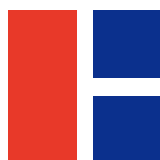


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**ICO GROUP LIMITED**

**揚科集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1460)**

**DISCLOSEABLE TRANSACTION  
DEEMED DISPOSAL IN RELATION TO GRANT OF  
OPTION FOR SUBSCRIPTION OF NEW NON-VOTING SHARES  
IN A SUBSIDIARY**

The Board is pleased to announce that on 29 July 2022 (after the trading hours), ICOT, an indirect non-wholly owned subsidiary of the Company entered into the Option Deed as the grantor, pursuant to which ICOT has granted the Option to the Grantee. The Option is exercisable in whole or in part during the Option Period by serving the Option Notice to subscribe up to 86,957 Class B Shares at the exercise price of HK\$0.01 per Class B Shares, subject to the terms and conditions of the Option Deed.

Upon exercising of the Option in full, the right of the Company to receive dividends from ICOT will be diluted, and as such it shall constitute a deemed disposal on the part of the Company. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Option was more than 5% but less than 25%, the granting of the Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules. The grant of the Option is also an one-off transaction for a particular incentive arrangement with the designated employees and will not be recurring, and there does not constitute a share option scheme under Chapter 17 of the Listing Rules.

\* For identification purposes only

## **INTRODUCTION**

On 29 July 2022 (after trading hours), ICOT as the grantor entered into the Option Deed with the Grantee, pursuant to which ICOT has granted the Option to the Grantee and the Grantee has the right to subscribe for the non-voting Class B Shares during the Option Period by serving the Option Notice to subscribe up to 86,957 Class B Shares at the exercise price of HK\$0.01 per Class B Shares (representing a maximum of 8% of the enlarged issued share capital of ICOT), subject to the terms and conditions of the Option Deed.

## **THE OPTION DEED**

### **Date:**

29 July 2022

### **Parties:**

- (1) ICOT as the grantor; and
- (2) The Grantee

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the ultimate beneficial owner(s) of the Grantee are third parties independent from the Company and its connected persons. The Grantee is a company incorporated in the British Virgin Islands with limited liability, and as at the date of the Option Deed, is beneficially owned by 3 employees of ICOT, namely Mr. Ip Kwok Keung, Mr. Chan Yik Chuen and Mr. Or Kwok Pun. Each of the employees is a member of a designated sales team of ICOT and none of them is a director or chief executive officer of any member of the Group.

### **The Option**

The Option entitles the Grantee to subscribe for a maximum of 86,957 Class B Shares in the capital of ICOT. Upon exercising of the Option, the Grantee shall subscribe, and ICOT shall allot and issue the Class B Shares at the exercise price of HK\$0.01 per Class B Share, subject to the terms and conditions set out in the Option Deed.

## The Class B Shares

Salient rights and restrictions of the Class B Shares are set out below:

- Voting: Holders of Class B Shares shall not be entitled to convene or vote at any general meetings of the Company, other than where the business of a general meeting (or a class meeting) is the consideration of resolutions would directly and adversely modify or abrogate any of the special rights and privileges attached to Class B Shares, and in which case the holders of Class B Shares will be entitled to attend the general meeting and vote only upon such resolutions.
- Dividend: Each Class B Share confers on its holder the right to receive the same rate of dividends payable to the holder of an ordinary share of ICOT at the time such dividend is declared.
- Ranking: In the event of winding up of the ICOT:
- (a) the assets of the Company available for distribution among the members of ICOT shall also be applied to holders of Class B Shares; and
  - (b) holders of Class B Shares shall rank *pari passu* in all respects to holders of the ordinary shares in respect of distribution.
- Transferability:
- (a) Class B Shares shall not be transferable (save with the prior written approval of the board of directors of ICOT and the unanimous consent of the other existing shareholders of ICOT holding the ordinary shares of ICOT).
  - (b) any change in the ultimate beneficial ownership of any Class B Shares by way of change in the shareholding of the Grantee shall not be permitted (save with the prior written approval of the board of directors of the ICOT and the unanimous consent of the other existing shareholders of ICOT holding the ordinary shares of ICOT). In the event that any change in the shareholding of the Grantee takes place without such prior written approval and unanimous consent, the board of directors of ICOT shall have the absolute discretion to resolve to redeem all or any Class B Shares in the manner as provided in the articles and association of ICOT.
  - (c) the Class B Shares, once allotted and issued, are subject to a lock up period which is the same as the Option Period, i.e. up to 30 Jun 2025, during which no transfer of the Class B Shares shall be allowed in any event.

- Redemption:
- (a) in each case as permitted by and in accordance with applicable laws, the directors of ICOT may resolve, at any time, on giving not more than 30 nor less than 15 days' notice to the holders of the Class B Shares, which notice shall be irrevocable, to redeem all or some of the Class B Shares. Upon the expiry of such notice, the Company shall be bound to redeem the Class B Shares. The redemption price for each Class B Share so redeemed shall be determined by the directors at their discretion plus any unpaid dividends.
  - (b) in the event that any of the shareholder of the Grantee ceased to be an employee of the Company (other than solely by the reason of retirement), or participated in any business in whatever form or through whatever arrangement (whether directly and indirectly, by way of employment, external service, consultation, shareholding, etc.) which is in competition with the business of the Company, its subsidiary(ies) or its direct and indirect holding company(ies), the directors of ICOT shall have the absolute discretion to resolve to redeem all or any Class B Shares on the terms they think fit and the holder of the Class B Shares must accept such redemption.

For the avoidance of doubt, save for any rights attaching to the Class B Shares as expressly provided in the Option Deed and the articles of association of ICOT, there shall be no other rights attaching to the Class B Shares which may be entitled by ordinary shares of ICOT.

### **Option Period**

The Grantee shall be entitled to exercise the Option in whole or in part during the Option Period by giving the Option Notice and subject to the terms and conditions set out in the Option Deed.

Any part of the Option not exercised at the end of the Option Period shall lapse absolutely and ICOT has no liability and obligation whatsoever to the Grantee in relation to any unexercised Option.

### **Exercise Conditions**

Exercise of the Option is subject to the following schedule and conditions:

- (1) the Grantee may at any time during the Option Period exercise part of the Option to subscribe for up to 41,667 Class B Shares (the "**Basic Class B Shares**"), being 4% of the share capital of the Company as enlarged by the allotment and issue of the Basic Class B Shares, in accordance with the terms and conditions of the Option Deed without any additional exercise conditions;

- (2) the Grantee may at any time during the Option Period exercise the remaining Option to subscribe for the remaining Class B Shares exceeding the Basic Class B Shares (the “**Remaining Class B Shares**”) at the percentage rate calculated based on the actual accumulated amount of after tax profit contributed by the sales team comprising of the 3 relevant employees to the Company in each of the financial years commencing from 1 April 2022 up to 31 March 2025 (the “**Performance Period**”), less the actual after tax profit contributed by the relevant employees for the financial year ended 31 March 2022, and then divided by the denominator being the five times of the actual amount of after tax profit of the Company in a corresponding financial year during the Performance Period. Provided that the maximum number of Class B Shares in any event shall not exceed 8% of the issued share capital of the Company as enlarged by the allotment and issue of the Class B Shares in full, being 86,957 Class B Shares.
- (3) the Remaining Class B Shares can only be subscribed by the Grantee if and only if the exercise rate in a financial year during the Performance Period is greater than the floor rate (the “**Floor Rate**”), being initially 4% upon the commencement of the Option Period. The Floor Rate shall adjust upward each year and be equal to the Grantee’s entitlement to the accumulated amount of Class B Shares which it has the right to subscribe during the whole Option Period.

## **Completion**

At each completion, the Grantee shall pay to ICOT the aggregate exercise price for the subscribed Class B Shares in cash, and ICOT shall allot and issue the relevant Class B Shares to the Grantee.

Assuming exercise of the Option in full, the voting rights in the ordinary shares of ICOT will remain indirectly held by the Company and directly held by Raceline Holdings Limited as to 51% and 49% respectively, while the rights to receive dividend and distribution will be diluted to 46.92% and 45.08% respectively, and the Grantee will be entitled to a maximum of 8% of any dividend and distribution to be declared by the board of directors of ICOT.

As at the date of this announcement, the Company is holding 51% of the voting rights in the ICOT. For the avoidance of doubt, the grant and exercise of all the Options will not dilute the Company’s voting rights in the ICOT and the ICOT will remain as a 51% indirectly owned subsidiary of the Company, and its financial information will continue to be consolidated into the accounts of the Company.

## **REASONS FOR AND BENEFITS OF THE GRANT OF THE OPTION**

The Company is an investment holding company. The Group principally engaged in the provision of Information Technology application, maintenance and infrastructure solutions services. ICOT is one of the major operating subsidiaries engaging in the provision of information technology infrastructure solutions services, and has been contributing significant amount of profit to the Group throughout the past years. As at the date of the Option Deed and prior to the exercise of the Option, ICOT is held as to in aggregate 51% by Wide Faith Management Limited and Great Talent Holdings Limited, each an indirect wholly owned subsidiary of the Company, and 49% as to Raceline Holdings Limited, a long term business partner of the Company through the cooperation in ICOT and a connected person of the Company at the subsidiary level as defined under the Listing Rules.

Since ICOT mainly provides its services to corporate and institutional clients on a project and long term basis, it heavily relies on its sales teams to promote its services on a customised basis and to follow up closely the particular and change needs of each potential or existing clients, in order to secure engagements from clients. The designated sale team comprising of the 3 employees who own the Grantee company have been working in other famous and well-established market players previously and plenty of experience in the industry and has a strong network of clients which ICOT may not be able to reach in the past, and have been demonstrating their skill and caliber to establish constructive relationship with clients and to secure orders for ICOT.

The Company when reviewing its business performance and formulating its strategy to improve its sales and hence to further boost its profitability, considered that it would be beneficial to the Group if more rewards is offered to the relevant sales persons and with incentive provided to them to further contribute to ICOT and to maximise its profitability. The Company held considered various rewarding and incentive arrangement, such as payment of bonus in cash or granting of share option under the share option scheme adopted by the Company. However, given the background and strategic value of the relevant employees and their ability to contribute to the long term growth of ICOT, which is one of the major income contributors to the Company, the Company considered that mere cash bonus may not provide sufficient incentive for the relevant employees to stay with ICOT; also, the performance and value of the shares of the Company might be subject to various factors concerning the Company and the market in general. Since the relevant sale team is recruited at the ICOT level and their job duties is closely pertaining to ICOT, the Company after careful consideration and arm's length negotiation with the relevant employees, consider that the allotment and issue of the Class B Shares at ICOT level would be the best option which provide immense incentive to the relevant employees to directly contribute to ICOT, which in turn will also benefit the Company and the Shareholders as a whole.

The Board (including the remuneration committee of the Board) also consider that although the allotment and issue of the Class B Shares would dilute the dividend rights of the Group in ICOT, the Company voting rights in ICOT will not be diluted and hence upon full issuance of the Class B Shares, ICOT will still remain as a 51% controlled subsidiary of the Company and its financial results will remain consolidated in the accounts of the Company. Save for the rights expressly given to the Class B Shares as disclosed above, there is no other rights entitled by the Class B Shares and this arrangement would effectively reflect the purpose of rewarding and incentivising the relevant employees while would not affect the other material rights of the Company in ICOT, including its voting rights and the control over its business operation, strategy and development. Restrictions in transfer of and rights to redeem the Class B Shares also give sufficient protection to the interest of the Company in ICOT. As such, the grant of the Option and possible issue of the Class B Shares is a plan which balances the incentive to the relevant employees and the interest of the Company.

The Directors consider that the terms of the Option Deed are fair and reasonable and are in the interest of the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Upon exercising of the Option in full, the right of the Company to receive dividends from ICOT will be diluted, and as such it shall constitute a deemed disposal on the part of the Company. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Option was more than 5% but less than 25%, the granting of the Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Under Rule 14.74 of the Listing Rules, the grant of the Option (the exercise of which is not at the discretion of the Company) shall be treated as if the Option had been exercised. Both the aggregate exercise price and the fair value of the Option have been taken into account for the purpose of determining the applicable percentage ratios under Chapter 14 of the Listing Rules. The grant of the Option is also an one-off transaction for a particular incentive arrangement with the designated employees and will not be recurring, and there does not constitute a share option scheme under Chapter 17 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Board”	the Board of Directors
“Class B Shares”	class B shares of in the capital of ICOT
“Company”	ICO Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Grantee”	Leading Talent Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange
“ICOT”	ICO Technology Limited, a company incorporated in Hong Kong with limited liability, being an indirectly non-wholly owned subsidiary of the Company
“Option”	the option to require the allotment and issue of Class B Shares by the Grantor to the Grantee at the Option Price subject to and upon the terms and conditions of the Option Deed
“Option Deed”	a deed dated 29 July 2022 between the Grantor and the Grantee relating to the grant of Option to the Grantee
“Option Notice”	a notice in writing to be given by the Grantee pursuant to the terms of the Option Deed upon exercise of the Option
“Option Period”	the period commencing on the date of this Option Deed up to and including 30 June 2025



“Option Price”	HK\$0.01 per Class B Share, being the exercise price for the Option
“Performance Period”	1 April 2022 up to 31 March 2025
“%”	per cent

By order of the Board  
**ICO Group Limited**  
**Lee Cheong Yuen**  
*Chairman and Executive Director*

Hong Kong, 29 July 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Lee Cheong Yuen and Mr. Leong Yeng Kit; the non-executive Director of the Company is Dr. Choi Chiu Fai Stanley; and the independent non-executive Directors of the company are The Hon. Ip Kwok Him, G.B.M., G.B.S., JP., Ms. Yvonne Low Win Kum and Mr. Chiu King Yan.*