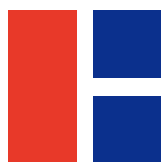


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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*



**ICO GROUP LIMITED**

**揚科集團有限公司\***

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

**(Stock code: 1460)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Financial Advisor to the Company**

**MERDEKA 領智**

**Merdeka Corporate Finance Limited**

**Placing Agent**

**MERDEKA 領智**

**Merdeka Securities Limited**

### **THE PLACING**

On 29 March 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 141,287,000 Placing Shares at the Placing Price of HK\$0.220 per Placing Share.

The Placing Shares represents: (a) approximately 20.00% of the total existing issued Shares as at the date of this announcement; and (b) approximately 16.67% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.220 per Placing Share represents (i) a discount of 12.00% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 10.20% to the average closing price of HK\$0.245 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$31.08 million, and the net proceeds from the Placing, after deduction of the Placing commission in respect of the Placing and other related expenses, are expected to be approximately HK\$30.52 million, representing a net issue price of approximately HK\$0.216 per Placing Share.

The Company intends to apply the entire net proceeds of the Placing for the development of the Algorithmic Trading Solution Platform. Details of which have been set out in the section headed “REASONS FOR THE PLACING AND USE OF PROCEEDS” in this announcement.

#### **WARNING**

**As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

On 29 March 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 141,287,000 Placing Shares at the Placing Price of HK\$0.220 per Placing Share.

The principal terms and conditions of the Placing Agreement are as follows:

#### **Date**

29 March 2021 (after trading hours)

#### **Parties**

- (1) The Company; and
- (2) The Placing Agent

## **The Placing Agent**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

In order to identify the placing agent for the proposed Placing, the Company through the assistance and introduction of its financial adviser, has contacted and considered four securities companies. Among them, the Placing Agent agreed to conduct the Placing on a best effort basis at terms agreeable to the Company pursuant to the Placing Agreement.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 1.0% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

In order to assess the fairness and reasonableness of the aggregate amount of commission and fees payable by the Company in respect of the Placing, including the placing commission, the Company identified all placings of new shares under general mandate announced by companies listed on the Stock Exchange (the "**Placing Comparables**") during the two months period prior to the date of the Placing Agreement, and the placing commission represented by the Placing Comparables lie within the range of 0.5% to 4% with an average of 1.8%.

As the Placing commission lies below the market average of the Placing Comparables, the Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

## **Number of the Placing Shares**

The Placing Agent has conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for 141,287,000 new Shares at the Placing Price (excluding brokerage, the SFC transaction levy and the Stock Exchange trading fee payable by the purchasers), upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represents: (a) approximately 20.00% of the total existing issued Shares as at the date of this announcement; and (b) approximately 16.67% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue by the Company of the Placing Shares).

## **Rights of the Placing Shares**

The Placing Shares will rank *pari passu* in all respects among themselves and with the other existing Shares upon issuance.

## **Placees**

The Placing Shares are expected to be placed to not less than six Placees, who and whose respective ultimate beneficial owners are Independent Third Parties.

Upon Completion, it is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company. If any of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company after completion of the Placing, further announcement will be made by the Company.

## **Placing Price**

The Placing Price is HK\$0.220 per Placing Share and represents:

- (i) a discount of approximately 12.00% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 10.20% to the average closing price of approximately HK\$0.245 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 11.29% to the average closing price of approximately HK\$0.248 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.216 per Placing Share. Based on a nominal value of HK\$0.025 per Share, the aggregate nominal value of the Placing Shares is HK\$3,532,175.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and the current market conditions.

### **Conditions of the Placing**

The Completion is conditional upon the satisfaction of the following Conditions:

- (i) the grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement.

If the Conditions shall not be so satisfied and/or waived on or before 28 April 2021, all obligations of the Placing Agent and of the Company hereunder shall cease and determine and none of the parties hereto shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation and liabilities under the Placing Agreement).

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

### **Completion**

Completion shall take place at 12:00 noon on the Completion Date.

### **Termination of the Placing Agreement**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (i) there is any local, national, international event or circumstance or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) in relation to the financial, exchange control, political, economic conditions or other nature in Hong Kong which in the reasonable opinion of the Placing Agent would be materially and adversely affect the consummation of the Placing or the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (iv) any statement contained in this Announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (v) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (vi) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (vii) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

Upon termination of the Placing Agreement, all liabilities of the Company and the Placing Agent hereto hereunder shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation and liabilities under the Placing Agreement.

#### **GENERAL MANDATE TO ISSUE THE PLACING SHARES**

As disclosed in the Company's poll results announcement dated 25 September 2020, the grant of the General Mandate was approved by the Shareholders at the annual general meeting of the Company held on 25 September 2020. Under the General Mandate, the Company is authorised to issue up to 141,287,862 new Shares.

As of the date of this announcement, no new Share has been allotted and issued under the General Mandate. The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

Making reference to the Market Statistic 2020 of the Stock Exchange, the Stock Exchange has experienced explosive growth in average daily turnovers recording a average daily turnover in the securities market of approximately HK\$129.5 billion in 2020 as compared to average daily turnover of approximately HK\$87.2 billion in 2019.

Such increase in daily turnover volumes on the Stock Exchange can be attributed to initial public offerings (“**IPOs**”) of major PRC companies. The IPOs of major PRC companies on the Stock Exchange have attracted many PRC and foreign investors to Hong Kong looking to capture investment opportunities in the PRC economy. The success and growth of the Stock Exchange will also spur growth among service providers within Hong Kong’s securities market.

In order to capture the opportunities created by the growth of Hong Kong’s securities market and the expected long term trend of return of overseas listed PRC companies to be listed on the Stock Exchange, and leveraging on the sophisticated information technology background and experience of the Group, the Company is planning to expand its business into the area of financial technology and to develop an algorithmic trading solution platform (the “**Algorithmic Trading Solution Platform**”) as a software as a service product for financial institutions to leverage the speed and computational resources of the newest generation of computers and technologies. Mathematical models and quantitative analysis will be applied to optimize investors’ returns and risk. To differentiate from traditional algorithmic trading solutions, artificial intelligence (“**AI**”) combined with deep learning technology will be employed which will allow the Company’s algorithm to improve upon itself through an iterative process. The Algorithmic Trading Solution Platform will cover products listed on the Stock Exchange, including but not limited to, exchange traded funds, equities, equity options, index options and index futures.

The development and operations of the Algorithmic Trading Solution Platform will be handled by the following three teams to be deployed by the Company:

### **(i) Business Analysis Team**

A team of business analysts who are specialized in algorithmic trading and will be responsible for defining the Algorithmic Trading Solution Platform’s system requirements and strategies. Specialized software will be used to analyse, generate and optimise the Algorithmic Trading Solution Platform’s trading strategies under different market conditions. New trading strategies will constantly be explored based on AI concepts and analysis, while trading performance will also be periodically reviewed to optimise customers’ returns with controlled risks.



**(ii) IT Team**

The IT team will comprise of members that possess extensive experience in developing trading and market making software along with certain specialists experienced with quantitative trading, data cleaning, AI and information technology infrastructure to implement and maintain the Algorithmic Trading Solution Platform.

**(iii) Subject Matter Experts Team**

The subject matter experts team is comprised of experts and consultants who have extensive experience in the securities and futures contracts industry covering, among other things, (i) trading; (ii) settlement; (iii) compliance; (iv) risk management; (v) and finance and accounting policies.

The Company currently estimates the initial development of the Algorithmic Trading Solution Platform, which will require approximately HK\$30.5 million and will be ready for launch in approximately 24 months. Since the existing funds of the Company were allocated for the existing business or projects under development of the Group, the Placing will provide the necessary new funding for the development of the Algorithmic Trading Solution Platform, which is expected to capture the latest financial technology service demand and will be important for the Company to expand and diversify its business profile and take up the earliest opportunities available to establish its market position in the area.

The Directors are of the opinion that the terms of the Placing Agreement, including the Placing Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon Completion, the aggregate gross proceeds from the Placing are expected to be approximately HK\$31.08 million. The net proceeds from the Placing, after deduction of the Placing commission in respect of the Placing and other related expenses, are estimated to be approximately HK\$30.52 million, representing a net issue price of approximately HK\$0.216 per Placing Share.

The Company intends to apply the entire net proceeds of the Placing for the development of the Algorithmic Trading Solution Platform including, but not limited to, (i) the hiring of the abovementioned personnel; (ii) research and development costs; (iii) administrative expenses; and (iv) sales and marketing.



## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares held</i>	<i>Approximate % of total issued Shares</i>	<i>Number of Shares held</i>	<i>Approximate % of total issued Shares</i>
Mr. Lee Cheong Yuen ( <i>Note 1</i> )	171,894,800	24.33	171,894,800	20.28
Mr. Tam Kwok Wah ( <i>Note 1</i> )	171,894,800	24.33	171,894,800	20.28
Mr. Chan Kwok Pui ( <i>Note 1</i> )	171,894,800	24.33	171,894,800	20.28
Mr. Leong Yeng Kit ( <i>Note 2</i> )	99,093,796	14.02	99,093,796	11.69
Public				
– Placees	–	–	141,287,000	16.67
– Other Public Shareholders	435,450,716	61.65	435,450,716	51.36
Total	<u>706,439,312</u>	<u>100.00</u>	<u>847,726,312</u>	<u>100.00</u>

### Notes:

- Mr. Lee Cheong Yuen, Mr. Chan Kwok Pui, and Mr. Tam Kwok Wah, were parties acting in concert pursuant to a confirmation deed in 2015 and they were interested in the Shares held by their controlled corporations, namely, BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited. As such, each of them was deemed to be interested in an aggregate of 171,894,800 Shares held by each other.
- Shares in which Mr. Leong Yeng Kit is interested consist of 99,093,796 Shares held by Titan Wise Group Limited, a company wholly-owned by Mr. Leong Yeng Kit.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company did not raise funds on any issue of equity securities raising activities during the past twelve months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
27 August 2020	Placing of new Shares	HK\$22,597,000	As to (i) HK\$18,000,000 for the settlement of the consideration for the Group's acquisition of 30% equity interest in PointSoft Limited ("PointSoft"); and (ii) HK\$4,597,000 to be reserved for the further business development of PointSoft.	As to (i) HK\$18,000,000 was utilized for the settlement of the consideration for the Group's acquisition of 30% equity interest in PointSoft; and (ii) HK\$4,597,000 will be used as intended.

### WARNING

**As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

*Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:*

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	ICO Group Limited, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board Stock Exchange (stock code: 01460)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the third Business Day after the fulfillment of the Conditions (or such other date and place as the Company and the Placing Agent hereto may agree in writing)
“Condition(s)”	the conditions precedent set out in the Placing Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 25 September 2020 to allot, issue and deal with up to 20% of the total issued Shares as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is independent of and not acting in concert (within the meaning of the Takeovers Code) or connected with the Company, Directors, substantial Shareholders and its subsidiaries or any of their respective associates
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 141,287,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Merdeka Securities Limited, being a corporation licensed to conduct Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 29 March 2021 (after trading hours) entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.220 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	a total of up to 141,287,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**ICO Group Limited**  
**Leong Yeng Kit**  
*Chairman and Executive Director*

Hong Kong, 29 March 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. Leong Yeng Kit, Ms. Lee Pei Ling and Mr. Lee Cheong Yuen; and the independent non-executive Directors of the Company are Mr. Gan Cheng Khuan, Ms. Yvonne Low Win Kum and Mr. Chiu King Yan.*

\* *For identification purposes only*