's future prospect, it is unknown to us the intention of the Offeror of removing all the existing Board members during the Offer Period, and effectively taking over the Company from the current established management together with this Offer. It is remote and uncertain whether and when business opportunities may be presented to the Group by the Offeror and the sustainability of the Group will be in doubt should the above were able to proceed;
- (d) though the Offer Price represents a premium of approximately 25.00% over the closing price of HK\$0.04 per Share as at the Last Trading Day and the closing price of the Shares went below the Offer Price after the issue of the profit warning announcement dated 22 November 2019 and interim result announcement for the six months ended 30 September 2019 dated 28 November 2019, the Offer Price represents a discount of approximately 12.28% to the closing price of HK\$0.057 per Share as at the Latest Practicable Date and a discount of approximately 10.6% to the average closing price of the Shares of approximately HK\$0.056 per Share during the Review Period, thus the Offer Price is not attractive to the Independent Shareholders;
- (e) the Offer Price represents a discount of approximately 15.68% to the Company's unaudited consolidated net assets per Share of approximately HK\$0.0593 based on the Company's unaudited consolidated net assets attributable to the owners of the Company of approximately HK\$369.5 million as at 30 September 2019 and 6,225,393,129 Shares in issue as at the Latest Practicable Date;
- (f) the Offer Price representing a discount of approximately 19.48% to the Company's Adjusted NAV per Share is lower than the average of Offer Comparables of a premium of approximately 44.3% and also the median of Offer Comparables of a discount of approximately 4.6%; and
- (g) the Company's P/E ratio of approximately 4.2 times (implied by the Offer Price) was below the average and the median of the Peer Comparables;

we consider that the terms of the Offer (including the Offer Price) are not fair and reasonable so far as the Independent Shareholders are concerned and accordingly advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

As each individual Independent Shareholder would have different investment objectives and/or circumstances, we would recommend the Independent Shareholders who may require advice in relation to any aspect of the Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Offer Document, its appendices and the accompanying Form of Acceptance.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Shareholders should note that the Offer is subject to the satisfaction/waiver of the conditions as set out in the Offer Document and therefore may or may not become unconditional. Independent Shareholders are advised to exercise caution when dealing in the Shares and closely monitor the market price and trading volume which may not be sustainable.

Yours faithfully,  
For and on behalf of  
**Ample Capital Limited**  
**H.W. Tang**  
*President*

Yours faithfully,  
For and on behalf of  
**Ample Capital Limited**  
**Jenny Law**  
*Vice President*

*Mr. H.W. Tang is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Ample Capital's type 6 regulated activity (advising on corporate finance). Mr. Tang has over 16 years of experience in the corporate finance industry in Hong Kong.*

*Ms. Jenny Law is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Ample Capital's type 6 regulated activity (advising on corporate finance). Ms. Law has over ten years of experience in the corporate finance industry in Hong Kong.*

## 1. FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 March 2017, 2018 and 2019, respectively, as extracted from the relevant published financial statements of the Group for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 September 2018 and 2019 as extracted from the published interim reports of the Company for the relevant periods.

The auditor of the Company, Crowe (HK) CPA Limited, has not issued any qualified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the financial years ended 31 March 2017, 2018 and 2019, respectively.

Save as disclosed in the notes below, no other item of any income or expense which are material was recorded in the financial statements of the Group for the years ended 31 March 2017, 2018 and 2019 or the six months ended 30 September 2018 and 2019.

	Six months ended 30 September		Year ended 31 March		
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (audited)	2018 HK\$'000 (audited)	2017 HK\$'000 (audited)
Revenue ( <i>Note 1</i> )	331,230	242,227	595,467	409,935	487,468
Profit/(loss) before taxation	26,021	86,505	96,918	(5,559)	41,592
Income tax	(1,661)	(1,548)	(3,734)	(1,524)	(7,684)
<b>Profit/(loss) for the year/period</b>	<b>24,360</b>	<b>84,957</b>	<b>93,184</b>	<b>(7,083)</b>	<b>33,908</b>
<b>Profit/(loss) for the year/period attributable to:</b>					
– Equity shareholders of the Company	21,076	81,071	83,920	(11,169)	30,445
– Non-controlling interests	3,284	3,886	9,264	4,086	3,463
Other comprehensive loss for the period					
Items 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) ( <i>Note 2</i> )	(9,900)	(10,409)	(33,909)	–	–
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of overseas subsidiary	(35)	(17)	(7)	13	(5)
Total comprehensive income/(loss) for the year/period	14,425	74,531	59,268	(7,070)	33,903
Total comprehensive income/(loss) for the year/period attributable to:					
– Equity shareholders of the Company	11,141	70,645	50,004	(11,156)	30,440
– Non-controlling interests	3,284	3,886	9,264	4,086	3,463
Dividend	–	–	–	–	–
Dividend per share	–	–	–	–	–
Earnings/(loss) per share					
Basic (HK cents per share)	0.44	1.85	1.85	(0.27)	0.76
Diluted (HK cents per share)	0.06	0.18	0.40	(0.34)	0.76



*Notes:*

1. The significant increase in revenue for the year ended 31 March 2019 was mainly attributable to the increase in revenue generated from the IT infrastructure solutions segment and the maintenance and support services segment of approximately HK\$164.3 million and HK\$38.1 million, respectively, and offset by the decrease in revenue generated from the IT application and solution development segment and secondment services segment of approximately HK\$15.0 million and HK\$1.9 million, respectively.
2. The significant increase in fair value of financial asset at fair value through other comprehensive income (non-recycling) for the year ended 31 March 2019 was mainly due to the increase in fair value of contingent consideration payable and derivative component in the acquisition of 15% equity interest of INAX Technology Limited (“**INAX**”), 40% equity interest of PointSoft Limited (“**PointSoft**”) and an e-Marketplace project with both physical stores and online trading platforms (“**Project CKB**”) during the two years ended 31 March 2018 and 2019. For details of the acquisitions made by the Group, please refer to (i) the annual report of the Company for the year ended 31 March 2018; (ii) the announcements of the Company dated 10 November 2017, 18 December 2017 and 10 August 2018 in relation to, among others, the acquisition of 15% equity interest of INAX (collectively the “**INAX Announcements**”); (iii) the announcements of the Company dated 20 June 2018, 21 June 2018, 28 June 2018 and 4 July 2018 in relation to, among others, the acquisition of 40% equity interest of PointSoft (collectively the “**PointSoft Announcements**”); and (iv) the announcements and circular of the Company dated 7 December 2017, 8 January 2018, 28 March 2018, 19 April 2018, 5 June 2018, 27 July 2018, 9 November 2018, 15 November 2018, 11 January 2019 and 12 June 2019 in relation to the acquisition of Project CKB collectively the “**Project CKB Announcements and Circular**”). To the best of knowledge and belief of the Directors, save for the counterparty of Project CKB (namely, Mr. Lau Chuen Yien, Calvin, one of the ultimate beneficial owners of O2O Limited) which was a business acquaintance to the Offeror, the counter parties of the above transactions are independent third parties to the Offeror as at the Latest Practicable Date.

## 2. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Response Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2017 (the “**2017 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2018 (the “**2018 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2019 (the “**2019 Financial Statements**”); and (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 September 2019 (the “**2019 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out from page 50 to page 94 in the annual report of the Company for the year ended 31 March 2017 (the “**Annual Report 2016/2017**”), which was published on 19 July 2017. The Annual Report 2016/17 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.1460.hk>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0719/ltn20170719684.pdf>

- (i) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017

Please refer to pages 50 to 51 of the Annual Report 2016/2017.

- (ii) Consolidated statement of financial position as at 31 March 2017

Please refer to pages 52 to 53 of the Annual Report 2016/2017.

- (iii) Consolidated statement of changes in equity for the year ended 31 March 2017

Please refer to page 54 of the Annual Report 2016/2017.

- (iv) Consolidated statement of cash flows for the year ended 31 March 2017

Please refer to page 55 of the Annual Report 2016/2017.

- (v) Notes to the audited consolidated financial statements for the year ended 31 March 2017

Please refer to page 56 to 93 of the Annual Report 2016/2017.

The 2018 Financial Statements are set out from page 50 to page 106 in the annual report of the Company for the year ended 31 March 2018 (the “**Annual Report 2017/2018**”), which was published on 25 July 2018. The Annual Report 2017/18 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.1460.hk>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0725/lt20180725677.pdf>

- (i) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018

Please refer to pages 50 to 51 of the Annual Report 2017/2018.

- (ii) Consolidated statement of financial position as at 31 March 2018

Please refer to pages 52 to 53 of the Annual Report 2017/2018.

- (iii) Consolidated statement of changes in equity for the year ended 31 March 2018

Please refer to page 54 of the Annual Report 2017/2018.

- (iv) Consolidated statement of cash flows for the year ended 31 March 2018

Please refer to page 55 of the Annual Report 2017/2018.

- (v) Notes to the audited consolidated financial statements for the year ended 31 March 2018

Please refer to pages 56 to 105 of the Annual Report 2017/2018.

The 2019 Financial Statements are set out from page 55 to page 140 in the annual report of the Company for the year ended 31 March 2019 (the “**Annual Report 2018/2019**”), which was published on 26 July 2019. The Annual Report 2018/19 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.1460.hk>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0726/ltn20190726553.pdf>

- (i) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019

Please refer to pages 55 to 56 of the Annual Report 2018/2019.

- (ii) Consolidated statement of financial position as at 31 March 2019

Please refer to pages 57 to 58 of the Annual Report 2018/2019.

- (iii) Consolidated statement of changes in equity for the year ended 31 March 2019

Please refer to page 59 of the Annual Report 2018/2019.

- (iv) Consolidated statement of cash flows for the year ended 31 March 2019

Please refer to page 60 of the Annual Report 2018/2019.

- (v) Notes to the audited consolidated financial statements for the year ended 31 March 2019

Please refer to pages 61 to 139 of the Annual Report 2018/2019.

The 2019 Interim Financial Statements are set out from page 1 to page 34 in the interim report of the Company for the six months ended 30 September 2019 (the “**Interim Report 2019/2020**”) of the Company, which was published on 20 December 2019. The Interim Report 2019/20 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.1460.hk>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1220/2019122000159.pdf>

- (i) Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2019

Please refer to pages 1 to 2 of the Interim Report 2019/2020.

- (ii) Condensed consolidated statement of financial position as at 30 September 2019

Please refer to page 3 of the Interim Report 2019/2020.

- (iii) Condensed consolidated statement of changes in equity for the six months ended 30 September 2019

Please refer to pages 4 to 5 of the Interim Report 2019/2020.

- (iv) Condensed consolidated statement of cash flows for the six months ended 30 September 2019

Please refer to page 6 of the Interim Report 2019/2020.

- (v) Notes to the condensed consolidated financial statements for the six months ended 30 September 2019

Please refer to pages 7 to 34 of the Interim Report 2019/2020.

The 2017 Financial Statements, the 2018 Financial Statements, the 2019 Financial Statements and the 2019 Interim Financial Statements (but not any other part of the Annual Report 2016/17, the Annual Report 2017/18, the Annual Report 2018/19 or the Interim Report 2019/20 in which they respectively appear) are incorporated by reference into this Response Document and form part of this Response Document.

### **3. INDEBTEDNESS**

As at 31 January 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Response Document, the banking facilities (including bank loans, letter of credit, trust receipt, account receivable/payable financing and performance bonds) granted to the Group amounted to approximately HK\$67.0 million. These banking facilities were secured by the Group's leasehold land and building with carrying amount of HK\$40.1 million and corporate guarantee provided by the Company. The banking facilities were utilised to the extent of approximately HK\$10.2 million, which is the performance bond given by a bank. The Group had unutilised bank facilities amounted to approximately HK\$56.8 million.

### Lease liabilities

The Group has adopted HKFRS 16 “Leases” for the accounting period beginning on or after 1 April 2019. As such, leases have been recognised in the form of an asset (for the right-of-use assets) and a financial liability (for the payment obligations) in the Group’s consolidated statement of financial position for accounting period beginning on or after 1 April 2019. As at 31 January 2020, the Group had lease liabilities amounted to approximately HK\$0.6 million.

Save as aforesaid and apart from intra-group liabilities, the Group did not have, as at the close of business on 31 January 2020, any other debt securities issued or outstanding or authorised or otherwise created but unissued, other terms loans, other borrowings and indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchases commitments, other recognised lease liabilities or material lease commitments, mortgages, charges, guarantees or other material contingent liabilities.

## 4. MATERIAL CHANGE

The Directors confirm that save as and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made, up to and including the Latest Practicable Date:

- The significant decrease in net profit for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018, the reason of which is detailed in the profit warning announcement issued by the Company on 22 November 2019 and the interim report of the Company for the six months ended 30 September 2019 published on 20 December 2019; and
- The Group’s acquisition of the entire issued capital of O2O Limited (the “**Acquisition**”), an update of which was disclosed on 6 February 2020 (the “**Announcement I**”). It was mentioned in the Announcement I that the purchaser, a wholly owned subsidiary of the Company (the “**Purchaser**”), served a notice (the “**Notice**”) to request the vendor (the “**Vendor**”) to cure certain breaches or non-performances of the conditions to the Acquisition.

The Company further published an announcement on 28 February 2020 (the “**Announcement II**”) providing an update on the development of the Acquisition. It was mentioned that the Purchaser has maintained a dialogue with the Vendor while the Vendor has taken steps to appoint the nominee of the Purchaser as director of O2O Limited and Nexus Primo Sdn. Bhd.. The Vendor has requested to dispute the contents of the Notice and denied that it had breached the undertaking, and further submitted that the Vendor had fulfilled the two Conditions Precedent II referred to in the Notice. Taken together the fresh documents provided by the Vendor, the Purchaser is seeking

independent legal advice on the merit of the submissions of the Vendor based on the fresh documents made available to the Purchaser. The Announcement II further mentioned that the Group is committed to perform its obligations under the Acquisition agreement and to complete the Acquisition in accordance with the terms and conditions of the Acquisition agreement.

The Directors are of the view that with the collaterals held by the Company, including (i) the entire issued share capital of O2O Limited; (ii) the entire issued share capital of Nexus Primo Sdn. Bhd.; and (iii) personal guarantee by Mr. Tan Yun Harn, Mr. Teoh Teng Guan and Mr. Lau Chuen Yien, Calvin, being the guarantors and the ultimate beneficial owners and the directors of the Vendor, the likelihood of recovering the amount entitled by it under the Acquisition agreement is good. Should the Acquisition terminate, and if the relevant collaterals cannot fully recover the payments of the consideration made as detailed within the Announcement I, impairment loss on the aforementioned payments may incur.

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the only property interest held by the Group as at 31 December 2019.*



**B.I. Appraisals Limited**  
**保柏國際評估有限公司**  
*Registered Professional Surveyors, Valuers & Property Consultants*

22/F, China Overseas Building,  
139 Hennessy Road, Wan Chai, Hong Kong  
Tel (852) 2127 7762 Fax (852) 2137 9876  
E-mail: info@biappraisals.com  
<http://www.biappraisals.com>

9 March 2020

**ICO Group Limited**

Room 2802A, 28th Floor  
Singa Commercial Centre  
144–151 Connaught Road West  
Hong Kong

**For the Attention of the Directors**

Dear Sirs/Madams,

**Re: Office A on 25th Floor and Car Parking Space No. P18 on 5th Floor, T G Place,  
No. 10 Shing Yip Street, Kwun Tong, Kowloon**

In accordance with the instructions from ICO Group Limited (hereinafter referred to as the “**Company**”) for us to value the captioned property (hereinafter referred to as the “**Property**”), we confirm that we have carried out an inspection, conducted land searches at the Land Registry, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 31 December 2019 (hereinafter referred to as the “**Date of Valuation**”).

It is our understanding that this valuation document is to be used by the Company for disclosure purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

**BASIS OF VALUATION**

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers published by Securities and Futures Commission.

### **VALUATION METHODOLOGY**

In valuing property interest, which is held and occupied by the Company and/or its subsidiary, (hereinafter collectively referred to as the “**Group**”), we have adopted the Direct Comparison Method by making reference to comparable sale evidence as available in the relevant markets.

### **VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the Property would be sold in the open market in existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement that would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting a sale and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In addition, we have made further assumptions as follows:

- a) The Property has been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated.
- b) The Property is finished and maintained in reasonable condition commensurate with its age and use and is in its original layout without any unauthorized alteration.
- c) All consents, approvals, required licences, permits, certificates and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

### **TITLE INVESTIGATION**

We have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents and leases have been used for



reference only. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the Property that is assumed to be good and marketable.

### **POTENTIAL TAX LIABILITIES**

As advised by the Company, the potential tax liability which may arise from the sale of the Property is the Stamp Duty at 8.5% of the amount or value of the consideration, whichever is the higher. Yet, we have been advised by the Company that there will be no likelihood of such liability being crystallized as it is understood that the Company has no intention to dispose of the Property as at the Date of Valuation.

### **LIMITING CONDITIONS**

The Property was inspected on 26 February 2020 by Mr. Ken W. C. Tsang, a manager of our firm who is a technical staff having more than 15 years of experience in the inspection and valuation of properties in Hong Kong. We have inspected the exterior and, where possible, the interior of the Property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not conducted any on-site measurements to verify the floor areas of the Property but have assumed that the areas shown on the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information and advice given or made available to us by the Group and the relevant government authorities on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, floor areas, and other relevant matters in the identification of the Property. We have not seen original planning consents and have assumed that the Property is erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

### **CURRENCY**

Unless otherwise stated, all monetary amounts stated in the valuation report are in Hong Kong Dollars (HK\$).

**REMARKS**

We hereby confirm that we have neither present nor prospective interests in the Group, the Property or the value reported herein.

Our valuation report is enclosed herewith.

Yours faithfully,

For and on behalf of

**B.I. APPRAISALS LIMITED**

**William C. K. Sham**

Registered Professional Surveyor (G.P.)

Registered Business Valuer

China Real Estate Appraiser

*MRICS, MHKIS, MCIREA*

*Executive Director*

*Notes:*

- (1) Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 35 years' experience in the valuation of properties in Hong Kong and has over 20 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific region.
- (2) Inspection of the Property was carried out on 26 February 2020 by Mr. Ken W. C. Tsang, Manager. Mr. Tsang obtained the Degree of Associate of Science in Facilities Management from City University of Hong Kong in 2007 and has more than 15 years' experience in the inspection and valuation of properties in Hong Kong and the People's Republic of China.

## Valuation Report

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2019
Office A on 25th Floor and Car Parking Space No. P18 on 5th Floor, T G Place, No. 10 Shing Yip Street, Kwun Tong, Kowloon	T G Place, completed in about 2014, is a 30-storey office building located on the southwestern side of Shing Yip Street near its junction with Hoi Yuen Road in Kwun Tong District.	The Property, is currently owner-occupied for office use.	HK\$59,500,000  (100% interest attributable to the Group: HK\$59,500,000)
An aggregate 385/40000 equal and undivided shares of and in The Remaining Portion of Kwun Tong Inland Lot No. 63	<p>The subject building falls within an area currently zoned as “Other Specified Uses (Business)” on the Approved Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 gazetted on 9 November 2018.</p> <p>The Property forms one of the nine office unit on the 25th floor together with a covered car parking space on the 5th floor of the subject building.</p> <p>The gross floor area and saleable area of the subject office unit are approximately 354.24 sq.m. (3,813 sq.ft.) and 240.99 sq.m. (2,594 sq.ft.) respectively.</p> <p>Kwun Tong Inland Lot No. 63 is held under Conditions of Sale No. UB5643 for a lease term of 21 years renewable for 21 years commenced from 1 July 1955 and has been statutorily extended without premium until 30 June 2047 subject to a government rent of three per cent. of the prevailing rateable value per annum from the date of extension.</p>		

*Notes:*

- 1) The registered owner of the Property is ICO Group Holdings Limited, which is an indirect wholly owned subsidiary of the Company, via two assignments dated 10 September 2015, registered vide Memorial No. 15100201940011 and 15100201940022 respectively.
- 2) The subject office unit is subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited for a consideration of all moneys dated 26 October 2016, registered vide Memorial No. 16110201630037.
- 3) The carrying value of the Property as at the Date of Valuation, as advised by the Company, is approximately HK\$41 million.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Response Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Response Document have been arrived at after due and careful consideration and there are no other facts not contained in this Response Document, the omission of which would make any statement in this Response Document misleading.

The Directors only take responsibility for the correctness of the reproduction or presentation of the information relating to the Offer and the Offeror which is based on the Offer Document.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK\$0.0025 each as at the Latest Practicable Date is as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>40,000,000,000</u> Shares	<u>100,000,000</u>
<i>Issued and fully paid</i>	
<u>6,225,393,129</u> Shares	<u>15,563,482.82</u>

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Company had issued 1,528,887,908 new Shares since 31 March 2019, being the date to which the latest annual audited financial statements of the Company were made up.

## 3. DISCLOSURE OF INTEREST

### (a) Interest of the Company in the Offeror

As at the Latest Practicable Date, none of the Company nor any member of the Group had any interest in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and no such person (including the Company) had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror during the Relevant Period.

**(b) Interest of the Directors in the Company and in the Offeror**

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions; or (iv) which were required to be disclosed under the Takeovers Code:

Name	Capacity and nature of interests	No. of Shares held	Approximate percentage to the issued capital of the Company
Mr. Lee Cheong Yuen (“ <b>Mr. Lee</b> ”) (Note 1 and 2)	Interest held jointly with another person; interest of a controlled corporation	1,717,156,000	27.58%
	Beneficial owner	1,792,000	0.03%
Mr. Chan Kwok Pui (“ <b>Mr. Chan</b> ”) (Note 1 and 3)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000	27.61%
Mr. Tam Kwok Wah (“ <b>Mr. Tam</b> ”) (Note 1 and 4)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000	27.61%
Ms. Tuon Wai Man (“ <b>Ms. Tuon</b> ”) (Note 5)	Beneficial owner; interest of spouse	49,604,000	0.95%

*Notes:*

1. On 27 February 2015, certain shareholders of the Company, namely, Mr. Lee, Mr. Chan, Mr. Yong Man Kin (“**Mr. Yong**”) and Mr. Tam, (the “**Relevant 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 Relevant Shareholders 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.

2. 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) 547,156,000 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.
3. Shares in which Mr. Chan is interested consist of (i) 110,000,000 Shares held by Cloud Gear Limited, a company wholly-owned by Mr. Chan, and (ii) 1,607,156,000 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.
4. 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) 1,592,156,000 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.
5. Shares in which Ms. Tuon is interested consist of (i) 49,284,000 Shares held by Ms. Tuon, and (ii) 320,000 Shares held by Mr. Tsoi Pak Ho, the spouse of Ms. Tuon.

As at the Latest Practicable Date, none of the Directors, including their respective associates, had any interests or short positions in relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

**(c) Other interests**

As at the Latest Practicable Date:

- (i) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company as specified in class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (ii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (iii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

- (iv) Mr. Lee Cheong Yuen, Mr. Chan Kwok Pui, Mr. Tam Kwok Wah, Ms. Tuon Wai Man each had indicated that they intended to reject the Offer in respect of the Shares held by them; and
- (v) The Company and the Directors had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

#### 4. DEALING IN THE SECURITIES OF THE COMPANY

- (a) On 17 February 2020, Mr. Lee Cheong Yuen purchased 1,500,000 Shares at HK\$0.05 per Share and 292,000 Shares at HK\$0.049 per Share.

Save as disclosed above, none of the Directors had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) of the Company and the Offeror during the Relevant Period.

- (b) During the Relevant Period,
  - (i) none of the Company nor any member of the Group had dealt in any interest in the equity share capital or any convertible securities, warrants, options of the Offeror;
  - (ii) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser but excluding exempt principal traders and exempt fund managers) had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
  - (iii) no fund managers (other than exempt fund managers) connected with the Company had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

#### 5. LITIGATION

As at the Latest Practicable Date, none of the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 6. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which have been entered into by any member of the Group after the date falling two years before commencement of the Offer Period up to and including the Latest Practicable Date:

- (1) the sale and purchase agreement dated 20 June 2018 entered into between Value Digital Limited (an indirect wholly-owned subsidiary of the Company) and the vendors, namely Yuen Yat Kwai, Chai Shui Yin Edwin, Katrina Loke Lai Mun, Tse Kam Po, in relation to the acquisition of the entire issued capital in Catering Automation Limited which owns 40% of the entire issued share capital of PS International Company Limited, which in turn owns the entire issued share capital of PointSoft Limited, at a consideration of HK\$60,000,000 which was satisfied by the allotment and issue of 345,622,120 consideration Shares at issue price of HK\$0.1736 per Share;
- (2) the joint venture agreement dated 8 August 2018 entered into between Wide Faith Management Limited (an indirect wholly owned subsidiary of the Company) and the joint venture partners, namely, DeepChain Limited and Ms. Siu Fung Yee, in relation to the establishment of a joint venture in Hong Kong, with an initial capital contribution of approximately HK\$6.6 million in aggregate borne by said joint venture partners;
- (3) the co-operation framework agreement dated 10 September 2018 entered into between the Company and Aisino Corporation to co-operate to develop related business in the countries covered by the Belt and Road Initiative; and
- (4) the second supplemental agreement dated 9 November 2018 pursuant to which the original payment schedule for the consideration of RM145 million stated in the acquisition agreement dated 6 December 2017 for acquiring the entire issued share capital of O2O Limited was amended.

To the best of knowledge and belief of the Directors, save for Mr. Lau Chuen Yien, Calvin, one of the ultimate beneficial owners of O2O Limited, who was a business acquaintance to the Offeror, the counterparties of the above material contracts are independent third parties to the Offeror as at the Latest Practicable Date.



## 7. EXPERTS AND CONSENTS

The following are qualifications of experts who have given opinion, letter or advice which are contained in this Response Document:

<b>Names</b>	<b>Qualifications</b>
Ample Capital	A licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
B.I. Appraisals Limited	Independent property valuer

As at the Latest Practicable Date, each of the experts named above did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 March 2019 (the date to which the latest published annual audited financial statement of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the experts named above has given and has not withdrawn their written consent to the issue of this Response Document with copy of their letter or report and the references to their name included herein in the form and context in which they are respectively included.

## 8. ARRANGEMENTS AFFECTING DIRECTORS

- (a) As at the Latest Practicable Date, no benefit (other than statutory compensation) had been given or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

## 9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company has entered into the following service agreements and letters of appointment with the Directors:

<b>Name of Director</b>	<b>Commencement date and expiry date of contract</b>	<b>Amount of fixed remuneration payable under the contract (excluding arrangement for pension payments)</b>	<b>Amount of any variable remuneration payable and other benefits under the contract</b>
Mr. Lee Cheong Yuen	3 March 2018 – 2 March 2021	HK\$2,212,000 per annum	A discretionary bonus as determined by the remuneration committee of the Company depending on the performance of the director and the operating results of the Group for each financial year.
Mr. Chan Kwok Pui	22 February 2019 – 21 February 2022	HK\$1,950,000 per annum	A discretionary bonus as determined by the remuneration committee of the Company depending on the performance of the director and the operating results of the Group for each financial year.
Mr. Tam Wing Yuen	11 October 2019 – 10 October 2022	HK\$650,000 per annum	A discretionary bonus as determined by the remuneration committee of the Company depending on the performance of the director and the operating results of the Group for each financial year.
Mr. Tam Kwok Wah	3 March 2018 – 2 March 2021	HK\$900,000 per annum	–

Name of Director	Commencement date and expiry date of contract	Amount of fixed remuneration payable under the contract (excluding arrangement for pension payments)	Amount of any variable remuneration payable and other benefits under the contract
Ms. Tuon Wai Man	22 February 2019 – 21 February 2022	HK\$198,000 per annum	–
Mr. Tso Hon Sai Bosco	11 October 2019 – 10 October 2022	HK\$240,000 per annum	–
Dr. Cheung Siu Nang Bruce	1 January 2020 – 31 December 2022	HK\$165,000 per annum	–
Mr. Ko Sebastian Yat Fung	30 August 2019 – 29 August 2022	HK\$165,000 per annum	–
Ms. Kam Man Yi Margaret	3 March 2018 – 2 March 2021	HK\$165,000 per annum	–

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

- (a) (including both continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the Offer Period;
- (b) are continuous contracts with a notice period for 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

In the event that, the relevant resolutions regarding the removal of the Directors were duly passed by the Shareholders at the extraordinary general meeting of the Company to be held for the purpose of considering and approving the resolutions to remove all existing Directors and appoint 11 new Directors to the Board by way of poll, the above existing Director's service agreements will be terminated with effect from the later (a) the conclusion of the aforesaid extraordinary general meeting, or (b) where applicable, the earliest time when such removal is not prohibited under the Takeovers Code. For details, please refer to the circular of the Company in relation to the Requisition dated 28 February 2020.

**10. MISCELLANEOUS**

- (a) The Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Room 2802A, 28/F., Singa Commercial Centre, 144–151 Connaught Road West, Hong Kong.
- (b) The main business address of Ample Capital is located at 14A Two Chinachem Plaza, 135 Des Voeux Road Central, Central, Hong Kong and the main business address of Lego Corporate Finance Limited is located at Room 1601, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (c) The company secretary of the Company is Ms. Tam Hang Yin who is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this Response Document shall prevail over their respective Chinese text for the purpose of interpretation.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the documents set out in this section are available for inspection on the websites of the SFC (<http://www.sfc.hk>) and the Company (<http://www.1460.hk>) and, during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays), at the Company's principal office address at Room 2802A, 28/F., Singa Commercial Centre, 144–151 Connaught Road West, Hong Kong from the date of this Response Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 March 2019, 31 March 2018 and 31 March 2017;
- (c) the interim reports of the Company for each of the six months ended 30 September 2019 and 30 September 2018;
- (d) the letter from the Board as set out on pages 5 to 16 of this Response Document;
- (e) the letter from the Independent Board Committee as set out on pages 17 to 18 of this Response Document;
- (f) the letter from the Independent Financial Adviser as set out on pages 19 to 45 of this Response Document;
- (g) the valuation report from B.I. Appraisals Limited as set out on pages II-1 to II-5 of this Response Document;

- (h) the written consents referred to in the paragraph headed “Experts and Consents”, in this Appendix;
- (i) the service agreements and letters of appointment referred to in the paragraph headed “Directors’ Service Contracts” in this Appendix;
- (j) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix; and
- (k) this Response Document.