THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or licensed securities dealer, bank manager, solicitor, professional accountant or other independent professional adviser.

If you have sold or transferred all your shares in ICO Group Limited (the "Company"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This circular appears 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)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF O2O LIMITED INVOLVING ISSUE OF CONVERTIBLE BONDS AND PROMISSORY NOTES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an extraordinary general meeting of the Company to be held on Thursday, 19 April 2018 at 11:00 a.m. at Unit 2602-03, 26/F., BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the meeting, you are advised to complete the form of proxy attached to the notice of the extraordinary general meeting in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof (as the case may be). Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.ico.com.hk. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

* *For identification purpose only*

28 March 2018

CONTENTS

In this circular, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Shares and the Sale Loan by the Purchaser from the Vendor pursuant to the Acquisition Agreement
"Acquisition Agreement"	the agreement dated 6 December 2017 (as supplemented by the Supplemental Agreement dated 8 January 2018) entered into amongst the Purchaser, the Vendor and the Guarantors in relation to the Acquisition
"Application for Surrender and Re-Alienation"	the application dated 8 June 2017 with a reference no. PTG/WP.6(SP)/2017/0106 submitted by Nexus Primo (including its representatives or advisers) to the Land Office of Malaysia
"Architect"	Atelier Alan Teh Architect or other qualified architecture firm in Malaysia appointed by the Purchaser from time to time
"associate(s)"	shall have the meaning as ascribed to it under the Listing Rules
"Board"	the board of Directors
"Bondholder(s)"	the holder(s) of the Convertible Bonds
"Building Plans"	the building plans for the Building Project as approved by the relevant governmental authority in accordance with the Building Plans Approval
"Building Plans Application"	the application dated 6 September 2017 with a reference no. MOA/1507/BP/OSC/2017/01 submitted by Nexus Primo (including its representatives or advisers) to the relevant governmental authority in respect of the Building Project
"Building Plans Approval"	the conditional approval granted by DBKL dated 20 November 2017 (reference no.: BP T3 OSC 2017 2425) in accordance with the Building Plans Application
"Building Project"	the building of one commercial block of 8 floors with 1 level of M&E basement on the Lands under the name of "Chow Kit Baru" (or such other names as the Vendor and the Purchaser may agree in writing) in accordance with the Building Plans

"BVI"	the British Virgin Islands
"Business Day(s)"	means any day on which banks in both Hong Kong and Kuala Lumpur, Malaysia generally are open for clearing and settlement business, except a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning 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.
"CCC"	Certificate of Completion and Compliance issued by the Department of Infrastructure Planning of Malaysia
"Chow Kit Baru"	the name of the Building Project
"Chow Kit Boy"	the name of the O2O Project
"Company"	ICO Group Limited (Stock code: 1460), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	the completion of the Acquisition
"Completion Date"	the 7th Business Day following the day when all the Condition Precedent II have been fulfilled (or waived to the extent it is capable to be waived) or such other dates as the parties therein may agree in writing
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules and the word "connected" shall be construed accordingly
"Consideration"	the consideration of RM145 million payable by the Company to the Vendor for the Acquisition pursuant to the Acquisition Agreement
"Conversion Rights"	the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares pursuant to the terms and conditions of the Convertible Bonds
"Conversion Price"	the price per Share at which the Convertible Bonds to be converted into Shares

"Conversion Share(s)"	the new Shares to be allotted and issued by the Company upon exercise of the Conversion Rights attaching to the Convertible Bonds at the Conversion Price
"Convertible Bond(s)"	the convertible bonds in Hong Kong Dollars equivalent to RM100 million to be issued by the Company to the Vendor (or its nominee(s)) pursuant to the Payment Schedule
"Deposit"	the refundable deposit of RM4.5 million paid to the Vendor upon the signing of the Acquisition Agreement
"Director(s)"	the director(s) of the Company
"Earnest Money"	the sum of HK$2.7 million paid by the Purchaser to the Vendor pursuant to the MOU
"Enlarged Group"	the Group upon Completion, together with the Target Group
"EGM"	the extraordinary general meeting of the Company to approve the Acquisition Agreement and the transactions contemplated hereunder including but not limited to the issuance of the Conversion Shares, Convertible Bonds and Promissory Notes and the granting of the Specific Mandate
"Group"	the Company and its subsidiaries
"Guarantors"	collectively, Mr. Teoh, Mr. Tan and Mr. Lau
"HK$" or "Hong Kong Dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	an independent third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
"Independent Shareholder(s)"	Shareholder(s) other than Mr. Lau and his associates who are required to abstain from voting at EGM
"Lands"	collectively Land 445, Land 446, Land 447 and Land 448

"Land 445"	means Geran 24865, Lot 445 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Malaysia with approximately 186 square meters
"Land 446"	means Geran 24866, Lot 446 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Malaysia with approximately 186 square meters
"Land 447"	means Geran 24867, Lot 447 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Malaysia with approximately 186 square meters
"Land 448"	means Geran 24868, Lot 448 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Malaysia with approximately 186 square meters
"Last Trading Day"	5 December 2017
"Latest Practicable Date"	26 March 2018, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contained therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date I"	within 6 months from the date of the Acquisition Agreement or such later dates as the Purchaser and the Vendor may agree in writing
"Long Stop Date II"	within 26 months from the date of the Acquisition Agreement or such later dates as the Purchaser and the Vendor may agree in writing
"Malaysian Ringgit" or "RM"	means Malaysian Ringgit, the lawful currency of Malaysia
"Material Adverse Change (or Effect)"	any event, occurrence or development of a state of circumstances or facts which has had or reasonably could be expected to have a material and adverse effect on the financial position, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of the Target Group up to the Completion Date

"MOU"	the memorandum of understanding dated 7 September 2017 (as supplemented by the supplemental MOU dated 6 October 2017) entered into between the Purchaser and the Vendor in relation to the Acquisition, details of which are set out in the announcements of the Company dated 7 September 2017 and 6 October 2017
"Mr. Lau"	Lau Chuen Yien, Calvin, one of the Guarantors, one of the ultimate beneficial owners and the director of the Vendor
"Mr. Tan"	Tan Yun Harn, one of the Guarantors, one of the ultimate beneficial owners and the director of the Vendor
"Mr. Teoh"	Teoh Teng Guan, one of the Guarantors, one of the ultimate beneficial owners and the director of the Vendor
"NP Shares"	the entire issued share capital of Nexus Primo
"NP Share Charge"	the charge of all rights, entitlements, interests and benefits in the NP Shares executed by the Target in favour of the Purchaser
"Nexus Primo"	Nexus Primo Sdn. Bhd., a private company limited by shares incorporated in Malaysia and a wholly-owned subsidiary of the Target
"Noteholder(s)"	holder(s) of the Promissory Notes
"Payment Conditions"	the payment conditions as set out in the Payment Schedule
"Payment Schedule"	the payment schedule as set out in the Acquisition Agreement
"O2O Project"	the project involving the setting up of an online-to-offline and offline-to-online wholesale e-commerce platform under the name of Chow Kit Boy for Chow Kit Baru and the setting up of an online payment system in Chow Kit Boy
"Promissory Notes"	the promissory notes in Hong Kong Dollars equivalent to RM40.5 million to be issued by the Company in favour of the Vendor (or its nominee(s)) pursuant to the Payment Schedule

"RMB"	Renminbi, the lawful currency of the People's Republic of China
"Purchaser"	ICO IT Properties (Malaysia) Limited, a wholly-owned subsidiary of the Company
"Sale Loan"	all indebtedness, obligations and liabilities due, owing or incurred by the Target to the Vendor as at the Completion Date
"Sale Shares"	1,670,000 shares of US$1 each in the issued share capital of the Target, representing the entire issued share capital of the Target
"Sale Shares Share Charge"	the charge of all rights, entitlements, interests and benefits in the entire issued share capital of the Target executed by the Vendor in favour of the Purchaser
"SFC"	Securities and Futures Commission
"Share(s)"	ordinary share(s) of HK$0.0025 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Specific Mandate"	the specific mandate to be sought from the Independent Shareholders at the EGM to allot and issue the new Shares which may fall to be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bonds
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholders(s)"	shall have the meaning ascribed thereto under the Listing Rules
"Supplemental Agreement"	the supplemental agreement dated 8 January 2018 relating to the Acquisition entered into among the Purchaser, the Vendor and the Guarantors to amend certain terms of the Acquisition Agreement
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Target"	O2O Limited, a company incorporated in the BVI with limited liability and is wholly-owned by the Vendor as at the Latest Practicable Date
"Target Group"	the Target and Nexus Primo

"US$"	US dollar(s), the lawful currency of the United States of America
"Valuation Report"	the valuation report prepared by B.I. Appraisals Limited regarding the valuation of the Lands and the Building Project
"Vendor"	Rainbow Field Investment Limited, a company incorporated in the BVI
"%"	per cent.

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
(Chairman and Chief Executive Officer)
Mr. Pang Yick Him

Non-executive Directors:
Mr. Chan Kwok Pui
Mr. Tam Kwok Wah

Independent non-executive Directors:
Dr. Chan Mee Yee
Dr. Cheung Siu Nang Bruce
Ms. Kam Man Yi Margaret

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

Head office and principal place of business:
Office A, 25th Floor
TG Place
No. 10 Shing Yip Street
Hong Kong

28 March 2018

To the Shareholders:

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF O2O LIMITED INVOLVING ISSUE OF CONVERTIBLE BONDS AND PROMISSORY NOTES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 7 December 2017 and 8 January 2018 under which the Board announced that the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Guarantors, have on 6 December 2017 and 8 January 2018 entered into the Acquisition Agreement and the Supplemental Agreement respectively. Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan

* *For identification purpose only*

at the Consideration of RM145 million (subject to adjustment), which will be satisfied by a combination of cash, the issue of Convertible Bonds and the issue of Promissory Notes. Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

The purpose of this circular is to provide the Shareholders, among other things, (i) further information of the Acquisition; (ii) financial information of the Group; (iii) financial information of Nexus Primo; (iv) pro forma financial information on the Enlarged Group; (v) valuation report on the Lands and the Building Project and (vi) notice of the EGM.

THE ACQUISITION AGREEMENT

Date:

6 December 2017 as supplemented by the Supplemental Agreement dated 8 January 2018

Parties:

1. The Purchaser: ICO IT Properties (Malaysia) Limited, the wholly-owned subsidiary of the Company

2. The Vendor: Rainbow Field Investment Limited

3. The Guarantors: Mr. Teoh
Mr. Tan
Mr. Lau

The Vendor, being the sole shareholder of the Target, is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the Vendor is legally and beneficially owned by the Guarantors as to 40% by Mr. Teoh, 29% by Mr. Tan and 31% by Mr. Lau. Further information of the Target, the Vendor and the Guarantors is included under the section headed "Information of the Vendor and Guarantors" below.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save and except for Mr. Lau, each of the Vendor and the Guarantors and their respective associates are (i) Independent Third Parties; and (ii) not a party acting in concert (as defined under the Takeovers Code) with any substantial shareholders of the Company.

In addition, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save and except for Mr. Lau, (i) each of the Vendor and the Guarantors and their respective associates did not hold any Shares or other convertible securities in the Company as at the date of the Acquisition Agreement; and (ii) there are no previous transactions or business relationship between the Company and each of the Vendor and the Guarantors and their respective associates which would result in aggregation under Rule 14.22 of the Listing Rules.

The Guarantors, each as the primary obligor (but not merely as a guarantor), as continuing security, unconditionally and irrevocably guarantee to the Purchaser that the Vendor shall duly and punctually perform and observe its obligations under the Acquisition Agreement and pay all the money payable by the Vendor pursuant to the Acquisition Agreement. Each of the Guarantors also undertakes to the Purchaser that each of the Guarantors shall procure the Vendor to observe its obligations (whether expressed or implied) under the Acquisition Agreement.

Assets to be acquired:

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, being the entire issued share capital of the Target, and the Sale Loan at the Consideration. The Target is the sole legal and beneficial owner of the entire issued share capital of Nexus Primo. Upon Completion, the Target and Nexus Primo will become the indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group.

Nexus Primo is the legal and beneficial owner of four parcels of freehold vacant Lands, a Building Project namely Chow Kit Baru is under construction on the Lands. After the completion of Chow Kit Baru, an O2O Project namely Chow Kit Boy, will be set up on Chow Kit Baru. After Completion, the Target Group, Chow Kit Baru and Chow Kit Boy will be indirectly wholly owned by the Company.

Detailed information of the Building Project, the O2O Project and the Target Group is included under the section headed "Information of the Target Group" below.

The Consideration:

Pursuant to the terms of the Acquisition Agreement, the Consideration of RM145 million (subject to adjustment as described in the paragraph headed "Performance Guarantee and Adjustment to the Consideration" below) shall be payable by the Purchaser to the Vendor in the following manner:

(a) RM4.5 million (equivalent to approximately HK$8.7 million) in cash as refundable Deposit has already paid to the Vendor after the signing of the Acquisition Agreement, the Deposit has included the Earnest Money;

(b) RM100 million in Hong Kong Dollars (with reference to the Base Exchange Rate as defined in the paragraph headed "Exchange Rate Calculation" below) by way of issue of the Convertible Bonds to the Vendor (or its nominees) pursuant to the Payment Schedule; and

(c) RM40.5 million in Hong Kong Dollars (with reference to the Base Exchange Rate as defined in the paragraph headed "Exchange Rate Calculation" below) by way of issue of the Promissory Notes to the Vendor (or its nominee(s)) pursuant to the Payment Schedule.

According to the Acquisition Agreement, subject to the fulfillment of the Payment Conditions, RM100 million in Hong Kong Dollars of the Consideration shall be settled by the issue of the Convertible Bonds to the Vendor (or its nominees) by 8 tranches in accordance with the Payment Schedule. When the relevant Payment Conditions has been satisfied on or before the corresponding timeline set out in the Payment Schedule, the Company will apply for the approval ("Listing Approval") for the listing of, and permission to deal in, the relevant Conversion Shares, after the Listing Approval has been granted to the Company, the Purchaser will arrange to procure the issue of the relevant Convertible Bonds to the Vendor (or its nominees) as per the Payment Schedule. According to the Acquisition Agreement, the Company will arrange the relevant Conversion Shares to be allotted and issued to the Bondholder(s) within 5 Business Days upon the Bondholder(s) exercise of the Conversion Rights in accordance with the terms and conditions of the Convertible Bonds.

In Malaysia, the settlement of consideration payable for an acquisition of a property that is under construction is usually by way of staggered payments made in accordance with the completion of milestones of the building under construction, and such payments will be made prior to the documents of title to the property being issued in the name of the purchaser or transferred to its purchaser. The Acquisition takes the form of a share sale transaction where its underlying assets would include the e-commerce platform of Chow Kit Boy and the building of Chow Kit Baru, both of which are under constructions, hence, the parties have also adopted a similar staggered payment method under the Acquisition Agreement for the settlement of the Consideration which is based on the milestones of the entire project (as compared to the usual construction milestones of a pure property development project). The issue of Convertible Bonds in tranches for the settlement of the Consideration as set out in the Payment Schedule is in line with the usual market practice in Malaysia for staggered payments to be made in accordance with the progress of projects that are under construction. Although under the Acquisition Agreement the Company shall issue Convertible Bonds to the Vendor before the Company obtains the Sale Shares, the Company is protected by obtaining the Sale Shares Share Charge and the NP Share Charge in favour of the Purchaser as collaterals to secure the due and punctual performance and observance of the obligations by the Vendor under the Acquisition Agreement and/or the refund of the monies paid to the Vendor upon the termination of the Acquisition. This payment arrangement is further under the protection that payments will only be made upon the issue of certificate by the Architect certifying the Building Project has reached the pre-agreed construction milestones. Moreover, the Company considers that if it is to complete the Acquisition up-front and obtain the Sale Shares before Chow Kit Baru and/or Chow Kit Boy are completed, it may expose the Company to the risk of any non-performance by the contractors of the Building Project, whereas, if it is to obtain the Sale Shares after the Building Project and/or Chow Kit Boy is being completed, the abovementioned risk and other risks that the Building Project may have to face will be absorbed by the Vendor during the construction stage of the Building Project.

As the Company is not a real property developer and has no relevant experience on the construction of property project, it is beneficial to leave the task of developing the Building Project to the Vendor and the Company considers that the payment arrangement to settle payments in tranches is in line with the market practice in Malaysia and is fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

Pursuant to the Acquisition Agreement, in the event the Vendor fails to complete the Building Project or breaches the terms of the Acquisition Agreement at any time after the Company has issued all or part of the Convertible Bonds and the Company decided to exercise its rights to terminate the Acquisition Agreement, all outstanding Convertible Bonds to the Vendor shall forthwith be returned to the Purchaser for cancellation and any Convertible Bonds already converted into Conversion Shares by the Bondholders shall be refunded by the Vendor to the Purchaser in cash in the amount equivalent to the number of the Conversion Shares times the Conversion Price ("Refund CB Amount") within 15 Business Days free of interest.

The obligations of the Vendor to refund the Refund CB Amount are also secured by the Sale Shares Share Charge and NP Share Charge. The Sale Shares and the NP Shares are being charged to the Purchaser under the Sale Share Share Charge and NP Share Charge respectively to secure the due and punctual performance and observance of the obligations by the Vendor contained in the Acquisition Agreement and/or to refund the Consideration paid to the Vendor upon the termination of the Acquisition Agreement. At the time of the execution of the Sale Shares Share Charge and the NP Share Charge, the certificates for the Sale Shares and the NP Shares together with the blank instruments of transfer for those shares have signed by the chargor of the Sale Shares Share Charge and NP Share Charge (together, referred to "Escrow Documents") and are being deposited to an escrow agent. In the event the Vendor fails or refused to complete the transaction under the Acquisition Agreement, the Purchaser is protected that upon written notice of the Purchaser to the escrow agent, the escrow agent will release the Escrow Documents to the Purchaser to allow the Purchaser at its election to enforce the security under the Sale Shares Share Charge and NP Share Charge. The Purchaser will return those Escrow Documents to the chargor of the Sale Share Share Charge and NP Share Charge only upon confirmation that no outstanding amounts is owed by the Vendor to the Purchaser. Detailed of the mechanism is described under the paragraph headed "Consequences of Termination" to this circular.

As an extra protection to the Company, the obligation of the Vendor to refund the Refund CB Amount is also guaranteed by the Guarantors.

The main reason for major part of Consideration be settled by way of issue of Convertible Bonds and Promissory Notes is to save the costs of the Company, which is mainly the interest rates from the borrowings from financial institutions. The Convertible Bonds do not bear any interest. However, borrowings from financial institutions will incur higher interest rate and currently, most banks require collaterals such as cash deposit, land or properties, and/or guarantees in order to secure the loans which will restrict the liquidity and flexibility of the Company's cash flow or assets. The Promissory Notes will be issued with interest of 2% per annum, the Board is of the view that the low interest rate and the long repayment term (3 years) in the Promissory Notes outweigh the higher per costs incurred by the borrowings from financial institutions.

The Board noticed that the issue of the Conversion Shares will run the risk of diluting not only on the earning per Shares but also on the control of the Company. However, as per the disclosure under the paragraph headed "Effect on the Shareholdings Structure", the Board awares that the maximum Conversion Shares that can be held by Mr. Lau, the Vendor and the parties acting in concert with him/it within the Restrictions (as defined below) will be 19.99% of the enlarged total number of issued Shares. The Board is of the view that there will not be any change of control of the Company resulting from the Completion or the issue of the Conversion Shares. Having considered the nil interest rate on the Convertible Bonds and the Company can preserve the cash flow for other profitable investments, as well as the estimated profit to be brought to the Company and the potential increase of the earning per Share after the Completion, the Board have balanced the pros and cons for payment of Consideration in cash or by way of the issue of Convertible Bonds and Promissory Notes and is of the view that the issue of the Convertible Bonds and the Promissory Notes is fair and reasonable and in the interest of the Company and its Shareholders as a whole despite of the potential dilution impact.

Further details of the Payment Schedule are set out in the paragraph headed "Payment Schedule".

Further details of the Promissory Notes, Convertible Bonds, Sale Share Share Charge and NP Share Charge are set out in the sections headed "Promissory Notes", "Convertible Bonds", "Sale Shares Share Charge" and "NP Share Charge" respectively.

Exchange Rate Calculation

The payment of Promissory Notes and Convertible Bonds shall be in Hong Kong Dollars calculated by reference to the exchange rate calculation method set out below:

(a) the base exchange rate between Malaysian Ringgit and Hong Kong Dollar shall be RM1 to HK$1.92425 (the "Base Exchange Rate") being the mean value of their exchange rates for selling and buying telegraphic transfer quoted by the Hong Kong Association of Banks at the close of business in Hong Kong (5:00 p.m. Hong Kong time) on the Business Day preceding the date of the Acquisition Agreement; and

(b) payments of any Consideration shall be based on the mean value of exchange rates for selling and buying telegraphic transfer between Malaysian Ringgit and Hong Kong Dollar quoted by the Hong Kong Association of Banks at the close of business in Hong Kong (5:00 p.m. Hong Kong time) on the Business Day preceding the date of such payments subject to an allowable upward and downward fluctuation of 5% from the Base Exchange Rate.

Payment Schedule

Pursuant to the Acquisition Agreement (supplemented by the Supplemental Agreement), the Consideration is payable in accordance with the Payment Schedule as follows:

	Payment Date	Amount *(RM)*	Means of Payment		Payment Conditions	Timeline to fulfill the Payment Conditions
1.	Upon signing of the Acquisition Agreement	4,500,000	Cash (the Earnest Money shall form part of the Deposit upon signing of the Acquisition Agreement)	A.	Deposit is refundable if Conditions Precedent I is not satisfied by Long Stop Date I	
2.	5 Business Days after the Payment Conditions B(i), (ii) and (iii) have been fulfilled	24,500,000	Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM24,500,000 ("1st Convertible Bonds")	B.	(i) Satisfaction (or waiver) of Conditions Precedent I on Long Stop Date I; (ii) the Acquisition Agreement becomes unconditional and (iii) the Listing Approval for the Conversion Shares attached to the 1st Convertible Bonds has been obtained	(i) within six (6) months after the date of the Acquisition Agreement; or (ii) the Listing Approval for the Conversion Shares attached to the 1st Convertible Bonds has been obtained; whichever is later
3.	5 Business Days after the Payment Conditions (C)(i) and (ii) have been fulfilled	5,850,000	Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM5,850,000 ("2nd Convertible Bonds")	C.	(i) Upon the issuance of a certificate by the Architect certifying that the Building Project has reached the completion of earthworks and piling and foundation works in the Lands; and (ii) the Listing Approval for the Conversion Shares attached to the 2nd Convertible Bonds has been obtained	(i) on or before 30 March 2018; or (ii) satisfaction (or waiver) of Conditions Precedent I on Long Stop Date I; or (iii) the Listing Approval for the Conversion Shares attached to the 2nd Convertible Bonds has been obtained; whichever is the latest
4.	5 Business Days after the Payment Conditions (D)(i) and (ii) have been fulfilled	4,290,000	Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM4,290,000 ("3rd Convertible Bonds")	D.	(i) Upon the issuance of a certificate by the Architect certifying that the Building Project has reached completion of reinforced concrete frameworks to ground floor; and (ii) the Listing Approval for the Conversion Shares attached to the 3rd Convertible Bonds has been obtained	(i) on or before 30 May 2018; or (ii) satisfaction (or waiver) of Conditions Precedent I on Long Stop Date I; or (iii) the Listing Approval for the Conversion Shares attached to the 3rd Convertible Bonds has been obtained; whichever is latest

	Payment Date	Amount *(RM)*	Means of Payment	Payment Conditions	Timeline to fulfill the Payment Conditions
5.	5 Business Days after the Payment Conditions (E)(i) and (ii) have been fulfilled	4,290,000	Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM4,290,000 ("4th Convertible Bonds")	E. (i) Upon the issuance of a certificate by the Architect certifying that the Building Project has reached (aa) completion of reinforced concrete frameworks to 1st floor and 2nd floor; (bb) completion of architectural works to basement floor and ground floor; and (cc) completion of M& E works and ID fittings to basement floor; and (ii) the Listing Approval for the Conversion Shares attached to the 4th Convertible Bonds has been obtained	(i) On or before 15 September 2018; or (ii) the Listing Approval for the Conversion Shares attached to the 4th Convertible Bonds has been obtained; whichever is later
6.	5 Business Days after the Payment Conditions (F)(i) and (ii) have been fulfilled	4,290,000	Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM4,290,000 ("5th Convertible Bonds")	F. (i) Upon the issuance of a certificate by the Architect certifying that the Building Project has reached (aa) the completion of reinforced concrete frameworks to 3rd floor and 4th floor; (bb) completion of architectural works to 1st floor; (cc) completion of M&E works and ID fittings to ground floor and Mezzanine floor; and (dd) completion of escalator installation work to ground floor and mezzanine floor; and (ii) the Listing Approval for the Conversion Shares attached to the 5th Convertible Bonds has been obtained	(i) On or before 30 December 2018; or (ii) the Listing Approval for the Conversion Shares attached to the 5th Convertible Bonds has been obtained; whichever is later

	Payment Date	Amount *(RM)*	Means of Payment	Payment Conditions	Timeline to fulfill the Payment Conditions
7.	5 Business Days after the Payment Conditions (G)(i) and (ii) have been fulfilled	4,290,000	Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM4,290,000 ("6th Convertible Bonds")	G. (i) Upon the issuance of a certificate by the Architect certifying that the Building Project has reached (aa) the completion of reinforced concrete frameworks to 5th floor and 6th floor; (bb) completion of architectural works to 2nd floor and 3rd floor; (cc) completion of M&E works and ID fittings to 1st floor and 2nd floor; and (dd) completion of escalator installation work to 1st floor and 2nd floor; and (ii) the Listing Approval for the Conversion Shares attached to the 6th Convertible Bonds has been obtained	(i) On or before 15 April 2019; or (ii) the Listing Approval for the Conversion Shares attached to the 6th Convertible Bonds has been obtained; whichever is later
8.	5 Business Days after the Payment Conditions (H)(i) and (ii) have been fulfilled	10,140,000	Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM10,140,000 ("7th Convertible Bonds")	H. (i) Upon the issuance of a certificate by the Architect certifying that the Building Project has reached (aa) the completion of external infrastructure work including roads, drainage and sewerage work; (bb) completion of lift installation work; (cc) completion of external facade; and (ii) the Listing Approval for the Conversion Shares attached to the 7th Convertible Bonds has been obtained	(i) On or before 15 August 2019; or (ii) the Listing Approval for the Conversion Shares attached to the 7th Convertible Bonds has been obtained; whichever is later

	Payment Date	Amount (RM)	Means of Payment	Payment Conditions	Timeline to fulfill the Payment Conditions
9.	5 Business Days after the Payment Conditions (I)(i) and (ii) have been fulfilled	52,700,000	(a) Convertible Bonds with the principal amount in Hong Kong Dollars equivalent to RM42,350,000 ("8th Convertible Bonds"); and (b) Promissory Notes with the principal amount in Hong Kong Dollars equivalent to RM10,350,000	I. (i) Upon the issuance of CCC; and (ii) the Listing Approval for the Conversion Shares attached to the 8th Convertible Bonds has been obtained	(i) On or before 26 November 2019; or (ii) the Listing Approval for the Conversion Shares attached to the 8th Convertible Bonds has been obtained; whichever is later
10.	5 Business Days after the Payment Conditions (J) has been fulfilled	20,000,000	Promissory Note with the principal amount in Hong Kong Dollars equivalent to RM20,000,000	J. Completion of Chow Kit Boy to the satisfactory of the Purchaser	On or before 31 January 2020
11.	18 months after Completion Date	10,150,000	Promissory Note with the principal amount in Hong Kong Dollars equivalent to RM10,150,000	K. Upon the issuance of a certificate by the auditors of Nexus Primo that the Performance Guarantee has been reached	
	Total	145,000,000			

The Consideration shall be payable by the Purchaser to the Vendor by instalments as per the prescribed time mentioned in the Payment Schedule. In the event the Purchaser is unable to pay the Consideration within the prescribed time mentioned in the Payment Schedule, the Vendor agrees to grant to the Purchaser a grace period of thirty (30) days from each prescribed payment date. If the Purchaser is still unable to pay the particular payment after the grace period, the Vendor agrees to grant a further grace period of thirty (30) days to the Purchaser to settle the particular payment and the Purchaser shall pay interest on the outstanding amount calculated at the rate of eight per cent (8%) per annum on a daily basis from the first day of the expiry of further grace period to the date of actual payment ("Late Payment Interest").

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms after taking into account, among other things (i)the preliminary indicative market value of Chow Kit Baru as at 30 November 2017 of approximately RM152,000,000 as advised by B.I. Appraisals Limited, an independent professional valuer; (ii) the Performance Guarantee and the adjustment mechanism to the Consideration as elaborated below (details stated under the section headed "Performance Guarantee and Adjustment to the Consideration"); (iii) the future business prospects of the Target Group as stated under the section headed "Information of the Target Group") and (iv) other reasons and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below.

The Acquisition consists of two components, namely Chow Kit Baru and Chow Kit Boy. At the time of negotiation of the Consideration, the preliminary valuation of the Lands and Chow Kit Baru is RM152 million and thus the Purchaser awares that the valuation is higher than the total Consideration. Pursuant to the Valuation Report stated in Appendix V – Valuation Report of the Lands and the Building Project to this circular, the market value of Chow Kit Baru as at 31 January 2018 is also RM152 million. In arriving the market value of Chow Kit Baru, B.I. Appraisals Limited, an independent professional valuer, has adopted the direct comparison method, i.e. assuming that the property is capable of being sold as if completed on the date of valuation with the benefit of immediate vacant possession between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The direct comparison approach is the common method used by the valuer in determining the price of the land or properties would bring on the open market. The direct comparison method provides the market value of property by "comparing" it to those values obtained in the open market of similar properties. The valuer, in arriving at the value of the property in question, shall compare it with similar properties that have previously sold ("the comparable sales") and adjusting the value of the comparable sales. The valuer would then consider these adjustments, by using their professional judgment, and reach a value of the land or properties. The most important factors to consider when selecting comparables are the size, comparable features and most importantly, the location, which can have a tremendous effect on a property's market value. Given that (i) the cost of reproduction of the Building Project maybe significantly different from its market value after considering factors such as rental income and potential capital appreciation, (ii) the rental earning capacity of the Building Project may be difficult to estimate as the Building Project has yet to have track record of receiving rental income, and (iii) there are sufficient available market data on transactions of comparable properties for the Building Project, the Board is of the view that the adoption of the direct comparison method as well as the assumptions and comparables used in the Valuation Report is appropriate and suitable in valuating the market value of Chow Kit Baru. Taking into consideration that the Consideration represents a discount to the valuation of Chow Kit Baru (but not due to the Sale Loan), there will be an income generating from the rental for the units of Chow Kit Baru after Completion which is also secured by the Performance Guarantee, and it is expected that there will also have income to be generated from Chow Kit Boy, the Board considers the Consideration is fair and reasonable.

The Board has also considered the advantage that the payment of a significant portion of the Consideration will be deferred and satisfied by a 3-year term Promissory Notes and the 3-year interest free Convertible Bonds, the Board believes that this arrangement not only give more flexibility on the cash liquidity of the Company but also save the interest rate when compared with taking loans from the banks.

In 2017, the global e-commerce market was worth US$1.5 trillion and China was the biggest e-commerce market worldwide, generating revenues of US$497 billion (*Source: Statista, Digital Economy Compass 2018*). It is expected that the revenue in the "eCommerce" market in Malaysia will amount to US$1,309 million in 2018, the average revenue per user in the "eCommerce" market in Malaysia will amount to US$79.15 in 2018 and the number of internet users in Malaysia is expected to increase from 21.93 million in 2018 (approximately 68% of the population in Malaysia) to 23.41 million by 2022 (*Source: Statista, October 2017*). The Board is of the view that the online business industry in Malaysia have been growing rapidly in Malaysia and still have room to increase in the coming years.

In view of the above, the Board believes that the Acquisition will not only enhance the Company's assets portfolio but will also strengthen the edge of the Company in the property market and e-commerce penetration in Malaysia. After considering the Acquisition is to acquire Chow Kit Baru and Chow Kit Boy as a whole and assessed the benefit to be achieved after the Completion, the Board is of the opinion that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Further details of the Valuation Report for the Lands and the Building Project including the valuation methodology and key assumption adopted are set out in Appendix V to this circular. Having considered the factors mentioned in Appendix V to this circular, the Board is of the view that the valuation for the Lands and the Building Project is fair and reasonable.

Source of Financing

The cash portion of Consideration was paid by the net proceeds from placing on 18 March 2015 which was allocated to be used for strategic growth through merger, acquisition or business collaboration.

Performance Guarantee and Adjustment to the Consideration ("Adjustment")

The Consideration is subject to the downward adjustment if (i) the Performance Guarantee (as defined below) has not been fulfilled by the Vendor and/or (ii) Chow Kit Boy has not been completed within the prescribed time in the Acquisition Agreement.

(a) Performance Guarantee

Pursuant to the Acquisition Agreement, the Vendor guarantees to the Purchaser that for a period of eighteen (18) months from the Completion Date ("Performance Guarantee Period"), the total gross rental net of taxes of Malaysia (including Goods and Services Tax) ("Gross Rental") received in full by Nexus Primo generated by the leases entered into for Chow Kit Baru shall reach the sum of not less than RM10.15 million ("Performance Guarantee"). The Gross Rental shall be determined and certified by the auditors of Nexus Primo, whose determination shall be final and conclusive.

In the event the Vendor fails to achieve the Performance Guarantee, the Purchaser shall be entitled to deduct a sum of RM10.15 million from the Consideration which would be effected by the non-issuance of the Promissory Notes with principal amount of RM10.15 million in Hong Kong dollors under item no.11 of the Payment Schedule as disclosed under paragraph headed "Payment Schedule" to this circular.

The auditors to determine the Gross Rental will be the local auditors in Malaysia appointed by Nexus Primo, and the appointment will be confirmed after the Completion. It is expected that the auditors of Nexus Primo can finish the audit of the Gross Rental within 2 calendar months after the expiry of Performance Guarantee Period.

During the course of the negotiation of the Consideration, the Vendor has proposed to the Purchaser to provide for the Purchaser a guarantee of the lease return from Chow Kit Baru for a 12-month period amounting to approximately 7% of the Consideration. It is not a profit forecast but a guarantee of revenue from the rental income of Chow Kit Baru for a 12-month period. The Purchaser considered this proposal is acceptable as with reference to the preliminary valuation the current market yield for rental nearby the Lands is 5.5% only. The Purchaser has considered some practical issues like renovation and final touch up for the units of Chow Kit Baru may be required before the tenants moving in or other unforeseen situations might be happened to delay the move in of the tenents, the Purchaser agrees to set the Performance Guarantee Period be a period of eighteen months to cater for the Vendor with more time and flexibility and have sufficient time to achieve a 12-month target with buffer time.

As at the Latest Practicable Date, no tenancy agreement has been entered into for Chow Kit Baru. The Target Group has scheduled to arrange the units of Chow Kit Baru for lease six months before the completion of Chow Kit Baru.

The Board's view on the achievability of the Performance Guarantee is positive, and if the Performance Guarantee cannot be achieved within the Performance Guarantee Period, an amount of RM10.15 million will be the deducted from the Consideration.

The Company will publish an announcement at an appropriate time disclosing whether the Performance Guarantee will be met and if the Consideration has been downward adjusted in the event the Performance Guarantee have not been met.

(b) Completion of Chow Kit Boy

Pursuant to the Acquisition Agreement, in the event the set up of Chow Kit Boy cannot be completed within the prescribed time in the Acquisition Agreement, the Purchaser is entitled to deduct a sum of RM20 million from the Consideration and after the deduction of the said RM20 million from the Consideration, the Vendor shall be released from its obligation and liability to set up Chow Kit Boy.

The idea for the project of Chow Kit Baru and Chow Kit Boy was initiated from the Vendor. According to the Vendor, it has a positive view on the ongoing online business in Malaysia and envisages there will be a good prospect on online business in Malaysia as e-commerce business in Malaysia is still at a beginning stage. Gathering the experience of Mr. Tan's experience in real property development, Mr. Teoh's experience in management and Mr. Lau's experience in IT industry, the Vendor believes that the project of Chow Kit Baru and Chow Kit Boy can be completed within the prescribed time in the Acquisition Agreement.

The prescribed time limit for the Vendor to complete Chow Kit Boy (i.e. on or before 31 January 2020) was arrived at by the parties to the Acquisition Agreement through extensive discussion and negotiation with consideration to the estimated time table for the Building Project. The Company awares the Vendor's background being an experienced property developer may not have experience to complete the setting up e-commerce platform like Chow Kit Boy on time, the Vendor, during the negotiation with the Purchaser on the timeframe to complete Chow Kit Boy, proposed that in the event the Vendor is unable to complete Chow Kit Boy on time, it would be better for the Group to pick up and finish off with the setting up of Chow Kit Boy and to deduct RM20 million from the Consideration and release the Vendor from that obligation. Although the Company does not know the basis of the Vendor in coming to the figure of RM20 million as the Vendor has not shared with the Company, the Company having considered the Group's IT background and experiences in carrying out and completing the large scale IT projects with its customers in both public and private sectors, it is confident that the Group can pick up and complete the set up of Chow Kit Boy within a reasonable time either by itself or by engaging other service providers with lesser amount from the RM20 million deducted from the Consideration. Based on those consideration, the Company accepted the Vendor's proposal and the Board is of the view that such arrangement is in the interest of the Company and its Shareholders as a whole.

Conditions precedent

The Acquisition Agreement shall be unconditional upon the following conditions ("Conditions Precedent I") being fulfilled and satisfied on or before the Long Stop Date I:

(a) the passing of the necessary resolution(s) by the directors of the Purchaser approving the transactions contemplated in or incidental to the Acquisition Agreement;

(b) the Purchaser being satisfied with the results of the due diligence review;

(c) the delivery of a first legal opinion (in form and substance satisfactory to the Purchaser) from the Purchaser's Malaysia legal advisers in relation to the Acquisition Agreement and the transactions contemplated thereunder, including:

   (i) the due incorporation, shareholding structure, valid and continued existence of Nexus Primo under the Malaysian laws;

   (ii) the title and the rights, interests and encumbrances under the Lands; and

   (iii) such other aspect of laws of Malaysia as the Purchaser may consider appropriate or relevant to the transactions contemplated by the Acquisition Agreement.

(d) the delivery of a BVI legal opinion (in form and substance satisfactory to the Purchaser) from a firm of BVI legal advisers appointed by the Purchaser in respect of (i) the due incorporation of the Vendor under the BVI laws and that the Vendor have obtained all necessary approvals and consent for the purpose of entering into the Acquisition Agreement and that their obligations hereunder constitute legal and valid obligations and enforceable against them; (ii) the due incorporation of the Target; and (iii) the legality, validity and enforceability of the Sale Shares Share Charge;

(e) the Purchaser having obtained a Valuation Report (in form and substance satisfactory to the Purchaser), that indicates that the market value of the Lands and the Building Project is not less than RM145 million;

(f) the Board having approved and authorised the Acquisition, the issuance of the Promissory Notes and the Convertible Bonds, to convene the EGM to seek the approval from the Independent Shareholders on the Acquisition, the issuance of the Promissory Notes, the granting of the Specific Mandate, the issuance of the Convertible Bonds and the allotment and issuance of the Conversion Shares;

(g) the passing of the necessary resolution(s) by the Independent Shareholders of the Company at the EGM approving, inter alia, the Acquisition, the issuance of the Promissory Notes, the granting of the Specific Mandate, the issuance of the Convertible Bonds and allotment and issuance of the Conversion Shares;

(h) Nexus Primo having satisfied or fulfilled all the conditions contained in the Building Plans Approval to the satisfaction of the Purchaser;

(i) The approval of the Application for Surrender and Re-Alienation on terms acceptable to the Purchaser and the endorsement by the Land Office of Malaysia of the category of land use and the express condition of the Lands as “building” and “commercial” respectively on each of the documents of title to the Lands;

(j) no “reverse takeover” (as defined under the Listing Rules) having been triggered or ruled by the Listing Division of the Stock Exchange in relation to the transaction contemplated under the Acquisition Agreement; and

(k) no takeover or change of control implication or obligation having been triggered under the Takeovers Code.

Upon the fulfillment of Conditions Precedent I, the Acquisition Agreement shall become unconditional and binding to the Purchaser and the Vendor. The Purchaser may in its absolute discretion at any time waive the Conditions Precedent I (b), (c), (d) and (i) set out above by written notice to the Vendor. Such right provides the Purchaser with additional flexibility to make the Acquisition unconditional. As at the Latest Practicable Date, the Directors have no intention to waive any of the Condition Precedent I(b), (c), (d) or (i) and will only exercise such right with due care and consideration and will not waive such conditions precedents to the extent that the substance of the Acquisition Agreement would be affected. Furthermore, as per the Acquisition Agreement, the Purchaser shall be entitled to require such condition(s) to be fulfilled or satisfied as part of Conditions Precedent II on or before the Long Stop Date II.

The parties to the Acquisition Agreement are in the midst of procuring the fulfilment of all the Conditions Precedent I. As at the Latest Practicable Date, none of the Conditions Precedent I has been fulfilled. The Purchaser is going to engage the Malaysia legal advisor and BVI legal advisor to issue a legal opinion to fulfill the Condition Precedent I(c) and (d) respectively. The Condition Precedent I(i) has already been incorporated in Condition Precedent II as Condition Precedent II(l) in order to provide more time to Vendor to fulfill it in the event the Condition Precedent I(i) cannot be fufilled on or before Long Stop Date I and the Condition Precedent II(l) cannot be waived as per the Acquisition Agreement.

If any of the Conditions Precedent I are not fulfilled or waived on or before the Long Stop Date I (or such later date as may be agreed by the Purchaser and the Vendor in writing), all rights, obligations and liabilities of the parties shall cease and determine and none of the parties shall have any claim against the other and the parties shall be released from all obligation hereunder save and except any antecedent breach, in which case the Deposit shall be fully refunded by the Vendor to the Purchaser within fourteen (14) Business Days without interest.

Completion is subject to the fulfilment of the following conditions ("Conditions Precedent II") (or, where applicable, waived) on or before the Long Stop Date II to the satisfaction of the Purchaser:

(a) diligent and punctual implementation of the O2O Project by the Target Group save and except for the completion of Chow Kit Boy;

(b) full and punctual implementation and completion of the Building Project by Nexus Primo in accordance with the Building Plans and the issuance of the CCC;

(c) the Vendor's undertakings in the Acquisition Agreement having been fully performed;

(d) the Vendor's warranties in the Acquisition Agreement remaining true and accurate and not misleading in all material respects as at Completion;

(e) all necessary third party, governmental and regulatory approvals or consents (or waivers), including those from the Stock Exchange, the SFC, and/or any other governmental authority, required by the Guarantors, the Vendor, the Purchaser, the Company and the Target Group or any of them for the consummation of the transactions contemplated in the Acquisition Agreement having been obtained;

(f) all certificates, licences, permits, authorities, consent and/or approvals held or required by the Target Group to carry out its business or enjoy and occupy its assets remain valid and effective without any threat of any suspension or revocation thereof;

(g) there being no claim, litigation, arbitration, prosecution or other legal proceedings by any third party or governmental authority and there being no investigation, enquiry or in any proceedings or hearing before any governmental authority against the Guarantors, the Vendor, the Target Group and its business, Nexus Primo or the Lands whether actual or pending, in connection with the transactions contemplated herein;

(h) there being no Material Adverse Change (or Effect) and the Purchaser having obtained from the Vendor a written confirmation that from the date of signing of the Acquisition Agreement, there has not been any abnormal operations nor any Material Adverse Change (or Effect) in the business carried out by the Target Group, the Target Group, the Lands and/or the O2O Project up to the Completion Date;

(i) the Purchaser having obtained from the Guarantors a written confirmation that there is no outstanding loan and liability due from the Target Group to the Guarantors, any of its directors or other third party(ies) as at the Completion Date, save and except for the Sale Loan;

(j) the Purchaser having obtained from the Purchaser's Malaysia legal advisors a final legal opinion (in form and substance satisfactory to the Purchaser) advising on:

    (i) the due incorporation, shareholding structure, valid and continued existence of Nexus Primo under the Malaysian laws;

    (ii) the title details and the rights, interests and encumbrances under the Lands; and

    (iii) such other aspect of laws of Malaysia as Purchaser may consider appropriate or relevant to the transactions contemplated by the Acquisition Agreement.

(k) the consideration for the acquisition of the entire issued share capital in Nexus Primo pursuant to the share sale agreement made between the former shareholders of Nexus Primo and the Target dated 23 October 2017 (as supplemented by the supplemental agreement dated 30 November 2017) be fully settled by the Target; and

(l) The approval of the Application for Surrender and Re-Alienation on terms acceptable to the Purchaser and the endorsement by the Land Office of Malaysia of the category of land use and the express condition of the Lands as "building" and "commercial" respectively on each of the documents of title to the Lands.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions (d), (h) and (j) (to the extent it is capable of waiving) by written notice to the Vendor. Such right provides the Purchaser with additional flexibility to complete the Acquisition. As at the Latest Practicable Date, the Directors have no intention to waive any of the conditions (d), (h) or (j) above and will only exercise such right with due care and consideration and will only waive such conditions precedents if it is in the interests of the Company and Shareholders as a whole, and in any event, would not waive such conditions precedent to the extent that the substance of the Acquisition would be affected. In the event that all the Conditions Precedent II are not fulfilled and remain unfulfilled (or waived where applicable) on the Long Stop Date II (or such later date as may be agreed by the Purchaser and the Vendor in writing), the party not in default may elect to terminate the Acquisition Agreement in accordance with the provisions in the Acquisition Agreement.

As at the Latest Practicable Date, none of the Conditions Precedent II has been fulfilled.

Completion

Completion shall take place on the seventh (7th) Business Day following the day when all the Conditions Precedent II have been fulfilled (or waived where applicable) or such other date as the parties to the Acquisition Agreement may agree in writing.

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Group and the financial results of the Target Group will be consolidated into the accounts of the Group.

In the event the Completion cannot be taken place, the party not in default may:–

(a) defer the Completion to a date not more than thirty (30) Business Days after the Completion Date; or

(b) proceed to Completion so far as practicable and in any case without prejudice to its rights under the Acquisition Agreement; or

(c) rescind the Acquisition Agreement without prejudice to any of its other rights in respect of the default.

There is no provision in the Acquisition Agreement which grants any right to the Vendor to nominate its nominee to be appointed as Director.

The Directors confirmed that the Company does not intend to appoint the ultimate beneficial owners of the Vendor and/or their respective associates as Director(s) after the Acquisition. Given the terms of the Acquisition Agreement were negotiated on an arm's length basis, the Board considers that the terms of the Acquisition Agreement are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Termination of Acquisition

The Acquisition Agreement may be terminated at any time prior to the Completion Date:

(a) by the mutual written consent of the Vendor on the one hand and the Purchaser on the other hand;

(b) by the Purchaser, if

(i) the Vendor breaches or fails to perform in any respect of its obligations under the Acquisition Agreement and such breach or failure to perform cannot be or has not been cured within fourteen (14) Business Days following written notice of such breach or failure to perform in writing is served by the Purchaser; or

(ii) the Purchaser shall become aware of any matter or event showing that any of the Vendor's warranties was, when given, untrue or inaccurate in any respect if the same has not been cured within fourteen (14) Business Days following written notice of such breach or failure to perform in writing is served by the Purchaser; or

(iii) any creditor makes a valid demand for repayment or payment of any indebtedness of the Target Group or in respect of which the Target Group is liable prior to is stated maturity which demand can reasonably be expected to have a Material Adverse Change (or Effect); or

(iv) the Target Group shall sustain any loss or damage (howsoever caused and whether or not the subject of any insurance or claim against any person) which constitutes a Material adverse Change (or Effect); or

(v) the occurrence of a Material Adverse Change (or Effect); or

(vi) any petition is presented for the winding up or liquidation of any member of the Target Group or any member of the Target Group makes any composition or arrangement with its creditors or enters into a scheme or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Target Group or anything analogous thereto occurs in respect the Target Group which can reasonably be expected to have a Material Adverse Change (or Effect).

(c) by the Vendor, if the Purchaser breaches or fails to perform in any respect of its obligations under the Acquisition Agreement and such breach or failure to perform cannot be or has not been cured within fourteen (14) Business Days following written notice of such breach or failure to perform in writing is served by the Vendor.

Consequences of Termination

(a) Pursuant to the Acquisition Agreement, the Vendor and the Purchaser agree that:

(i) if the default is caused by the Vendor that leads to the termination of the Acquisition Agreement, the Purchaser shall be entitled to:–

(aa) payment of compensation from the Vendor of a sum equivalent to 20% of the Consideration (without any Adjustment) as agreed liquidated damages; or (bb) bring an action against the Vendor and to obtain a decree for specific performance for all obligations contemplated under the Acquisition Agreement.

(ii) if the default is caused by the Purchaser that leads to the termination of the Acquisition Agreement, the Vendor shall be entitled to payment of compensation from the Purchaser of a sum equivalent to 20% of the Consideration (without any Adjustment) as agreed liquidated damages.

(b) the parties further agree that in the event of the termination of the Acquisition Agreement occurs,

(i) all cash payment of the Consideration made by the Purchaser to the Vendor shall be refunded by the Vendor to the Purchaser in cash within fifteen (15) Business Days free of interest;

(ii) all outstanding Convertible Bonds and Promissory Notes issued by the Company to the Vendor (or its nominees) in payment of the Consideration by the Purchaser shall be forthwith returned to the Purchaser for cancellation by the Company;

(iii) any Convertible Bonds already converted into Conversion Shares by the Bondholder(s) shall be refunded by the Vendor to the Purchaser in cash in the amount equivalent to the number of Conversion Shares times the Conversion Price within fifteen (15) Business Days free of interest; and

(iv) the Purchaser shall, upon confirming no outstanding amounts owed by the Vendor to the Purchaser (including any damages claimed on the antecedent breach) ("No Debt Confirmation"), return to the Vendor the original share certificate(s), the related instruments of transfer in blank duly signed and undated by the chargor or its nominee(s) and the relevant documents as provided in the Sale Shares Share Charge and NP Share Charge within fourteen (14) Business Days after No Debt Confirmation.

For the avoidance of doubt, the refund under the termination of Acquisition Agreement shall not include the Late Payment Interest.

All terms regarding termination shall survive Completion.

THE CONVERTIBLE BONDS

Pursuant to the Acquisition Agreement, an amount in Hong Kong Dollars equivalent to RM100 million out of the Consideration will be satisfied by the issuance of the Convertible Bonds by the Company to the Vendor (or its nominee(s)) in accordance with the Payment Schedule.

The principal terms of the Convertible Bonds are summarised as follows:

Issuer:	The Company
Bondholder(s):	The Vendor (or its nominees)
Principal amount:	Hong Kong Dollars equivalent to RM100 million
Maturity date:	The Business Day falling on the third (3rd) anniversary from the issue date of the Convertible Bonds ("CB Maturity Date")
Interest:	The Convertible Bonds do not bear any interest.
Transferability:	The Convertible Bonds will be freely transferable or assigned (in integral multiple of HK$1,000,000 or such lesser amount representing the entire outstanding principal amount of the Convertible Bonds) to any transferee other than any connected person(s) of the Company, which is subject to the prior written consent of the Company and in compliance with the Listing Rules.
Voting rights:	The Bondholder(s) is/are not entitled to attend or vote at any meetings of the Company.

Conversion Rights: The Bondholder(s) has/have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK$1,000,000 or integral multiples thereof) at Conversion Price on any Business Day after the date of issuance of the Convertible Bonds up to the CB Maturity Date, provided that no conversion can be made if it comes to the notice of the Company that any such issue of Conversion Shares will result in (i) the Company in breach of any provision of the Listing Rules, including the requirement to maintain the prescribed minimum percentage (currently being 25%) of the issued share capital of the Company held by the public (as defined in the Listing Rules from time to time); or (ii) the Bondholder(s) and parties acting in concert with it/them (for the purposes of the Takeovers Code) will hold 20% or more of the issued share capital of the Company or will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code ("Restrictions").

Conversion Price: HK$0.1323 per Conversion Share (subject to adjustments as described in the paragraph headed "Adjustment to Conversion Price" below).

Redemption: The Bondholder(s) has/have the right to require the Company to redeem the Convertible Bonds upon the occurrence of events of default (as described in the paragraph headed "Events of Default to the Convertible Bonds" below) as stipulated under the terms of the Convertible Bonds.

Unless previously converted into Conversion Shares, the outstanding principal amount of the Convertible Bonds shall be redeemed by the Company on the CB Maturity Date by issuing such number of Conversion Shares to the Bondholder in extinction of the whole or part of the outstanding principal amount of the Convertible Bond up to the maximum number of Conversion Shares that can be issued to the Bondholder(s) within the Restrictions ("Mandatory Conversion"), and after Mandatory Conversion, the Company shall redeem the remaining outstanding principal amount of the Convertible Bonds (if any) in cash to the Bondholder(s).

The determination by the Company on the number of Conversion Shares to be issued under Mandatory Conversion shall be final and conclusive.

Ranking of the Conversion Shares:	The Conversion Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issuance of such Shares.

Application for listing will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Conversion Shares shall be allotted and issued under the Specific Mandate to be obtained at the EGM. The Specific Mandate shall be valid and effective for about 28 months from the date of the Acquisition Agreement (i.e. up to 6 April 2020). As disclosed under the paragraph headed "Payment Schedule" to this circular, the Vendor agrees to grant to the Purchaser a total grace period of sixty (60) days for each prescribed payment date mentioned in the Payment Schedule. The Company intends the period of validity of the Specific Mandate be long enough to cover the said grace period for payment. In the event if (i) Conditions Precedent I and/or Conditions Precedent II cannot be fulfilled before the validity and effective period of the Specific Mandate; or (ii) the Completion and/or the payment is agreed to be further delayed, the Company will re-comply with the Listing rules and seek approval from its Shareholders.

The Conversion Price represents:

(i) a discount of approximately 11% to the closing price of HK$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 15% to the average of the closing prices of approximately HK$0.1556 per Share for the last five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 18% to the average of the closing prices of approximately HK$0.1618 per Share for the last ten consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 5% to the closing prices of approximately HK$0.139 per Share as at the Latest Practicable Date; and

(v) a premium of approximately 195% over the consolidated net asset value of the Group of approximately HK$0.0449 per Share as at 31 March 2017 (based on the audited consolidated net asset value of the Group attributable to the Shareholders of HK$179,526,000 as at 31 March 2017 and 4,000,000,000 issued Shares as at the date of the Acquisition Agreement).

The Conversion Price is reached after taking into account (i) the prevailing market price of the Shares; (ii) the blockage discount on the Conversion Shares and (iii) the recent condition of the financial market in Hong Kong. The Conversion Price was arrived at after arm's length negotiations. The Purchaser, in the course of negotiation of the Consideration, has considered the issue of blockage discount. Blockage discounts relate to the law of supply and demand: at any point in time there is a level of demand for shares in a stock at a certain price, any increase in the supply of that stock would hypothetically decrease the price per share and it assumes that blocks of stocks could not be liquidated in a timely manner without depressing the market price. Accordingly, if a party trying to sell a large block of stock in a short period of time would potentially realize less than the daily trading price quoted. In this case, the most practical course of action might be a gradual disposition of the block or dribbling out the block shares to mitigate the risk of a large price decrease from flooding the market with additional shares in an immediate sale and the holders of the block shares will be subject to a prolonged holding period and risk of a price decline and a blockage discount will be offered. Usually, investors require discounts to purchase investments with long holding periods, having considered the Convertible Bonds does not bear interest and the block Conversion Shares is less likely to be realized in the stock market at a time that might create downward pressure on the value, the Board is of the view that a discount has been made on the Conversion Price is fair and reasonable and the Conversion Price is fair and reasonable and in the interest of the Company and its Shareholders as a whole even it is discounted.

Adjustment to the Conversion Price

(a) The Conversion Price shall, from time to time, be adjusted in accordance with the following relevant provisions:

   (i) If and whenever any consolidation or sub-division on the Shares, the Conversion Price shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount.

   (ii) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price shall be adjusted by multiplying it by the aggregate nominal amount of the issued Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Shares issued in such capitalisation.

   (iii) If and whenever the Company shall make any Capital Distribution (as defined below) to holders (in their capacity as such) of the Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

   where:

   A = the market price on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the Capital Distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by an approved merchant bank, of the portion of the Capital Distribution or of such rights which is attributable to one Share.

(iv) If and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price which is less than 85 per cent. of the market price at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants (such adjustment to become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant).

(v) (aa) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total Effective Consideration (as defined below) per Share initially receivable for such securities is less than 85 per cent. of the market price at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the conversion or exchange rate or subscription price.

(bb) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this sub-paragraph (v) are modified so that the total Effective Consideration per Share initially receivable for such securities shall be less than 85 per cent. of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (v), the "Total Effective Consideration" receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the total Effective Consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

(vi) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 85 per cent. of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued.

(vii) If and whenever the Company shall issue Shares for the acquisition of asset at an Effective Consideration (as defined below) per Share which is less than 85 per cent. of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying it by a fraction of which the numerator shall be the Effective Consideration per Share and the denominator shall be such market price. For the purpose of this sub-paragraph (vii) "Effective Consideration" shall be the aggregate consideration credited as being paid for such Shares by the issuer on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Effective Consideration per Share" shall be the Effective Consideration divided by the number of Shares issued as aforesaid.

In this sub-paragraph (iii), (iv), (v), (vi) and (vii),

"Capital Distribution" shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution.

"market price" means the average of the closing prices of one Share on the Stock Exchange for each of the last five Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place ending on the last of such dealing day preceding the day on or as of which the market price is to be ascertained.

(b) The provisions of sub-paragraphs (a)(ii), (iii), (iv), (v), (vi) and (vii) above shall not apply to:

(i) an issue of fully paid Shares upon the exercise of any Conversion Rights attached to securities convertible into Shares or upon exercise of any rights to acquire Shares provided that an adjustment has been made in respect of the issue of such securities or granting of such rights (as the case may be);

(ii) an issue of fully paid Shares upon conversion of the Convertible Bonds, the exercise of any options or warrants (if any) subsisting as at the date of first issue of the Convertible Bonds;

(iii) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share scheme or otherwise pursuant to any share option issued pursuant to a share option scheme adopted by the Company with the approval of its Shareholders;

(iv) an issue by the Company of the Shares or by the Company or any subsidiary of the Company of securities wholly or partly convertible into or rights to acquire the Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business provided that an adjustment has been made (if appropriate) in respect of the issue of such securities or granting of such rights (as the case may be);

(v) an issue of fully paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or rights to acquire the Shares; or

(vi) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the "market value" of one Share shall mean the average of the closing prices as quoted in the official sheet of the Stock Exchange (or the equivalent) for such Stock Exchange dealing days on which dealings in the Shares took place (being not less than five such days) as are selected by the directors of the Company in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.

Event of Default to the Convertible Bonds

(1) If any of the following events occurs, the Bondholder(s) may give notice to the Company that the outstanding principal amount of the Convertible Bonds is, and it shall on the giving of such notice immediately become, due and payable (under this paragraph, the "Default Notice"):–

(a) the Company fails to pay the principal amount when due unless non-payment thereof is due solely to administrative or technical error and payment is made within seven (7) Business Days of the due date thereof; or

(b) the Company defaults in performance or observance or compliance with any of its other material obligations set out herein which default is incapable of remedy or, if capable of remedy, is not remedied within fourteen (14) Business Days after notice of the occurrence of such default by the Issuer; or

(c) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries; or

(d) the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or its major subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or its major subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or

(e) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its subsidiaries except in the case of winding-up of subsidiaries of the Issuer in the course of internal reorganisation; or

(f) the Insolvency of the Company; or

(g) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or its subsidiaries; or

(h) the delisting of the Shares by the Stock Exchange;

(2) The Parties hereby agreed that the Company shall pay the outstanding principal amount stated in the Convertible Bonds (without any discount or premium) to the Bondholder(s) within twenty-one (21) days from the date of receipt of the Default Notice from the Bondholder(s).

Effect on the Shareholdings Structure

The maximum of 1,454,459,562 Conversion Shares (assuming the Convertible Bonds are issued at the Base Exchange Rate) to be issued upon full conversion of the Convertible Bonds represent:

(i) approximately 34.5% of the existing total number of issued Shares; and

(ii) approximately 25.6% of the total number of issued Shares as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds.

The shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) upon conversion in full of the Convertible Bonds into Conversion Shares at the Conversion Price are as follows:

Shareholders	**As at the Latest Practicable Date**		**Immediately after full conversion of the Convertible Bonds at the Conversion Price within the Restrictions (for illustration purpose only)** *(Note 1)*	
	Number of Shares	*Approximate % of shareholdings*	*Number of Shares*	*Approximate % of shareholdings*
BIZ Cloud Limited *(Notes 3 and 4)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Cloud Gear Limited *(Notes 3 and 6)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Friends True Limited *(Notes 3 and 7)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Imagine Cloud Limited *(Notes 3 and 9)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Lee Cheong Yuen ("Mr. Lee") *(Notes 3 and 4)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Chan Kwok Pui ("Mr. Chan") *(Notes 3 and 6)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Yong Man Kin ("Mr. Yong") *(Notes 3 and 7)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Tam Kwok Wah ("Mr. Tam") *(Notes 3 and 9)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Saetia Ladda *(Note 4)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Ma Kit Ling *(Notes 8)*	1,930,000,000	45.75%	1,930,000,000	34.02%
Public Shareholders:				
Mr. Lau	259,804,000	6.16%	259,804,000 *(Note 1)*	4.58%
The Vendor	–	–	874,171,435 *(Note 1)*	15.41%
Other Public Shareholders	2,028,449,968	48.09%	2,608,738,095 *(Note 1)*	45.99%
Total	4,218,253,968	100.00%	5,672,713,530	100.00%

Notes:

1. This scenario is for illustration purpose only. Any conversion of the Convertible Bonds is subject to the Restrictions that no conversion can be done if it comes to the notice of the Company that any such issue of Conversion Shares will result in (i) the Company in breach of any provision of the Listing Rules, including the requirement to maintain the prescribed minimum percentage (currently being 25%) of the issued share capital of the Company held by the public (as defined in the Listing Rules from time to time); or (ii) the Bondholder(s) and parties acting in concert with it/them (for the

purposes of the Takeovers Code) will hold 20% or more of the issued share capital of the Company or will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code ("Rule 26 Restriction").

The maximum Conversion Shares to be issued upon full conversion of the Convertible Bonds is 1,454,459,562 Conversion Shares, assuming the Vendor will dispose of its Conversion Shares to other public Shareholders to avoid triggering the Rule 26 Restriction, as at the Latest Practicable Date and assuming no further change on the issued share capital of the Company, the maximum Shares can be held by Mr. Lau, the Vendor and the parties acting in concert with them will be 1,133,975,435 Shares (being the sum of 259,804,000 Shares held by Mr. Lau as at the Latest Practicable Date and 874,171,435 Conversion Shares held by the Vendor). Assuming the difference between 1,454,459,562 Conversion Shares and 874,171,435 Conversion Shares (i.e. 580,288,127 Conversion Shares) are all in the hand of other public Shareholders, the other public Shareholder will hold 2,608,738,095 Shares representing 45.99% of the issued share capital of the Company immediately after full conversion of the Convertible Bonds at the Conversion Price within the Restriction.

2. For illustration purpose, this scenario disregards the future potential effects on shareholding structure of the Company upon completion of the disclosable and share transaction as detailed in the announcements of the Company dated 18 December 2017.

3. On 27 February 2015, our ultimate Controlling Shareholders, namely, Mr. Lee, Mr. Chan, Mr. Yong and Mr. Tam, 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, our ultimate Controlling 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.

4. 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) 760,000,000 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.

5. Ms. Saetia Ladda is the spouse of Mr. Lee. Under the SFO, Ms. Saetia Ladda is deemed to be interested in the same number of Shares in which Mr. Lee is interested.

6. 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) 1,820,000,000 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.

7. Shares in which Mr. Yong is interested consist of (i) 525,000,000 Shares held by Friends True Limited, a company wholly-owned by Mr. Yong, and (ii) 1,405,000,000 Shares in which Mr. Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Chan and Mr. Tam.

8. Ms. Ma Kit Ling is the spouse of Mr. Yong. Under the SFO, Ms. Ma Kit Ling is deemed to be interested in the Shares in which Mr. Yong is interested.

9. 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) 1,805,000,000 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.

There will not be any change of control of the Company resulting from the Completion of the Acquisition or the issuance of the Conversion Shares.

THE PROMISSORY NOTES

The principal terms of the Promissory Notes that will be issued by the Company as per the Payment Schedule are as follows:

Issuer:	The Company
Bondholder(s):	The Vendor (or its nominees)
Principal amount:	Hong Kong Dollars equivalent to RM40.5 million
Maturity Date:	The third (3rd) anniversary from the date of issuance of the Promissory Notes ("PN Maturity Date")
Interest:	2% per annum, payable on the PN Maturity Date.
Repayment:	Payment of the principal amount of the Promissory Notes shall be made in full upon the PN Maturity Date.
Early Redemption:	The Company may redeem all or part of the Promissory Notes at any time prior to the PN Maturity Date at 100% of their face value together with all interest accrued on the principal amount of the Promissory Notes.

The Promissory Notes (or any part thereof) shall not be assigned or transferred to a connected person of the Company or its associate(s) without the prior written consent of the Company and is subject to compliance of the conditions to the Promissory Note and further subject to:

(i) the conditions, (if required) approvals, requirements and any other provisions of or under the Stock Exchange or their rules and regulations and all applicable laws and regulations; and

(ii) the approval of the Independent Shareholders in a general meeting if so required under the Listing Rules if such assignment and/or transfer of the Promissory Notes is made to a connected person of the Company.

Any assignment or transfer of the Promissory Note shall be in respect of the whole or part in integral multiple of HK$5,000,000 of the outstanding principal amount of the Promissory Notes.

The Board is of the view that the payment of Promissory Note is in the interest of the Company for the low interest rate (2% per annum) and the long repayment term (3 years from the date of issue of the Promissory Note). The earliest repayment date for the Promissory Notes will be November 2022. By paying with the Promissory Notes, the Company can avoid to make the borrowings from the financial institutions which can not only preserve the Group's cash liquidity, but also to avoid to pledge the assets of the

Company with the financial institutions as security of the borrowing. Based on the above, the Board is of the view that the terms of the Promissory Notes is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Based on the term of the Promissory Notes, the earliest time to repay the Promissory Notes will be by the end of 2022. The Company will closely monitor its cash flow and shall repay the Promissory Notes by internal resources or by fund raising exercises (if necessary).

THE SALE SHARES SHARE CHARGE

Pursuant to the Acquisition Agreement, the Vendor has, on the date of the Acquisition Agreement, executed a share charge over of all rights, entitlements, interests and benefits in the entire issued share capital of the Target in favour of the Purchaser to secure the due and punctual performance and observance of the obligations by the Vendor contained in the Acquisition Agreement and/or to refund the monies paid to the Vendor upon the termination of the Acquisition Agreement.

Under the Sale Shares Share Charge, the Vendor as legal and beneficial owner has charged the Sale Shares representing the entire issued share capital of the Target free from all encumbrances in favour of the Purchaser by way of first fixed charge as a continuing security for the due and punctual performance of its obligations under the Acquisition Agreement with the undertaking not to sell, assign, transfer or otherwise dispose of the Sale Shares or any part thereof or any interest therein, or enter into any agreement so to do. Moreover, the certificates of the Sale Shares, a blank instrument of transfer together with all necessary document required to enforce the Sale Shares Share Charge already signed by the Vendor were delivered to an escrow agent for custody. The Sale Shares Share Charge entitles the Purchaser at any time after the security under the Sale Shares Share Charge has become enforceable exercise at its discretion to (a) exercise the voting rights attached to the Sale Shares or any of them; (b) transfer the Sale Shares into its name or the name of its nominees, trustees or agents; (c) force liquidation of the Sale Shares by way of sale; or (d) foreclose the Sale Shares.

The Sale Shares Share Charge is governed by the laws of Hong Kong. Based on a legal opinion provided by the Hong Kong legal advisor of the Purchaser, the Sale Shares Share Charge is, subject to the assumptions and qualifications expressed therein, is enforceable against the Vendor in accordance with its terms under the laws of Hong Kong.

THE NP SHARE CHARGE

It is also stipulated in the Acquisition Agreement that, the Target has executed a share charge over all rights, entitlements, interests and benefits in the entire issued share capital of Nexus Primo in favour of the Purchaser to secure the due and punctual performance and observance of the obligations by the Vendor contained in the Acquisition Agreement and/or to refund the monies paid to the Vendor upon the termination of the Acquisition Agreement.

Under the NP Share Charge, the Target as legal and beneficial owner of the entire issued share capital of Nexus Primo has charged the NP Shares free from all encumbrances in favour of the Purchaser with first ranking priority as a continuing security for the refund of the monies paid to the Vendor upon the termination of the Acquisition Agreement with the undertaking not to sell, assign, transfer or otherwise dispose of the NP Shares or any part thereof. Moreover, the share certificates representing all the NP Shares together with a blank instrument of transfer signed by the Target as transferor were delivered to an escrow agent for custody. The NP Share Charge entitles the Purchaser at any time after the occurrence an enforcement event under the NP Share Charge to amongst others, (a) exercise the voting rights attached to the NP Shares or any of them; (b) sell the NP Shares and (c) appoint one or more persons as receiver for the NP Shares and to deal with the NP Shares including to sell, transfer, assign, exchange, hire out, lend or otherwise dispose or realize them to any person either by public auction, tender or private contract and for a consideration of any kind, to borrow or raise money either unsecured or on the security of the NP Shares and to exercise or do all such rights and things as if he were the absolute beneficial owner of the NP Shares.

The NP Share Charge is governed by the laws of Malaysia. Based on a legal opinion provided by the Malaysian legal advisor of the Purchaser, the NP Share Charge is, subject to the assumptions and qualifications expressed therein, enforceable in accordance with Malaysian laws.

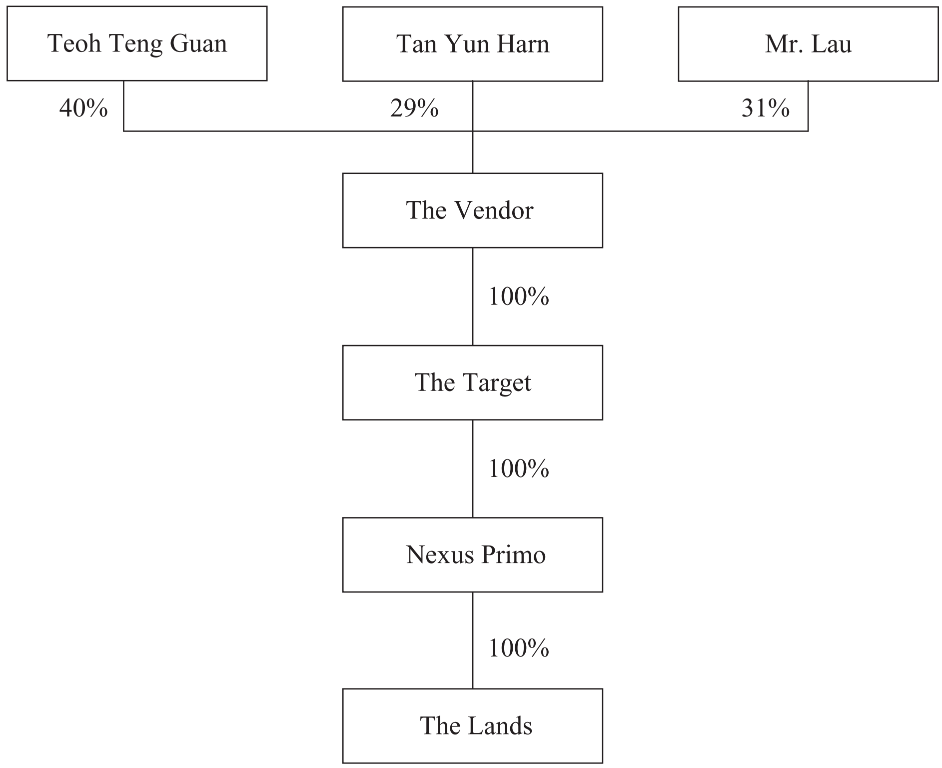
The Company considers that with the benefit of the Sale Shares Share Charge and the NP Share Charge, the Purchaser may enforce either the Sale Shares Share Charge or the NP Share Charge or both upon the occurrence of the enforcement event set out therein, with the option as it deem appropriate at the time of enforcement to either dispose the collaterals by way of sale to recover any unpaid sums due from the Vendor to the Purchaser under the Acquisition Agreement or by way of foreclosure to take over the Building Project and O2O Project.

GUARANTEES

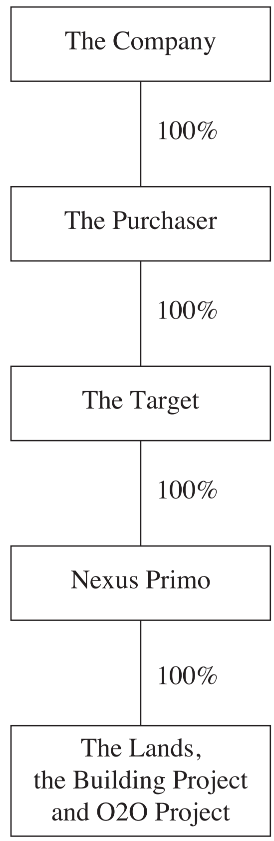
It is also stipulated in the Acquisition Agreement that, each of the Guarantors has, at the signing of the Acquisition Agreement, executed a personal guarantee to guarantee by way of continuing obligation to the Purchaser as primary obligor, and not merely as surety, to procure the performance by the Vendor of all its obligations contained in the Acquisition Agreement.

SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Shareholding structure of the Target Group as at the Latest Practicable Date is as follows:



Shareholding structure of the Target Group immediately after Completion is as follows:



INFORMATION OF THE VENDOR AND THE GUARANTORS

The Vendor is an investment holding company incorporated in the BVI with limited liability and is legally and beneficially owned by the Guarantors as to 40% by Mr. Teoh, 29% by Mr. Tan and 31% by Mr. Lau as at the Latest Practicable Date. The background of the Guarantors are set out as follows:

(i) Mr. Tan, aged 39, is a director and founder shareholder of the Vendor and an undergraduate of Manitoba University, Canada. Mr. Tan is currently working on a new project G-Vestor, an exclusive platform that connects real property developers and investors to minimizes investors' risks through careful due diligence, lowering cost of entry through group leverage, and maximises property investment returns. In the past years, Mr. Tan had successfully completed several property development projects in Malaysia and has had a hand in real property developments with a combined gross development value of RM450 million.

(ii) Mr. Teoh, aged 49, is a director and founder shareholder of the Vendor. Mr. Teoh has over 20 years of experience in the fashion and garment retail industry and he owns Pusat Pakaian Hari-Hari Sdn Bhd which has grown from a small outlet into a stream of more than 90 network retail outlets throughout Malaysia and the "Hari Hari" outlets has become the front runner in the modern retail industry in Malaysia; and

(iii) Mr. Lau, aged 33, is a director and founder shareholder of the Vendor and he obtained an associate degree in jewellery design in Fashion Institute of Technology, New York City. Mr. Lau has over 10 years of experience in jewellery industry, IT industry and foreign currency trading industry. Mr. Lau owns Willvin Tech, a Malaysian company specializes in Fin-tech and has developed numerous proprietary software programmes in Futures and Foreign Exchange trading, where his company sold these software under license to international brokers and traders. Mr. Lau is also involved in business of production, research and sales of "Mushroom" Routers and provision of data mining and management for "big data" companies in China that is currently valued at RMB750 million. As at the Latest Practicable Date, Mr. Lau, being a director and 31% shareholder of the Vendor, is also interested in approximately 6.16% of the issued share capital of the Company.

The Vendor was introduced to the Company by Mr. Lau in May 2017 while Mr. Lee Cheong Yuen, Mr. Tam Kwok Wah and Mr. Chan Kwok Pui, directors and controlling shareholders of the Company were being invited by Mr. Lau to join an event in Malaysia to explore business opportunities in Malaysia.

Save and except to Mr. Lau, the Vendor and the Guarantors has no other business relationships and/or arrangements with the Company and its connected persons.

INFORMATION OF THE TARGET GROUP

The Target is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by the Vendor as at the Latest Practicable Date. The Target is a new IT company. The formation of the Target aims at to capture the present trend that the entire retail and wholesale market have rapidly transformed into digital age and O2O ((online-to-offline) or (offline-to-online)) era. The vision of the Target has successfully ventured into Chow Kit Baru by the acquisition of Nexus Primo, a company incorporated in Malaysia with limited liability. As at the Latest Practicable Date, the Lands and the Building Project are the only major assets of Nexus Primo.

The ultimate shareholders of Nexus Primo are the Guarantors who shall be responsible for providing all financial support to Nexus Primo before Completion. On and after Completion, the Target Group will be the indirect wholly-owned subsidiaries of the Company and all the expenses from the Nexus Primo on and after the Completion will be borne by the Company. It is one of the Conditions Precedent II that the Guarantors provide a confirmation that, save and except for the Sale Loan, there is no outstanding loan and liability due from the Target Group to the Guarantors, any of its directors or other third parties as at the Completion Date. Further the Performance Guarantee provided by the Vendor under the Acquisition Agreement ensures that Nexus Primo shall receive a gross rental of no less than RM10.15 million within eighteen months from Completion. The Board is of the view that Nexus Primo will be self-sufficient after Completion and will not create any burden to the Company and the Board is in line with the auditor’s view that Nexus Primo will be on the going concern after the Completion.

DETAILS OF THE BUILDING PROJECT AND THE O2O PROJECT

1. The Lands

Nexus Primo is the sole legal and beneficial owner of the Lands which comprises of four parcels of freehold vacate lands, namely Land 445, Land 446, Land 447 and Land 448, with the total area of approximately 7,083 square feet.

Details description of the Lands are as follows:

Land 445:

Headings	**Descriptions**
Location:	Geran 24865, Lot 445 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur
Grant No.:	Geran 24865
Lot No.:	Lot 445 Seksyen 46
Registered Owner:	Nexus Primo
Land Area:	186 square meters
Land Tenure:	In perpetuity (freehold)
Quit Rent:	RM856

Land 446:

Headings	**Descriptions**
Location:	Geran 24866, Lot 446 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur
Grant No.:	Geran 24866
Lot No.:	Lot 446 Seksyen 46
Registered Owner:	Nexus Primo
Land Area:	186 square meters
Land Tenure:	In perpetuity (freehold)
Quit Rent:	RM856

Land 447:

Headings	**Descriptions**
Location:	Geran 24867, Lot 447 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur
Grant No.:	Geran 24867
Lot No.:	Lot 447 Seksyen 46
Registered Owner:	Nexus Primo
Land Area:	186 square meters
Land Tenure:	In perpetuity (freehold)
Quit Rent:	RM856

Land 448:

Headings	**Descriptions**
Location:	Geran 24868, Lot 448 Seksyen 46, Bandar Kuala Lumpur, Daerah Kuala Lumpur
Grant No.:	Geran 24868
Lot No.:	Lot 448 Seksyen 46
Registered Owner:	Nexus Primo
Land Area:	186 square meters
Land Tenure:	In perpetuity (freehold)
Quit Rent:	RM856

The Lands were acquired by Nexus Primo from Ally Sales Sdn. Bhd., free from all encumbrances with vacant possession on an as is where is basis in 2013, pursuant to the Sale and Purchase Agreement made between Ally Sales Sdn Bhd and Nexus Primo dated 1 March 2013. Based on the documents of title issued in respect of the Lands, as at the Latest Practicable Date, there is no restriction on the use of the Lands. As set out in the Acquisition Agreement, the endorsement of the category of land use and the express condition of the Lands as “Building” and “Commercial” respectively on each of the documents of title to the Lands is one of the Conditions Precedent I, namely Conditions Precedent I(i). Upon satisfaction of Condition Precedent I(i), the current proposed use of the Lands is permitted in accordance with the category of land use and the express condition which will be stipulated in the documents of title to the Lands.

2. The Building Project

The Building Project is to build an immovable property of one commercial block of 8 floors with 1 level of M&E basement on the Lands under the name of "Chow Kit Baru". This proposed 9-storey building (including a mezzanine and basement level) is intended to be a one-stop wholesale centre which comprises one block of retail complex with gross floor area of approximately 49,697 square feet and net floor area of 24,761 square feet that can accommodate a total of 214 retail units. Chow Kit Baru is sandwiched between Jalan Chow Kit and Lorong Tuanku Abdul Rahman, near the GM Plaza, another wholesale center in Kuala Lumpur and is surrounded by both established commercial properties such as office buildings, hotels, various retail and wholesalers, hardware and groceries and few restaurants.

The Vendor has (through Nexus Primo) started the construction of the Building Project on the Lands and all the costs for construction will be borne by the Vendor. As the construction of Building Project is ongoing and has not been completed, there was no revenue or profits attributable to the Building Project and the Target for the previous years.

The Vendor shall be responsible for and bear the risks of the construction of the Building Project before Completion.

As at the Latest Practicable Date, Nexus Primo has completed the earthworks, piling and foundation works of the Building Project. The progress of the construction is in accordance with the milestones under the Acquisition Agreement. Currently Nexus Primo has commenced construction work on the basement of the Building Project.

The Development Orders dated 2 February 2017 and 25 August 2017 (collectively, "Development Orders") and the building plan approval dated 20 November 2017 ("Building Plan Approval") of the Lands have been obtained from the Kuala Lumpur City Hall for the Building Project. There are conditions imposed on the Development Orders and Building Plan Approval. As at the Latest Practicable Date, all the relevant conditions imposed on the Development Orders and the Building Plan Approval have been fulfilled.

As at the Latest Practicable Date, Nexus Primo has obtained the Permission to Erect Building dated 7 February 2018.

The construction of the Building Project has been carrying out and is planned to be finished in accordance with the milestone as follows:

No.	**Expected timeline**	**Milestones in relation to the building work of Chow Kit Baru**
1.	On or before 30 November 2017	Completion of earthworks
2.	On or before 30 March 2018	Completion of piling and foundation works

No.	Expected timeline	Milestones in relation to the building work of Chow Kit Baru
3.	On or before 30 May 2018	Completion of reinforced concrete frameworks to Ground floor
4.	On or before 15 September 2018	• Completion of reinforced concrete frameworks to First floor and Second floor • Completion of architectural works to Basement floor and Ground floor • Completion of M&E works and ID fittings to Basement floor
5.	On or before 30 December 2018	• Completion of reinforced concrete frameworks to Third floor and Fourth floor • Completion of architectural works to First floor • Completion of M&E and ID fittings to Ground floor and Mezzanine floor • Completion of escalator installation work to Ground floor and Mezzanine floor
6.	On or before 15 April 2019	• Completion of reinforced concrete frameworks to Fifth floor and Sixth floor • Completion of architectural works to Second floor and Third floor • Completion of M&E and ID fittings to First floor and Second floor • Completion of escalator installation work to First floor and Second floor
7.	On or before 15 August 2019	• Completion of external infrastructure work including roads, drainage and sewerage work • Completion of lift installation work • Completion of external façade
8.	On or before 26 November 2019	The Building Project is completed with CCC

No.	Expected timeline	Milestones in relation to the building work of Chow Kit Baru
9.	On or before 31 January 2020	Completion of Chow Kit Boy as prescribed in the Business Plan

According to the Valuation Report (such report is set out in Appendix V to this circular), the value of the Lands and the Building Project is RM152,000,000 as at 31 January 2018.

Chow Kit Baru

Chow Kit Baru is located at Chow Kit, a district being just 3km from the Kuala Lumpur City Centre with convenient public transportation (Monorail Chow Kit, Monorail Medan Tunku, Sultan Ismail LRT Stations and PWTC LRT station).

Chow Kit is a well-known wholesale area offering a wide range of products from watches, custom jewellery, fashionable accessories, clothing, household and kitchenware to traditional Malay herbs, beauty and cosmetic products. For many years, Chow Kit had served as a great area for the wholesale community, including for leisure, due to its great location and varied wholesale products.

Chow Kit is now under a transformation plan and can look forward to modernization and development with the joint efforts of Kuala Lumpur City Hall and Kampong Bharu Development Corporation. With the modernization plans, there will be an increase in the number of retail business units, office blocks and serviced suites, in line with the government's Kuala Lumpur Structure Plan 2020 ("KLSP"). KLSP aims to increase the population of Chow Kit and its surrounding areas to 245,600 in 2020 from 128,721 in 2000.

(*Source:* Extract from Focus Malaysia: Rejuvenating Chow Kit)

3. The O2O Project

The Target Group plans to set up the O2O wholesale e-commerce platform under the name of "Chow Kit Boy" in Chow Kit Baru. O2O model includes both online-to-offline and offline-to-online e-commerce platform. The Target aims at to break free from the traditional wholesale business by combining both offline and online wholesale business, with the new wholesale e-commerce platform. It is expected the Chow Kit Boy platform will be ready for use by the tenants of Chow Kit Baru by the last quarter of 2019 for the wholesalers and the purchasers to have a brand new shopping experience. The Target Group is desirous to create a seamless purchasing, order processing, warehouse logistics, data analysis and a full-featured one-stop intergrated offline and online wholesale businesses e-commerce platform. By establishing the Chow Kit Boy platform, Chow Kit Baru will provide a multi-functional space to the wholesaler as a showroom and storage for their products. It will allow the wholesalers in Chow Kit Baru to have a space for their customer services, including in-store pick up of the products purchased online, allowing products purchased online to be returned or exchanged at a physical store, and allowing customers to place orders at a physical store. The idea of having a physical store also boosts the confidence of the purchasers when they purchase the products online from the wholesaler as they can seek for support at the physical store in the event if there is any non-delivery or faulty product, etc. Customers in Chow Kit Baru will have a choice to purchase the products online or to visit both the physical store at Chow Kit Baru and virtual store at Chow Kit Boy which helps clients to close the loop between product discovery and the actual transaction.

The following features are targeted to be included in the O2O Projects:

Pre-ordering system

Chow Kit Boy platform will introduce the pre-ordering system to the wholesalers and customers of Chow Kit Baru which allows the wholesalers to take pre-order of the products from the purchasers. This reduces the burden and inconvenience of the wholesalers of getting and renting a warehouse for storage purposes, as well as to reduce the cost of leasing a warehouse for stockpiling.

Big Data

With all participation of the wholesalers within the region, the Chow Kit Boy platform will be able to collect wholesalers data, customers data, products data, sales volume, transactional data, etc. which is called "Big Data", and to analyse and interpret the current trend and demand of the customer through the Big Data. The Big Data would help the Target in studying and identifying the preference of the loyal customers and habitual customers and thus it will increase the income by selling and advertising their preferred products on Chow Kit Boy.

Virtual Store

The Chow Kit Boy platform also introduces the latest and updated technology namely "virtual store" via advanced CCTV on the website. The idea of introducing such technology is to enable the purchaser to have a virtual sight of the products that they are interested in purchasing by just clicking the said products on the website.

Fully-wifi Building

Chow Kit Baru will have full wifi services in the building and it will be an attraction to the wholesalers and purchasers as relying on internet and wifi, most of the internet users can migrate to mobile devices from desktop customers. It allows the visitors of Chow Kit Baru to place order online immediately by using their mobile devices after they have decided on their purchase.

Leasing Platform

Other than renting a physical space in Chow Kit Baru, the wholesalers will be able to rent a slot on Chow Kit Baru webpage to display their products as well. This leasing platform will be extra attractive to the wholesalers as they will only be required to pay a low rental fees for renting a slot on the webpage via Chow Kit Boy platform.

O2O Training

The Target will provide O2O training to the potential wholesalers who are interested in starting up an O2O wholesale business, or to those who are already operating a wholesale business and interested in converting their business into O2O wholesale business. The purpose of providing the O2O training to the potential wholesalers is to educate them on the procedure and steps of operating an O2O wholesale business. The exclusive training sessions will give budding wholesalers the confidence and the skills necessary to participate and flourish in this new industry.

E-Marketplace Design Service

Chow Kit Boy is not only designed for and limited to wholesalers, but it can also be used for retail purposes. Chow Kit Boy will have two sections in the website, (i) wholesales section and (ii) retail section, whereby the wholesalers do not only limited to display their products in the wholesales section on the website, they can also display their products in the retail section by renting a slot on the website from Chow Kit Boy. Through leasing the slot on Chow Kit Boy to the wholesalers or retailers, the Target can generate leasing income.

Online Marketing Service

The general and usual way of advertising or promoting a product for retail or wholesale purposes would be taking photograph of the product and to upload the photographs of the product on the website so that the purchasers could have a close view on the products. Chow Kit Boy will introduce a new method of advertising or promoting a product whereby it will provide services to the wholesalers to record videography or a short clip of the products in order for the purchasers to have an even closer view of the products. For those wholesalers who are interested to display their products in the retail section of Chow Kit Boy and to sell their products as a retailer but have no idea of how to promote their products, they could engage the services via Chow Kit Boy. By providing such online marketing services to the wholesalers, the Target can generate income by charging services fees to the wholesalers for the videography or short clips of the products for the purposes of promoting and advertising the products.

To enable Chow Kit Baru as an advanced O2O center, the O2O Project also includes the installation of 24-hours security, CCTV monitoring system, loading and unloading facilities, high-speed internet access and Wi-Fi wireless network system.

The Target Group will also implement online payment system for Chow Kit Boy platform to capture one of the easiest and fastest means of payment. By providing the full wifi service in Chow Kit Baru, it could enhance the e-payment system as well as the instant logistic payment.

The target customers of the O2O Project will be the tenants in Chow Kit Baru, as well as the customer and suppliers of the tenants in Chow Kit Baru. By developing the apps which are used in the mobile devices and the website of Chow Kit Baru, the customers and purchasers from all over the world can place order and make payment via the apps and Chow Kit Boy platform, accordingly, not only new customers can be sourced for the tenants in Chow Kit Baru, but also can attract customers from all over the world with the aim that can boost the wholesale business industry in Malaysia.

With the aid of the IT background of the Group, after the Completion, the Group will designate its technical staff to oversee the operations of Chow Kit Boy including its maintenance, development and daily operation. The Company has full confident that they have sufficient expertises and experience to manage and develop the business of Chow Kit Boy.

Chow Kit Boy is a service platform incorporated in Chow Kit Baru which is designated to be used by the tenants of the Chow Kit Baru and their customers. No separate sales contracts will be entered into regarding the Chow Kit Boy.

Certain licences, permits and registrations, including licence from the Malaysian Communications and Multimedia Commission, may be required for the operation of Chow Kit Boy. Given that the implementation of the business plan of Chow Kit Boy is in its initial stages, approvals from Malaysian governmental authority have not been obtained in respect of the same. However, all requisite approvals from Malaysian governmental authorities for the implementation of the business plan of Chow Kit Boy will be obtained at such times as are appropriate.

Pursuant to the Acquisition Agreement, the validity of all certificates, licences, permits, authorities, consent and/or approvals required by the Group to carry on the business of Chow Kit Baru and the setting up of the Chow Kit Boy platform is a condition precedent to the Completion.

The Market and Industry Overview of the O2O Project

Overview and outlook of O2O Project

Malaysia has approximately 22 million active internet users (68% of the population). The population has extremely high rates of mobile cellular penetration, with nearly 150 mobile subscriptions per 100 people. Of these mobile subscribers, 53% use smartphones.

In 2016, the Malaysian Ministry of International Trade and Industry launched a new eCommerce Initiative with the goal to bring roughly 80% of small-and-medium size enterprises into the world of eCommerce and to expand market access for more than 87 million digital customers in the ASEAN (Association of South East Asian Nations) region. This initiative is focused on accelerating seller adoption of eCommerce, increasing adoption of eProcurement by businesses, lifting non-tariff barriers (such as e-fulfillment, cross-border, e-Payment, and consumer protection), realigning existing economic incentives, making strategic investments in eCommerce players and promoting national brand to boost cross-border eCommerce.

Malaysia boasts 15.3 million online shoppers (50% of the population) and 62% of mobile users use their devices to shop online. Online shoppers are motivated by price advantages, product range and availability of reviews. Malaysian shoppers look for free shipping, convenience, and exclusive deals offered by online stores.

The followings are the online shopping trends:

- Top 3 sectors using online shopping are:
  - Fashion & Accessories – 16%
  - Home and Living – 15%
  - Health & Beauty – 13%

- Growing frequency of shopping on line:
  - 30% once a month
  - 15% once every 2 weeks
  - 14% once a week or more often

- 80% of Malaysian online shoppers are using their mobile phones.

- 54% prefer to pay using online transfer (12% cash on delivery, 1% prepaid to account, 33% credit/debit card).

- Travel payment is expected to grow to US$4.41 billion/RM 19.6 billion worth of online transactions in 2017.

- Products-only online sales volume will grow to US$1.12 billion/RM4.99 billion in 2017, a 20% share of total e-commerce market size in Malaysia.

- 5 trends of the Malaysia e-commerce for in 2017:
  - Online shopping is positioned to keep on growing.
  - Payment methods will become more digital.
  - Customers are willing to shop new products categories.
  - Express delivery will become the norm.
  - Customers will look beyond price.

The Malaysian e-Commerce market is gaining in attention and support from the government of Malaysia. Rising incomes, growing smartphone and internet penetration are all factors that will grow Malaysia's online market from 0.5% of total retail spending in 2014 to 5% by 2020. This makes it an interesting time to assess the state of the market, in terms of government initiatives, consumer trends, and incumbent players.

The online purchase of goods will yield a further US$894 million, with 'Electronics and Media' being the most popular category among Malaysian consumers. Finally, e-services, including food delivery services and online dating, among others, will add another US$260 million.

eCommerce is one of the fastest growing sectors for small-and-medium size enterprises (SMEs). We are seeing an expansion in eCommerce as more SMEs take advantage of higher disposal income of the Malaysian population, better broadband service, and the proliferation of mobile devices in the country. eCommerce is helping SMEs, especially small businesses, compete globally by reducing some of the costs which allows the SME to focus on other areas of the business such as product development.

(Source: The International Trade Administration, an articles headed "Malysia-eCommerce" published on Malaysia Country Commercial Guide on 18 June 2017)

Overview and outlook of the Malaysian economy

The Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (1Q 2017: 5.6%). Private sector spending continued to be the main driver of growth. On the external front, growth was further supported by the robust expansion in real exports of goods and services (9.6%; 1Q 2017: 9.8%) following strong demand for manufactured and commodity products. Real imports moderated slightly to 10.7% (1Q 2017: 12.9%) following more moderate expansion in investment. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

Domestic demand grew by 5.7% in the second quarter of the year (1Q 2017: 7.7%), supported by continued expansion in both private sector expenditure (7.2%; 1Q 2017: 8.2%) and public sector spending (0.2%; 1Q 2017: 5.8%).

Private consumption recorded a growth of 7.1% (1Q 2017: 6.6%), supported by the improvement in private sectorwages amid continued strength in employment growth. During the quarter, consumer sentiments continued to improve, providing further impetus to household spending. Private investment expanded by 7.4% in the second quarter (1Q 2017: 12.9%), mainly in the services and manufacturing sectors. In line with the recovery in demand, manufacturers undertook capacity expansions, machinery and equipment acquisitions and replacements to cater for new orders. This was evident across both the export and domestic-oriented manufacturing sub-sectors. In the services sector, investment was supported mainly by expansions inthe utilities, healthcare and food & beverage and accommodation sub-sectors. During the quarter, business sentiments continued to improve in tandem with better external and domestic conditions amid lower financial market volatility.

Public consumption growth moderated to 3.3% (1Q 2017: 7.5%) following slower growth in the spending on emoluments, and suppliers and services. Public investment declined by 5.0% in the second quarter (1Q 2017: 3.2%). This was attributable to the lower spending on fixed assets by public corporations, which more than offset the higher expenditure by the Malaysian Federal Government.

Headline inflation moderated to 4.0% in the second quarter of 2017 (1Q 2017: 4.3%) due mainly to lower transport inflation of 13.4% (1Q 2017: 16.2%). During the quarter, prices of RON95 petrol averaged RM2.07 per litre, lower than the average of RM2.23 per litre in 1Q 2017. The lower domestic fuel prices were due mainly to the lower global oil prices amid a stronger ringgit exchange rate during the quarter.

Labour market conditions showed tentative signs of improvements in the second quarter of 2017, as the labour force expansion of 56,300 persons was exceeded slightly by stronger net employment gain of 58,900 people. As such, the unemployment rate decreased to 3.4% of the labour force (1Q 2017: 3.5%). The labour force participation rate was sustained at 67.7% of the working age population (1Q 2017: 67.7%). Higher vacancies posted on a major job search website, at 65,478 positions, indicate increased demand for new hires (1Q 2017: 61,760 positions).

(Source: Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2017)

The potential of investing in Malaysia can be further supported by the rising gross domestic product in Malaysia. According to the statistics published by the Department of Statistics Malaysia, the nominal gross domestic product of Malaysia has increased by over 26% from approximately RM971,252 million in 2012 to RM1,230,120 million in 2016. The Board considers that there is a vibrant economic growth and future prospects in Malaysia. In addition, the Malaysian Ringgit currency has rebounded from its 19-year low with the increase by more than 13% in 2017 and with prospects for better export and economic group. The Board is of the view that, with the aforesaid statistics and the active participation and support of One Belt One Road Initiative by Malaysian government, the investment in Malaysia is optimistic and positive.

RISK FACTORS OF THE ACQUISITION

The followings are the risk factors pertaining to the Acquisition:

(a) decreases in gross rental income of Chow Kit Baru arising from:

(i) increased competition from other commercial blocks resulting in termination of tenancies or non-renewal of expired tenancies;

(ii) lower rates negotiated for new tenancies;

(iii) the tenant's inability to pay rental on a timely basis due to external factors outside the control of the Target,

may have an adverse impact on the Target's financial condition and results of operations;

(b) changes in laws, building by-law, codes and regulations issued by the relevant regulatory bodies that may require extensive renovation to Chow Kit Baru in ensuring compliance with such changes;

(c) completion of the Acquisition is subject to various conditions that may not be fulfilled within the timeframe anticipated by the Target;

(d) the valuation of the Chow Kit Baru is subject to certain factors, for instance, development within the vicinity, adverse local and global market conditions, increase in rate of inflation and acts of God. As such, the value of the Chow Kit Baru will reflect such factors and as a result may fluctuate upwards and downwards. The value of the assets of the Group therefore may be enhanced or diminished as a result of the occurrence of any of the above factors.

(e) Current challenges for the eCommerce industry include a lack of understanding, limitations of competent personnel to conduct eCommerce activities, fear of cyber security threats, lack of digital marketing skills, limited production capacity, high fulfilment and logistics cost, lack of knowledge regarding market access and regulations in cross-border eCommerce.

Save as disclosed above, the Board is not aware of and does not foresee any material risk associated directly with the Acquisition other than the general risks associated with the global economy, inflation and interest rate which may affect the financial and operating conditions of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the following businesses: (i) provision of IT application and solution development services; (ii) provision of secondment services; (iii) provision of maintenance and support services; and (iv) provision of IT infrastructure solutions. The Group always aims at strengthen its core business and increase the Shareholders' values as well as to unlock the intrinsic value of the Group's assets. The Acquisition is only natural growth of the existing IT businesses of the Group to cope with the fast and vast changing façade of the IT industry especially on the trending data centre and e-commerce business to maintain its pace and competitiveness in the IT market and industry.

After Completion, the Group will acquire two assets, a building on the Lands named Chow Kit Baru and an e-commerce platform in Chow Kit Baru named Chow Kit Boy. As an IT based company, the Group always keeps an eye on the latest trend of IT development in the world and to explore other business opportunities with the application of advanced IT knowledge. Online market has experienced rapid growth over the past decade and is expected posing a threat to physical store sales. Many merchants have set up online stores through various e-commerce platforms and doing the marketing and advertising on their products on their websites. The market trend is to open up more online market via new media channels. By expanding the business scope to be an e-commerce solutions providers to offer e-commerce solution packages and being a consultant in setting up a new model of running an on-line business in a wholesale district in Malaysia, the Board is of the view that the Acquisition is in line with the Company's business strategy and envisages that via the investment in the Acquisition to broaden its investment and e-commerce business in Malaysia.

Although the property market in Malaysia including Kuala Lumpur has been relatively sluggish in recent years and there is an oversupply issue in certain segments of the property market, the Board has confident that Malaysia's open policy for foreign investments will serve it well in helping to absorb the excess supply. From the Acquisition, it not only will strengthen the assets of the Group, Chow Kit Baru will also contribute rental income to the Group after Completion. In addition, the Target Group will also be receiving income from Chow Kit Boy which is derived from consultation, maintenance, website development, the commission income on e-payment and the setting up of online store via Chow Kit Boy. The Board has considered the aforesaid and at this preliminary stage has no plan on any further commitment into the Target Group after the Completion.

The Vendor is a special purpose vehicle with no track record. However, before entering into the Acquisition Agreement, the Company has performed the following due diligence on the Vendor as well as its ultimate beneficial owners:–

(a) the Company has through its legal advisers review the corporate documents of the Vendor;

(b) representatives of the Board had visited Malaysia three times to meet with the representative of the Vendor including the Guarantors to understand the backgrounds and experiences of them including visiting the past real property development project completed by one of the ultimate beneficial owner of the Vendor as well as the current businesses carried out by them to assess whether they possess the know-hows and experiences to carry out the O2O Project diligently; and

(c) the Company had also checked upon the financial status of the Vendor, Nexus Primo and the Guarantors including reviewing their respective bank deposits to assess whether they have the financial capability to carry out the O2O Project and to guarantee the obligations of the Vendor under the Acquisition Agreement.

At as the Latest Practicable Date, the Company has no concrete plan to conduct equity fund raising in the next 12 months, nor has any concrete plan to enter into any agreement, arrangement, understanding or undertaking to conduct further acquisition or dispose of or downsize the Company's existing assets. However, the Company is always looking for good opportunity to invest on projects which are beneficial for the Company and its Shareholders as a whole.

The Board is of the view that Chow Kit Baru is to be the iconic wholesale e-commerce and leasing platform in Malaysia to provide not only a physical space but also a virtual space for all the potential international suppliers, local wholesalers and purchasers to conduct wholesale businesses and transactions. The Board considers that the Acquisition would provide an opportunity for the Group to gain access to the e-commerce business in Malaysia. Taking into account, among other things: (i) the growth potential of the e-commerce market in Malaysia; (ii) the Performance Guarantee with adjustment mechanism to the Consideration; (iii) majority of the Consideration will be settled by way of the Conversion Shares which will preserve the Company's liquidity and (iv) the Acquisition will enable the Group to diversify its business and broaden its revenue source, the Board is of the view that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE ACQUISITION ON THE GROUP

The total Consideration for the Acquisition is RM145 million. An aggregate amount of approximately RM4.5 million (equivalent to approximately HK$8.7 million) of the Consideration has been paid on 6 December 2017 which was financed by the Group's net preceeds from placing on 18 March 2015 which was allocated to be used for strategic growth through merger, acquisition or business collaboration. The remaining amount of the Consideration of RM100 million will be paid by the issuance of the Convertible Bonds in Hong Kong Dollars with reference to the Base Exchange Rate. The aggregate of RM40.5 million will be paid by the Promissory Notes in Hong Kong Dollars with reference to the Base Exchange Rate which will be financed by the Group's existing internal resources, bank borrowings and/or other financial instruments as the Group considers appropriate when the payment obligation falls due. Upon Completion, the Group's expected total assets would be increased by approximately HK$272,663,000 to approximately HK$540,850,000, which is mainly due to the recognition of the Lands and the Building Project as the Group's asset, on the other hand, the Group's expected total liabilities would be increase by approximately HK$317,030,000 to approximately HK$408,668,000, which is mainly due to (i) the accrual of the transaction fee in relation to the Acquisition, (ii) the issuance of the Convertible Bonds, and (iii) the issuance of the Promissory Notes. Based on the above, the Group's expected net assets upon Completion would be decreased by approximately HK$44,367,000 to approximately HK$132,182,000. The Group's expected total assets and total liabilities upon Completion are extracted from the Appendix IV – Unaudited Pro Forma Financial Information of the Enlarged Group to this circular which are subject to certain assumptions, for details of the assumptions adopted, please refer to the Appendix IV to this circular.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the notification, announcement and shareholders' approval requirement under the Listing Rules.

The EGM will be held to consider and, if thought fit, approve the ordinary resolution(s) in respect of the Acquisition Agreement and the transactions contemplated thereunder, including the issuance of the Promissory Notes and the Convertible Bonds, and the allotment and issuance of the Conversion Shares.

To the best of the knowledge, information and belief of the Directors, as at the date of the Acquisition Agreement and the Latest Practicable Date, the Vendor and its ultimate beneficial owners, save and except for Mr. Lau, are Independent Third Parties. As at the date of the Acquisition Agreement and the Latest Practicable Date, Mr. Lau, being a 31% shareholder and a director of the Vendor, is also the holder of 259,804,000 Shares, representing approximately 6.5% and 6.16% respectively of the issued share capital of the

Company, Mr. Lau and his associates are not connected persons of the Company pursuant to the Listing Rules and accordingly, the Acquisition Agreement and the transactions contemplated thereunder is not subject to Chapter 14A of the Listing Rules. However, it is provided that the Vendor may nominate third party as the payee(s) or recipient(s) of the Consideration by way of written notice to the Purchaser, hence, the Company will have a chance to issue the Convertible Bonds to Mr. Lau if the Vendor serve notice to the Purchaser to nominate Mr. Lau as recipient of the Convertible Bonds. If this is the case, Mr. Lau and his associates will become the substantial shareholders of the Company. Hence, Mr. Lau and his associates are required to abstain from voting at the forthcoming EGM in respect of the ordinary resolution(s) relating to the Acquisition Agreement and the transactions contemplated thereunder, including the issuance of the Promissory Notes and the Convertible Bonds and the allotment and issuance of the Conversion Shares.

There is no provision in the Acquisition Agreement which grants any right to the Vendor to nominate its nominee to be appointed as Director and the Board does not intend to appoint the ultimate beneficial owners of the Vendor (which includes Mr. Lau) and/or their respective associates as Director after the Acquisition.

The Company will comply with the requirements of the Listing Rules as and when necessary with respect to the development of the Acquisition.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve relevant resolutions in relation to the Acquisition Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof to the office of the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-4, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. The completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The voting in relation to the Acquisition Agreement at the EGM will be conducted by poll whereby Mr. Lau and his associates and any Shareholders and their close associates (as defined under the Listing Rules) who may have a material interest in the Acquisition Agreement shall abstain from voting on the resolution in relation to the Acquisition to be proposed at the EGM.

RECOMMENDATION

On the basis of the information set out in this circular, the Directors consider that the Acquisition is on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition and the transactions contemplated thereunder (including the Specific Mandate to be sought for the allotment and issue of the Convertible Bonds and the Promissory Notes).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

For Appendix II, III and IV, financial information of the Target are not included due to (i) the Target was incorporated on 19 September 2017 and had no transactions since its date of incorporation to 30 September 2017, (ii) as at 30 September 2017, the Target had no assets and liabilities except for the issued capital of US$1; and (iii) the share sale agreement made between the former shareholders of Nexus Primo and the Target for the acquisition of the entire issued capital of Nexus Primo by the Target was dated 23 October 2017, which was later than 30 Septmeber 2017.

The English text of this circular, the notice of the EGM and the form of proxy for use at the EGM shall prevail over the Chinese text in case of inconsistency.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions; therefore the Acquisition Agreement may or may not materialize. Shareholders and potential investors of the Company who are in any doubt as to what action to take are urged to consult appropriate independent advisers when dealing in the securities of the Company.

By Order of the Board
ICO Group Limited
Lee Cheong Yuen
Chairman, Chief Executive Officer and Executive Director

1. THREE-YEAR FINANCIAL INFORMATION

The financial information of the Group:

(i) for the six months ended 30 September 2017 has been disclosed on the Company's 2017 interim report published on 19 December 2017 (www.hkexnews.hk/listedco/listconews/SEHK/2017/1219/LTN20171219791.pdf);

(ii) for the year ended 31 March 2017 has been disclosed on the Company's 2016/17 annual report published on 19 July 2017 (www.hkexnews.hk/listedco/listconews/SEHK/2017/0719/LTN20170719684.pdf);

(iii) for the year ended 31 March 2016 has been disclosed on the Company's 2015/16 annual report published on 27 June 2016 (http://www.hkexnews.hk/listedco/listconews/GEM/2016/0627/GLN20160627103.pdf); and

(iv) for the year ended 31 March 2015 has been disclosed on the Company's 2014/15 annual report published on 30 June 2015 (http://www.hkexnews.hk/listedco/listconews/GEM/2015/0630/GLN20150630187.pdf).

The aforesaid interim and annual reports of the Company have been published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.ico.com.hk).

2. INDEBTEDNESS STATEMENT

At the close of business on 31 January 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, total borrowings of the Group amounted to HK$20,000,000, representing the utilized amount of one of the Group's banking facilities which is secured by mortgages over the Group's leasehold land and buildings and corporate guarantee provided by the Company.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 January 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, which were either guaranteed, unguaranteed, secured or unsecured, any mortgages and charges, or any contingent liabilities or guarantees.

Save as aforesaid, the Directors confirmed that there had been no material change to the indebtedness and contingent liabilities of the Group since 31 January 2018 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration of the financial resources available to the Group, the Group will have sufficient working capital for at least twelve months from the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGE

As disclosed in the profit warning announcement of the Company dated 13 October 2017 and the Interim Report 2017 of the Company published on 19 December 2017, the Group recorded a loss attributable to owners of the Company of HK$6,408,000 for the six months ended 30 September 2017, as compared with profits attributable to owners of the Company of HK$15,058,000 for the six months ended 30 September 2016. Such loss was principally attributable to a significant decrease in the Group's revenue generated from its existing IT projects, including the Group's largest IT project in progress, as these projects entered into their final implementation phase during the six months ended 30 September 2017. Furthermore, the Group was going through its business cycle of bidding new tenders in order to secure future revenue streams and thus its resources were focused on completing existing projects on hand and tender bidding processes during the six months ended 30 September 2017. Saved as disclosed above, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

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

Upon completion, in addition to the above four segments, the revenue source of the Group would be expended to include two more types of income, namely rental income from Chow Kit Baru and income from the Chow Kit Boy trading platform. On one hand the broadening of revenue source of the Group would have a diversification effect on the Group's business risk and on the other hand, the commencement of business in Malaysia would enable the Group to establish more business in the region.

In the coming years, the Group will continuously focus on its traditional IT business in Hong Kong and managing its new business in Malaysia so as to strengthen the Group's business foundation. At the same time, the Directors will continue to identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue base both in Hong Kong and overseas so as to benefit the Shareholders as a whole.

The following is the text of a report set out on pages II-1 to II-25, received from the Company's reporting accountants, Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Crowe Horwath™

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF NEXUS PRIMO TO THE DIRECTORS OF ICO GROUP LIMITED

INTRODUCTION

We report on the historical financial information of Nexus Primo Sdn. Bhd. ("Nexus Primo") set out on pages II-4 to II-25, which comprises the statements of financial position of Nexus Primo as at 30 June 2015, 2016 and 2017 and 30 September 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 30 June 2015, 2016 and 2017 and the three months ended 30 September 2017 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-25 forms an integral part of this report, which has been prepared for inclusion in the circular of ICO Group Limited (the "Company") dated 28 March 2018 (the "Circular") in connection with the proposed major acquisition by the Company (the "Proposed Acquisition").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of Nexus Primo for the Relevant Periods ("Underlying Financial Statements"), on which the Historical Financial Information of Nexus Primo is based, were prepared by the directors of Nexus Primo based on the previously issued financial statements and management accounts of Nexus Primo for the Relevant Periods. The directors of Nexus Primo are responsible for the preparation of Nexus Primo's financial statements that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Nexus Primo's financial statements that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of Nexus Primo's financial position as at 30 June 2015, 2016, 2017 and 30 September 2017 and of Nexus Primo's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REVIEW OF STUB PERIOD CORRESPONDING FINANCIAL INFORMATION

We have reviewed the stub period corresponding financial information of Nexus Primo which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 30 September 2016 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of Nexus Primo are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

Dividends

We refer to Note 16(b) to the Historical Financial Information which states that no dividends have been paid by Nexus Primo in respect of the Relevant Periods.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2018

Yau Hok Hung
Practising Certificate Number P04911

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by Crowe Horwath (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical financial Information is presented in Malaysian Ringgit ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 30 June			Three months ended 30 September	
		2015	**2016**	**2017**	**2016**	**2017**
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(unaudited)	
Revenue	*4*	86	96	87	24	–
Operating expenses		(19)	(29)	(240)	(61)	–
Profit/(loss) from operation		67	67	(153)	(37)	–
Finance costs	*5(a)*	(197)	(183)	(214)	(43)	(82)
Loss before taxation	*5*	(130)	(116)	(367)	(80)	(82)
Income tax	*6*	–	–	–	–	–
Loss and total comprehensive loss for the year/period		(130)	(116)	(367)	(80)	(82)

The accompanying notes form part of this Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION

		As at 30 June			As at 30 September
		2015	2016	2017	2017
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-current assets					
Property, plant and equipment	*9*	5,800	5,849	6,260	6,405
Current assets					
Short term investment	*10*	–	–	800	800
Amount due from a related company	*18(a)*	–	–	15	15
Trade and other receivables	*11*	–	11	8	8
Tax recoverable	*15*	1	1	–	–
Cash and cash equivalents	*12*	74	401	130	455
Total current assets		75	413	953	1,278
Current liabilities					
Accruals and other payables	*13*	(22)	(22)	(10)	(9)
Amounts due to shareholders	*18(a)*	(1,296)	(1,946)	(3,246)	(7,746)
Amount due to a related company	*18(a)*	–	–	(147)	(130)
Bank borrowings	*14*	(4,194)	(4,047)	(3,930)	–
Total current liabilities		(5,512)	(6,015)	(7,333)	(7,885)
Net current liabilities		(5,437)	(5,602)	(6,380)	(6,607)
Net assets/(liabilities)		363	247	(120)	(202)
Capital and reserves					
Share capital	*16(c)*	1,000	1,000	1,000	1,000
Retained earnings		(637)	(753)	(1,120)	(1,202)
		363	247	(120)	(202)

The accompanying notes form part of this Historical Financial Information.

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity shareholders of Nexus Primo		
	Share capital *RM'000*	Retained earnings *RM'000*	Total *RM'000*
Balance at 1 July 2014	1,000	(507)	493
Changes in equity for the year ended 30 June 2015:			
Loss and for the year	–	(130)	(130)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(130)	(130)
Balance at 30 June 2015	1,000	(637)	363
Balance at 1 July 2016	1,000	(637)	363
Changes in equity for the year ended 30 June 2016:			
Loss for the year	–	(116)	(116)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(116)	(116)
Balance at 30 June 2016	1,000	(753)	247
Balance at 1 July 2017	1,000	(753)	247
Changes in equity for the year ended 30 June 2017:			
Loss for the year	–	(367)	(367)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(367)	(367)
Balance at 30 June 2017	1,000	(1,120)	(120)

The accompanying notes form part of this Historical Financial Information.

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity shareholders of Nexus Primo		
	Share capital *RM'000*	**Retained earnings** *RM'000*	**Total** *RM'000*
At 1 July 2017	1,000	(1,120)	(120)
Changes in equity for the three months ended 30 September 2017:			
Loss for the period	–	(82)	(82)
Other comprehensive income for the period	–	–	–
Total comprehensive loss for the period	–	(82)	(82)
Balance at 30 September 2017	1,000	(1,202)	(202)
Balance at 1 July 2016	1,000	(753)	247
Changes in equity for the three months ended 30 September 2016 (unaudited):			
Loss for the period	–	(80)	(80)
Other comprehensive income for the period	–	–	–
Total comprehensive loss for the period	–	(80)	(80)
At 30 September 2016 (unaudited)	1,000	(833)	166

The accompanying notes form part of this Historical Financial Information.

STATEMENTS OF CASH FLOWS

	Note	Year ended 30 June			Three months ended 30 September	
		2015	2016	2017	2016	2017
		RM'000	*RM'000*	*RM'000*	*RM'000* (unaudited)	*RM'000*
Operating activities						
Loss before taxation		(130)	(116)	(367)	(80)	(82)
Adjustment for:						
Finance costs	*5(a)*	197	183	214	43	81
Operating cash flows before movements in working capital		67	67	(153)	(37)	(1)
Decrease/(increase) in trade and other receivables		1	(11)	3	11	–
Increase/(decrease) in accruals and other payables		3	–	(12)	–	–
Cash generated from/(used in) operations		71	56	(162)	(26)	(1)
Income tax paid		(1)	–	–	–	–
Income tax refunded		–	–	1	–	–
Net cash generated from/(used in) operating activities		70	56	(161)	(26)	(1)
Investing activities						
Payments for purchase of property, plant and equipment		–	(49)	(412)	–	(145)
Increase in amount due from a related company		–	–	(15)	–	–
Net cash used in investing activities		–	(49)	(427)	–	(145)

	Note	Year ended 30 June			Three months ended 30 September	
		2015	2016	2017	2016	2017
		RM'000	*RM'000*	*RM'000*	*RM'000* (unaudited)	*RM'000*
Financing activities						
Increase in amounts due to shareholders		316	650	500	–	4,500
Increase/(decrease) in amount due to a related company		–	–	147	50	(17)
Repayment of bank borrowings		(133)	(147)	(116)	(40)	(3,930)
Finance costs paid		(197)	(183)	(214)	(43)	(82)
Net cash generated from/(used in) financing activities		(14)	320	317	(33)	471
Net increase/(decrease) in cash and cash equivalents		56	327	(271)	(59)	325
Cash and cash equivalents at beginning of year/period	*12*	18	74	401	401	130
Cash and cash equivalents at end of year/period	*12*	74	401	130	342	455

The accompanying notes form part of this Historical Financial Information.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Nexus Primo was incorporated in Malaysia on 12 October 2010 with limited liability.

The principal activity of Nexus Primo is property holding.

The Historical Financial Information set out in this report have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Further details of the significant accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, Nexus Primo has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 19.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

(a) Going concern basis

Nexus Primo incurred loss attributable to shareholders of Nexus Primo of approximately RM130,000, RM116,000, RM367,000, RM80,000 (unaudited) and RM82,000 for the years ended 30 June 2015, 2016, 2017 and the periods ended 30 September 2016 and 2017, respectively. As at 30 September 2017, Nexus Primo had net current liabilities of approximately RM6,607,000 and net liabilities of RM202,000.

The financial statements have been prepared on a going concern basis which assumes the continuing financial support from the shareholders of Nexus Primo. The shareholders of Nexus Primo have indicated its intention to provide further financial support to Nexus Primo. In addition, the shareholders of Nexus Primo have undertaken to Nexus Primo not to demand repayment of the amounts due by Nexus Primo to these shareholders with total carrying amount of RM7,746,000 as at 30 September 2017 until such time as Nexus Primo has sufficient funds to repay the amount due by Nexus Primo and still be able to meet in full its financial obligations after the repayment.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The Historical Financial Information is presented in Malaysian Ringgit ("RM"), rounded to the nearest thousand ("RM'000"), except as otherwise stated herein. The measurement basis used in the preparation of Historical Financial Information is historical cost basis.

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

– Freehold land; and

– Building situated on freehold land.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(m)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Freehold land is not depreciated.

– Building situated on freehold land are depreciated over their estimated useful life, being no more than 50 years after the date of completion.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Building under construction is stated at cost less impairment losses. Cost comprises direct costs of construction during the construction period. Capitalisation of these costs ceases and the building under construction is transferred to property, plant and equipment when the asset is substantially complete and ready for its intended use. No depreciation is provided in respect of building under construction.

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(d) Short term investment

Short term investment is an unlisted investment carried at cost, which included all costs directly attributable to the acquisition of the short term investment.

(e) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts. Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of Nexus Primo about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When Nexus Primo is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(f) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(g) Accruals and other payables

Accruals and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Annual contributions to retirement benefit schemes operated by the government in Malaysia are recognised in the profit or loss as and when incurred.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when Nexus Primo can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(j) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(k) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Nexus Primo has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Nexus Primo and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(n) Related parties

(a) A person, or a close member of that person's family, is related to Nexus Primo if that person:

(i) has control or joint control over Nexus Primo;

(ii) has significant influence over Nexus Primo; or

(iii) is a member of the key management personnel of Nexus Primo or Nexus Primo's parent.

(b) An entity is related to Nexus Primo if any of the following conditions applies:

(i) The entity and Nexus Primo are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Nexus Primo or an entity related to Nexus Primo.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Nexus Primo or to Nexus Primo's parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(o) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Nexus Primo's most senior executive management for the purposes of allocating resources to, and assessing the performance of, Nexus Primo's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to sell the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors of Nexus Primo have given careful consideration to the future liquidity of Nexus Primo in light of Nexus Primo's net liabilities of RM202,000 as at 30 September 2017. The directors of Nexus Primo consider that it is appropriate to prepare the Historical Financial Information using a going concern basis. Further details are set out in Note 1.

Should Nexus Primo be unable to continue as a going concern, all of Nexus Primo's assets and liabilities would have to be stated at net realisable value. In particular, the non-current assets would have to be reclassified as current assets.

Except for the above, Nexus Primo did not use any critical accounting estimates in the preparation of the Historical Financial Information and the estimates used did not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The amount of revenue during the Relevant Periods is as follows:

	Year ended 30 June			Three months ended 30 September	
	2015	**2016**	**2017**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000* *(unaudited)*	*RM'000*
Rental income from properties letting	86	96	87	24	–

During the years ended 30 June 2015, 2016 and 2017 and the three months ended 30 September 2016, the rental income was received and receivable only from one customer. Details of concentrations of credit risk arising from this customer are set out in Note 17(a).

(b) Segment reporting

Nexus Primo determines its operating segments based on the reports reviewed by Nexus Primo's directors that are used to make strategic decisions. During the Relevant Periods, Nexus Primo's principally operates in one operating segment.

During the Relevant Periods, Nexus Primo is principally engaged in only one reportable segment which is property holding. Nexus Primo operates in Malaysia with all of its results derived from its operation in Malaysia. Accordingly, no segment information is presented. Nexus Primo's non-current assets are all located in Malaysia.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended 30 June			Three months ended 30 September	
	2015	2016	2017	2016	2017
	RM'000	*RM'000*	*RM'000*	*RM'000* (unaudited)	*RM'000*
(a) Finance costs:					
Interest on bank borrowings	197	183	214	43	82
(b) Staff costs					
Salaries, wages and other benefits	–	–	180	45	–
Contributions to retirement scheme	–	–	22	6	–
Total	–	–	202	51	–
(c) Other items:					
Auditors' remuneration	3	3	4	–	–

6 INCOME TAX IN THE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the statements of profit or loss and other comprehensive income represents:

No provision for taxation has been made in the Historical Financial Information as Nexus Primo did not generate any estimated assessable profits during the Relevant Periods.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	Year ended 30 June			Three months ended 30 September	
	2015	2016	2017	2016	2017
	RM'000	*RM'000*	*RM'000*	*RM'000* (unaudited)	*RM'000*
Loss before taxation	(130)	(116)	(367)	(80)	(82)
Notional tax on profit before taxation	(26)	(22)	(66)	(14)	(15)
Effect of non-deductible expenses	39	39	40	14	15
Others	(13)	(17)	26	–	–
Income tax expenses	–	–	–	–	–

According to the tax laws of Malaysia, the income tax rates for the years ended 30 June 2015, 2016 and 2017 and the three months ended 30 September 2016 and 2017 were 20%, 19%, 18%, 18% and 18%, respectively.

7 DIRECTORS' REMUNERATION

During the Relevant Periods, the directors of Nexus Primo did not receive any fee or other emoluments in respect of their services provided to Nexus Primo. In addition, no emoluments paid or payable by Nexus Primo were waived and no emoluments were paid by Nexus Primo to the directors of Nexus Primo as an inducement to join or upon joining Nexus Primo or as compensation for loss of office during the Relevant Periods.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year 30 June 2017 and the three months ended 30 September 2016, Nexus Primo has only employed one staff and his emoluments are disclosed in Note 5(b) "Staff costs". Nexus Primo has not employed any staff during the years ended 30 June 2015 and 2016 and the three months ended 30 September 2017 and, accordingly, no emoluments of five highest paid individuals for the years ended 30 June 2015 and 2016 and the three months ended 30 September 2017 are presented.

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building under construction	Total
	RM'000	*RM'000*	*RM'000*
Cost:			
At 1 July 2014	5,800	–	5,800
Additions	–	–	–
At 30 June 2015 and 1 July 2015	5,800	–	5,800
Additions	–	49	49
At 30 June 2016 and 1 July 2016	5,800	49	5,849
Additions	–	411	411
At 30 June 2017 and 1 July 2017	5,800	460	6,260
Additions	–	145	145
At 30 September 2017	5,800	605	6,405
Accumulated depreciation:			
At 30 June 2015, 2016, 2017 and 30 September 2017	–	–	–
Carrying amount:			
At 30 June 2015	5,800	–	5,800
At 30 June 2016	5,800	49	5,849
At 30 June 2017	5,800	460	6,260
At 30 September 2017	5,800	605	6,405

Notes:

(i) Freehold land and building under construction owned by Nexus Primo are located in Malaysia.

(ii) As 30 June 2015, 2016, 2017, the carrying amounts of freehold land and building under construction were pledged to secure the banking facilities granted to Nexus Primo.

(iii) No depreciation on building under construction was provided during the years ended 30 June 2015, 2016, 2017 and the three months ended 30 September 2016 and 2017 due to the building is under construction and not ready for use.

10 SHORT TERM INVESTMENT

		As at 30 June		**As at 30 September**
	2015	**2016**	**2017**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Unlisted shares, at cost	–	–	800	800

During the year ended 30 June, 2017, Nexus Primo acquired 800,000 ordinary shares in One Beijing Sdn. Bhd. ("One Beijing"), a company incorporated in Malaysia, at a consideration of RM800,000 (the "Acquisition"), which represent 80% equity interest in One Beijing.

Before the Acquisition, One Beijing was an inactive company and One Beijing was owned by Mr. Teoh Teng Guan ("Mr. Teoh", a director and shareholder of Nexus Primo) and another shareholder (the "Second Shareholder"), The shareholders of One Beijing planned to establish a property development business through One Beijing and to invite some investors with property construction expertise to invest in One Beijing so as to enable One Beijing to provide comprehensive property development and construction services (the "Plan"). Mr. Teoh and the Second Shareholder believed that the best way to convince potential investors of One Beijing would be selling the shares of One Beijing through Nexus Primo, a company related to Mr. Teoh and is itself a land owner with a vacant land pending for development. Based on the above, Mr. Teoh and the Second Shareholder together sold 80% of equity interest in One Beijing to Nexus Primo in order to enable Nexus Primo to sell the 80% equity interests in One Beijing to the investors, as such, the acquisition of shares of One Beijing by Nexus Primo was temporary in nature and One Beijing is actually still controlled by Mr. Teoh and the Second Shareholder until the new investors of One Beijing was found. Based on the above, the directors of Nexus Primo are of view that One Beijing was not a subsidiary of Nexus Primo.

Subsequent to the Relevant Periods, following to the unsuccessful of the Plan and the instruction of Mr. Teoh and the Second shareholder. Nexus Primo disposed of all of its 800,000 ordinary shares in One Beijing at cost to Mr. Teoh at a consideration of RM500,000 and the Second Shareholder at a consideration of RM300,000. The disposal was completed on 5 October 2017.

As the acquisition of One Beijing is temporarily and subsequently disposed of at no gain no loss with no material financial effects to the results of Nexus Primo, thus, no consolidated financial statements had been drawn up for the Relevant Periods.

11 TRADE AND OTHER RECEIVABLES

	As at 30 June			As at 30 September
	2015	2016	2017	2017
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade receivables	–	1	–	–
Prepayments	–	10	8	8
Total	–	11	8	8

Trade receivables aged within 30 days as at 30 June 2016.

All trade and other receivables are expected to be recovered within one year as of the end of each reporting period.

12 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 30 June			As at 30 September
	2015	2016	2017	2017
	RM'000	*RM'000*	*RM'000*	*RM'000*
Cash at bank	74	401	130	455

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Nexus Primo's liabilities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Nexus Primo's statements of cash flows as cash flows from financing activities.

	Due to shareholders	Due to a related company	Bank borrowings
	RM'000	*RM'000*	*RM'000*
At 1 July 2014	980	–	4,328
Changes from financing cash flows:			
Advance to Nexus Primo	316	–	–
Repayment of bank borrowing	–	–	(133)
Interest paid	–	–	(197)
Total changes from financing cash flows	316	–	(330)
Other changes:			
Interest expenses *(Note 5(a))*	–	–	197
Total other change	–	–	197
At 30 June 2015	1,296	–	4,194

	Due to shareholders *RM'000*	Due to a related company *RM'000*	Bank borrowings *RM'000*
At 1 July 2015	1,296	–	4,194
Changes from financing cash flows:			
Advance to Nexus Primo	650	–	–
Repayment of bank borrowing	–	–	(147)
Interest paid	–	–	(183)
Total changes from financing cash flows	650	–	(330)
Other changes:			
Interest expenses *(Note 5(a))*	–	–	183
Total other change	–	–	183
At 30 June 2016	1,946	–	4,047
At 1 July 2016	1,946	–	4,047
Changes from financing cash flows:			
Advance to Nexus Primo	500	147	–
Repayment of bank borrowing	–	–	(116)
Interest paid	–	–	(214)
Total changes from financing cash flows	500	147	(330)
Other changes:			
Transfer of short term investment to Nexus Primo (see note below)	800	–	–
Interest expenses *(Note 5(a))*	–	–	214
Total other change	800	–	214
At 30 June 2017	3,246	147	3,930
At 1 July 2016 (unaudited)	1,946	–	4,047
Changes from financing cash flows (unaudited):			
Advance to Nexus Primo	–	50	–
Repayment of bank borrowing	–	–	(40)
Interest paid	–	–	(43)
Total changes from financing cash flows	–	50	(83)
Other changes (unaudited):			
Interest expenses *(Note 5(a))*	–	–	43
Total other change	–	–	43
At 30 September 2016 (unaudited)	1,946	50	4,008

	Due to shareholders	Due to a related company	Bank borrowings
	RM'000	*RM'000*	*RM'000*
At 1 July 2017	3,246	147	3,930
Changes from financing cash flows:			
Advance to Nexus Primo	4,500	–	–
Repayment from Nexus Primo	–	(17)	–
Repayment of bank borrowing	–	–	(3,930)
Interest paid	–	–	(82)
Total changes from financing cash flows	4,500	(17)	(4,012)
Other changes:			
Interest expenses *(Note 5(a))*	–	–	82
Total other change	–	–	82
At 30 September 2017	7,746	130	–

Note: During the year ended 30 June 2017, Nexus Primo disposed of its investment at a consideration of RM800,000, which was set off against the amounts due to shareholders.

13 ACCRUALS AND OTHER PAYABLES

All accruals and other payables are expected to be settled within one year as of the end of each reporting period.

14 BANK BORROWINGS

As at 30 June 2015, 2016 and 2017, the bank loan was repayable as follows:

	As at 30 June			As at 30 September
	2015	2016	2017	2017
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within 1 year or on demand*	141	148	153	–
After 2 year but within 5 years*	633	662	685	–
After 5 years*	3,420	3,237	3,092	–
Subtotal	4,053	3,899	3,777	–
Total	4,194	4,047	3,930	–

* The amounts due are based on the scheduled repayment dates as stipulated in the relevant loan agreement.

In 2013, the bank loan granted was RM4,350,000 with repayment terms of 240 equal monthly instalments of RM27,520. Such bank loan was classified as a current liability as at 30 June 2015, 2016 and 2017 due to the fact that the corresponding banking facility letter included a repayable on demand clause giving the bank an unconditional right to call the loan at any time notwithstanding any other terms and maturity as set out in the banking facility letter.

The interest charged is at 2.10% per annum below bank's Base Lending Rate, prescribed by the bank from time to time.

At 30 June 2015, 2016 and 2017, the bank loan is secured by way of first legal charge over Nexus Primo's freehold land and building under construction (the "Property"), deed of assignment over the tenancy agreement for the Property, joint and several guarantees provided by all the directors of Nexus Primo and corporate guarantee provided by Pusat Pakaian Hari-Hari Sdn Bhd, a related company of Nexus Primo.

The banking facilities amounted to RM6,450,000 as at 30 June 2015, 2016 and 2017, and the facilities were utilised to the extent of approximately RM4,194,000, RM4,047,000 and RM3,931,000 as at 30 June 2015, 2016 and 2017, respectively.

During the three months ended 30 September 2017, the bank borrowing was fully repaid.

As at 30 June 2015, 2016 and 2017, the banking facilities were subject to the fulfilment of covenants as are commonly found in lending arrangements with financial institutions. If Nexus Primo was to breach the covenants the drawn down facilities would become payable on demand. Nexus Primo regularly monitors its compliance with these covenants. Further details of Nexus Primo's management of liquidity risk are set out in Note 17(b). As at 30 June 2015, 2016 and 2017, none of the covenants relating to drawn down facilities had been breached.

15 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the statements of financial position represents:

	As at 30 June			As at 30 September
	2015	**2016**	**2017**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Balance of Tax recoverable at 30 June/30 September	1	1	–	–

(b) Deferred taxation not recognised

Nexus Primo has no significant deferred tax assets and liabilities as at 30 June 2015, 2016 and 2017 and 30 September 2017.

16 CAPITAL, RESERVE AND DIVIDENDS

(a) Movements in components of equity of Nexus Primo

The reconciliation between the opening and closing balances of each component of Nexus Primo's equity is set out in the statements of changes in equity.

(b) Dividends

No dividend was declared or paid by Nexus Primo during the Relevant Periods to its equity shareholders.

(c) Share capital

Authorised and issued share capital

	At 30 June						At 30 September	
	2015		2016		2017		2017	
	No. of shares ('000)	*RM'000*	*No. of shares ('000)*	*RM'000*	*No. of shares ('000)*	*RM'000*	*No. of shares ('000)*	*RM'000*
Authorised: *(note 1)*								
Ordinary shares of RM1 each *(note 2)*	2,000	2,000	2,000	2,000	–	–	–	–
Ordinary shares, issued and fully paid:								
At 30 June/30 September	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Notes:

(1) Under the new Companies Act of Malaysia, which commenced operation on 31 January 2017, the concept of authorised share capital no longer exists.

(2) In accordance with the new Companies Act of Malaysia, Nexus Primo's shares on longer have a par or nominal value with effect from 31 January 2017. There in no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Nexus Primo. All ordinary shares rank equally with regard to Nexus Primo's residual assets.

(d) Capital management

Nexus Primo's primary objective when managing capital is to safeguard Nexus Primo's ability to continue as a going concern, to meet its financial obligates and continue to provide returns for its shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. There is no externally imposed capital requirements.

Nexus Primo defines "capital" as including all component of equity plus the amounts due to shareholders which have no fixed terms of repayment.

17 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of Nexus Primo's business. Nexus Primo's exposure to these risks and the financial risk management policies and practices used by Nexus Primo to manage these risks are described below.

(a) Credit risk

Nexus Primo's credit risk is primarily attributable to cash at bank, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In order to minimise the credit risk on trade and other receivable, Nexus Primo reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of Nexus Primo consider that Nexus Primo's credit risk is significantly reduced.

The credit risk on cash at bank is limited because the counterpart is a bank with high credit ratings.

Other than Nexus Primo has only a customer as mentioned in Note 4 in respect of the years ended 30 June 2015, 2016 and 2017, Nexus Primo does not have significant concentration of credit risk.

Nexus Primo does not provide any guarantees which would expose Nexus Primo to credit risk.

(b) Liquidity risk

Nexus Primo's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and funding from its shareholders in the short and longer term. As disclosed in Note 1(a), the shareholders of Nexus Primo has undertaken to provide such financial support at a level sufficient to finance the working capital requirements of Nexus Primo.

Except for the bank borrowings as disclosed in Note 14, all financial liabilities are carried at amounts not materially different from their contractual undiscounted cash flows as they are with maturities within one year or has no fixed terms of repayment at the end of each of the reporting period.

(c) Interes rate risk

Nexus Primo's interest rate risk arises primarily from bank loan which is disclosed in Note 14. Nexus Primo has not used any interest rate swaps to hedge its exposure to interest rate risk.

At 30 September 2017, the bank loan was repaid in full. Accordingly, sensitivity analysis is not presented.

(d) Fair values of financial instruments carried at fair value

The carrying amounts of Nexus Primo's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015, 2016 and 2017 and 30 September 2017.

18 MATERIAL RELATED PARTY TRANSACTIONS

During the Relevant Periods, the directors of Nexus Primo are of the view that related parties of Nexus Primo include the following:

Name of related party	Relationship with the Group
Mr. Teoh Teng Chye	A director and shareholder of Nexus Primo
Mr. Teoh Teng Guan	A director and shareholder of Nexus Primo
Mr. Teoh Kok Heng	A director and shareholder of Nexus Primo
Mr. Teoh Kok Cheng*	A shareholder of Nexus Primo
Pusat Pakaian Hari-Hari Sdn. Bhd.	All of Nexus Primo's shareholders have controlling interest in this company
One Beijing Sdn. Bhd.	Mr. Tech Teng Guen has controlling interest in this company

* Mr. Teoh Kok Cheng resigned his position as a director on 25 April 2017.

In addition to transactions with the related parties as disclosed in the Historical Financial Information, the following balances with related parties are as follows:

	As at 30 June			As at 30 September
	2015	**2016**	**2017**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Amounts due to shareholders:				
– Teoh Kok Cheng	172	334	460	1,460
– Teoh Teng Chye	772	935	1,059	2,559
– Teoh Teng Guan	180	343	1,267	2,267
– Teoh Kok Heng	172	334	460	1,460
	1,296	1,946	3,246	7,746
Amount due to a related company:				
– Pusat Pakaian Hari-Hari Sdn Bhd	–	–	147	130
Amount due from a related company:				
– One Beijing Sdn Bhd	–	–	15	15

The outstanding balances with these parties are unsecured, interest free, non-trade in nature and have no fixed repayment terms.

19 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of this Historical Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in this Historical Financial Information. These include the following which may be relevant to Nexus Primo.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HK(IFRIC) 33	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

Nexus Primo has considered that the new standards will have no significant impact on the Historical Financial Information. Nexus Primo does not intend to early adopt any of these amendments or new standards.

20 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Nexus Primo in respect of any period subsequent to 30 September 2017.

Set out below is the management discussion and analysis of Nexus Primo for each of the years ended 30 June 2015, 2016 and 2017 and the three months ended 30 September 2017 (the "Relevant Periods"). Nexus Primo was incorporated on 12 October 2010 in Malaysia with limited liability.

BUSINESS REVIEW

The principal assets of Nexus Primo are the Lands and the Building Project. For details of the Lands and the Building Project, please refer to the section headed "Details of the Building Project and the O2O Project" set out in the "Letter from the Board" contained in this circular. The principal activity of Nexus Primo is property holding, prior to the commencement of the Building Project, Nexus Primo leased the Lands which were temporarily idle to a single customer for rental income.

FINANCIAL REVIEW

Immediately before the Acquisition, Nexus Primo was wholly-owned by the Vendor. Upon Completion taking place, Nexus Primo will become wholly-owned by the Group.

RESULTS OF OPERATIONS

Revenue

As Nexus Primo is principally engaged in property holding in Malaysia, there is only one business segment of Nexus Primo.

The revenue of Nexus Primo for each of the years ended 30 June 2015, 2016, 2017 was approximately RM86,000, RM96,000 and RM87,000 respectively, which represents the revenue derived from a temporary lease of the Lands to a single customer. For the three months ended 30 September 2017, Nexus Primo ceased to have revenue from the temporary lease following the commencement of the Building Project.

Operating expenses

Operating expenses of Nexus Primo for each of the years ended 30 June 2015, 2016, 2017 and the three months ended 30 September 2017 was approximately RM19,000, RM29,000, RM240,000 and nil respectively. For the years ended 30 June 2015 and 2016, the operating expenses primarily consist of audit fees and corporate expenses. For the year ended 30 June 2017, operating expenses also included emoluments paid to a staff of Nexus Primo of RM202,000, which led to a significant increase in operating expenses of Nexus Primo. The staff was responsible for handling the temporary lease of the Lands and the preparation work to get the Lands ready for commencement of the Building Project. Following the termination of the temporary lease and the commencement of the Building Project, the employment contract of the staff was terminated and Nexus Primo had yet to incur any operating expenses for the three months ended 30 September 2017.

Finance costs

Finance costs for each of the years ended 30 June 2015, 2016, 2017 and the three months ended 30 September 2017 for Nexus Primo was approximately RM197,000, RM183,000, RM214,000 and RM82,000 respectively. Finance costs represent interest on bank borrowings of Nexus Primo which were secured by the Lands and the Building Project. The pledge of the Lands and the Building Project was discharged during the three months ended 30 September 2017 following the full repayment of bank borrowing by Nexus Primo.

Net loss

The net loss for each of the years ended 30 June 2015, 2016, 2017 and the three months ended 30 September 2017 for Nexus Primo was approximately RM130,000, RM116,000, RM367,000 and RM82,000 respectively. The continued loss making position of Nexus Primo was primarily due to the lack of substantial revenue sources for Nexus Primo prior to the Completion, which is expected to take place by 2020. Upon Completion, Nexus Primo is expected to achieve a turnaround by generating rental income from Chow Kit Baru and income from the Chow Kit Boy trading platform.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2017, Nexus Primo had total liabilities of approximately RM7,885,000, which mainly comprised of (i) amounts due to the shareholders of RM7,746,000 in relation to the working capital financed by its shareholders used for the Building Project; (ii) amount due to a related company of RM130,000, and (iii) accruals and other payables of RM9,000 in relation to accruals of corporate expenses. Nexus Primo's gearing ratio, being the total of amounts due to shareholders and amount due to a related company divided by its total equity, was 39 times as at 30 September 2017.

Following the acquisition of Nexus Primo by the Target, the capital expenditure of Nexus Primo is expected to be funded primarily by the Target which in turn will be financed by the Vendor so that the Target Group would have sufficient working capital to complete the Chow Kit Baru and the Chow Kit Boy Platform.

As at 30 September 2017, Nexus Primo did not have other borrowings except for the amounts due to shareholders and amount due to a related company, which are unsecured, interest free and have no fixed repayment terms. According to the Acquisition Agreement, upon Completion, the amount due to a related company would be settled by the shareholders of Nexus Primo or its internal resources, and the amounts due to shareholders would be acquired by the Group as part of the Sale Loan.

Nexus Primo has not used any derivatives or other instruments for managing its interest rate risk, or for hedging purposes. During the Relevant Periods, all major assets and liabilities of Nexus Primo were denominated in RM, as such, Nexus Primo had minimal currency risk exposure. Nexus Primo adopts a prudent funding and treasury policy towards its overall business operations with an aim to minimise financial risks. As at 30 September 2017, Nexus Primo had sufficient cash resources to settle its liabilities except for amounts due to shareholders, which was lent by shareholders of Nexus Primo to Nexus Primo to finance its working capital. The amounts due to shareholders would not be repayable until such time as Nexus Primo has sufficient funds to repay the amounts and the shareholders of Nexus Primo would continue to support Nexus Primo when Nexus Primo has further capital needs. Please refer to note 16 and note 17 to the financial information of Nexus Primo set out in Appendix II to this circular for information regarding Nexus Primo's credit risk, interest rate risk, liquidity risk and capital management policies.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

In addition to the Lands and the Building Project, during the year ended 30 June 2017, Nexus Primo acquired 80% equity interest in One Beijing Sdn. Bhd. ("One Beijing") at a cost of RM800,000. Although Nexus Primo held 80% equity interest in One Beijing, the directors of Nexus Primo are of the view that One Beijing was not a subsidiary of Nexus Primo but was a temporary short term investment. The temporary short term investment was subsequently disposed by Nexus Primo on 5 October 2017 at no gain or loss. For details of the temporary short term investment and its subsequent disposal, please refer to note 10 to the financial information of Nexus Primo, which is set out in Appendix II of this circular. Based on the circumstances stated in note 10 to financial information of Nexus Primo, the Board concurs with the view of the directors of Nexus Primo that One Beijing was not a subsidiary of Nexus Primo. Save and except for the above, Nexus Primo does not hold any significant investments and capital assets.

CHARGE ON ASSETS

As at 30 September 2017, Nexus Primo did not have any charge on its assets.

EMPLOYEES

Nexus Primo has no employees during the years ended 30 June 2015 and 2016 and the three months ended 30 September 2017. During the year ended 30 June 2017, Nexus Primo had one employee. The total amount of remuneration paid by Nexus Primo to its employee for the year ended 30 June 2017 was RM202,000.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the development of the Chow Kit Baru and the Chow Kit Boy Platform, Nexus Primo had no plans for material investments or capital assets as at 30 September 2017.

CONTINGENT LIABILITIES

As at 30 June 2015, 2016 and 2017 and 30 September 2017, Nexus Primo did not have any material contingent liabilities.

INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Consolidated Statement of Assets and Liabilities") has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effects of the proposed acquisition of the Sale Loan and Sale Shares that indirectly owns Chow Kit Baru and Chow Kit Boy in Malaysia on the Group's financial position as at 30 September 2017 as if the Acquisition had been completed on 30 September 2017.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2017 which has been extracted from the Company's interim report for the six months ended 30 September 2017; and (ii) the audited statement of financial position of Nexus Primo as at 30 September 2017 which has been extracted from the financial information of Nexus Primo thereon set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable as if the Acquisition had been undertaken as at 30 September 2017.

For the purpose of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, financial information of the Target are not included due to (i) the Target was incorporated on 19 September 2017 and had no transactions since its date of incorporation to 30 September 2017, (ii) as at 30 September 2017, the Target had no assets and liabilities except for the issued capital of US$1; and (iii) the share sale agreement made between the former shareholders of Nexus Primo and the Target for the acquisition of the entire issued capital of Nexus Primo by the Target was dated 23 October 2017, which was later than 30 September 2017.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the assets and liabilities of the Enlarged Group. Accordingly, the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities does not purport to describe the assets and liabilities of the Enlarged Group that would have been attained had the Acquisition been completed on 30 September 2017, nor purport to predict the future assets and liabilities of the Enlarged Group.

Unaudited Pro forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 30 September 2017	Nexus Primo as at 30 September 2017	Nexus Primo as at 30 September 2017	Pro forma adjustments			Pro forma total for the Enlarged Group as at 30 September 2017
	HK$'000	*RM'000*	*HK$'000 equivalents*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Non-current assets							
Investment properties	–	–	–	281,322 *(Note 4(g))*			281,322
Property, plant and equipment	51,031	6,405	11,854	(11,854) *(Note 4(g))*			51,031
Intangible assets	330	–	–				330
	51,361	6,405	11,854				332,683
Current assets							
Short term investment	–	800	1,481		(1,481)		–
Amount due from a related company	–	15	28		(28)		–
Trade and other receivables	170,009	8	15		(15)		170,009
Deposit paid for the Acquisition	2,700	–	–	(2,700) *(Note 4(c))*			–
Pledged bank deposits	3,197	–	–				3,197
Cash and cash equivalents	40,920	455	842	(5,959) *(Note 4(c))*	(842)		34,961
	216,826	1,278	2,366				208,167
Current liabilities							
Trade and other payables	(66,895)	(9)	(17)		17	(1,800)	(68,695)
Amounts due to shareholders	–	(7,746)	(14,336)		14,336		–
Amount due to a related company	–	(130)	(241)		241		–
Bank loan	(23,000)	–	–				(23,000)
Derivative component of Convertible Bonds	–	–	–	(125,258) *(Note 4(d))*			(125,258)
Current taxation	(1,582)	–	–				(1,582)
	(91,477)	(7,885)	(14,594)				(218,535)
Net current assets/(liabilities)	125,349	(6,607)	(12,228)				(10,368)
Total assets less current liabilities	176,710	(202)	(374)				322,315
Non-current liabilities							
Promissory Notes	–	–	–	(57,062) *(Note 4(e))*			(57,062)
Convertible Bonds	–	–	–	(132,910) *(Note 4(d))*			(132,910)
Deferred tax liabilities	(161)	–	–				(161)
	(161)	–	–				(190,133)
Net assets/(liabilities)	176,549	(202)	(374)				132,182

Notes to the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities:

1. The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2017 as set out in the published interim report of the Company for the six months ended 30 September 2017.

2. The figures are extracted from the audited statement of financial position of Nexus Primo as set out in Appendix II to this circular.

3. For the purpose of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, all RM are translated into HK$ at the exchange rate of RM1 to HK$1.8508 prevailing at the close of business on 30 September 2017. No representation is made that RM amounts have been, could have been or could be converted to HK$, or vice versa, at the applied rate or at any other rates or at all.

4. (a) On 7 December 2017 and 8 January 2018, the Group entered into the Acquisition Agreement and the Supplemental Agreement respectively with the Vendor in relation to the Acquisition. For the purpose of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, the Directors consider that the transaction is an acquisition of assets and liabilities through acquisition of subsidiaries and thus, guidance set out in Hong Kong Financial Reporting Standards 3 "Business Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") in respect of acquisition of assets is adopted by allocating consideration paid to net assets acquired based on their relative fair value at the date of acquisition, and the total consideration paid and payable by the Group shall be RM145,000,000. Based on the opinion letter issued by B.I. Appraisals Limited, the fair value of Chow Kit Boy cannot be reliably assessed using the income approach, which is considered to be the most appropriate approach for valuing such platform. As the platform is yet to be established, there is a lack of solid performance history for justifying the underlying assumptions of its future financial projections. As a result, the total consideration paid and payable by the Group would be wholly allocated to Chow Kit Baru.

   (b) For the purpose of preparing the Unaudited Pro Forma Statement of Assets and Liabilities, the effect of the potential downward adjustment to the Consideration is to be disregarded.

   (c) Pursuant to the Acquisition Agreement, the Group has paid HK$8,659,125 in cash to the Vendor as refundable Deposit. Such Deposit shall be applied to satisfy part of the Consideration. HK$2,700,000 of the Deposit was paid to the Vendor as Earnest Money on 7 September 2017, the remaining HK$5,959,125 of the Deposit was paid on the date of the Acquisition Agreement.

   (d) Pursuant to the Acquisition Agreement, the Group will settle a portion of the Consideration by issuing Convertible Bonds denominated in Hong Kong Dollars with principal amount equivalent to RM100,000,000. With reference to a professional valuation conducted by B.I. Appraisals Limited and for the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, the Directors estimated that the fair value of the Convertible Bonds as at 30 September 2017 is approximately RM139,490,000 (equivalent to approximately HK$258,168,000). The Convertible Bonds consist of debt component of approximately RM71,812,000 (equivalent to approximately HK$132,910,000) and conversion derivative components of approximately RM67,678,000 (equivalent to approximately HK$125,258,000). The fair value of the debt component is estimated by discounting the estimated contractual cash flows over the contractual terms of the Convertible Bonds at an effective interest rate of 11.66% as at 30 September 2017. The fair value of the conversion derivative components is estimated by using binomial option pricing model. Since the maturity date of the Convertible Bonds are three years from the date of issuance, the debt component of the Convertible Bonds are regarded as non-current liabilities.

   For illustrative purpose, if the price of the Shares at the date of the Acquisition Agreement was adopted by the valuation model, the estimated fair value of the Convertible Bonds would be RM115,252,000 (equivalent to approximately HK$213,308,000), consists of debt components of approximately RM71,812,000 (equivalent to approximately HK$132,910,000) and conversion derivative component of approximately RM43,440,000 (equivalent to approximately HK$80,399,000), which will be different from the amounts presented on the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities.

(e) Pursuant to the Acquisition Agreement, the Group will settle a portion of the Consideration by issuing Promissory Notes denominated in Hong Kong Dollars with principal amount equivalent to RM40,500,000. With reference to a professional valuation conducted by B.I. Appraisals Limited and for the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, the Directors estimated that the fair value of the Promissory Notes as at 30 September 2017 is approximately RM30,831,000 (equivalent to approximately HK$57,062,000). The fair value of the Promissory Notes is estimated by discounting the estimated contractual cash flows over the contractual terms of the Promissory Notes at an effective interest rate of 11.66% as at 30 September 2017. Since the maturity date of Promissory Notes are three years from the date of issuance, the Promissory Notes are regarded as non-current liabilities.

(f) The fair values of the Convertible Bonds and Promissory Notes are subject to change upon the finalisation of the valuation for the completion date of the Acquisition, which may be substantially different from their estimated amounts used in preparation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities.

(g) Upon the completion of the Acquisition, Chow Kit Baru would be classified as investment properties following Hong Kong Accounting Standard 40 “Investment Property” issued by the HKICPA, which are initially measured at cost and subsequently measured at fair value. Change in fair value of investment properties will be recognised in profit or loss. Based on the valuation report prepared by B.I. Appraisals Limited, the fair value of Chow Kit Baru valued on completion basis as at 31 January 2018 shall be RM152,000,000 (equivalents to approximately HK$281,322,000). In preparing the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, accordingly, a fair value loss amounting to HK$42,567,000, representing the difference between the fair value of the consideration paid or payable for the Acquisition and the fair value of Chow Kit Baru as at 30 September 2017, is recognised in profit or loss if the Acquisition had taken place as at 30 September 2017.

For the purpose of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, it is assumed that the fair value of Chow Kit Baru as at 30 September 2017 was the same as at 31 January 2018.

For illustrative purpose, as mentioned in note 4(d), if the price of the Shares at the date of Acquisition Agreement was adopted by the valuation model, the estimated fair value of the Convertible Bonds would be RM115,252,000 (equivlant to approximately HK$213,308,000), which would result in a fair value gain of approximately HK$2,293,000 instead of a fair value loss of HK$42,567,000 as presented on the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities.

The fair value of Chow Kit Baru are subject to change upon the finalisation of the valuation for the completion date of the Acquisition, which maybe substantially different from its estimated amount used in preparation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities.

5. Pursuant to the Acquisition Agreement, upon Completion, Nexus Primo shall have no outstanding loans and liabilities as at the date of Completion, save and except for the amount due to shareholders. For the purpose of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, upon Completion, all trade and other receivables and amount due from a related company are assumed to be settled, all cash and cash equivalent held by Nexus Primo are assumed to be used for settling its liabilities and the remaining portion of amounts due to shareholders as at 30 September 2017 are eliminated as part of the Consideration in the pro forma adjustments pursuant to the Acquisition Agreement. As disclosed in the Appendix II, the short term investment held by Nexus Primo is disposed subsequent to 30 September 2017.

6. The adjustment represents the accrual of the estimated transaction costs attributable to the Acquisition of approximately HK$1,800,000.

7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2017.

The following is the text of a report received from the reporting accountants, Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information prepared for the purpose of incorporation in this circular.

Crowe Horwath™

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF ICO GROUP LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of ICO Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2017 and related notes as set out in Appendix IV to the circular dated 28 March 2018 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire issued capital in O2O Limited (the "Proposed Acquisition") on the Group's financial position as at 30 September 2017 as if the Proposed Acquisition had taken place on 30 September 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the interim report of the Company for the six months ended 30 September 2017, on which no audit or review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2017 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2018

Yau Hok Hung
Practising Certificate Number P04911

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 value of the Property as at 31 January 2018.

B.I.
To Know Your Strength Better

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,
No.139 Hennessy Road, Wan Chai, Hong Kong
Tel: (852) 2127 7762 Fax: (852) 2137 9876
Email: info@biappraisals.com
Website: www.biappraisals.com

28 March 2018

The Board of Directors
ICO Group Limited
Office A, 25th Floor, TG Place
10 Shing Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

Re: The proposed Chow Kit Baru Wholeshale Mall located on Lot 445, 446, 447 and 448 Section 46, Jalan Chow Kit, Kuala Lumpur, Malaysia.

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 inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 January 2018 (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".

Pursuant to the instructions, we are required to value the Property on the basis that it would have been built as at the Date of Valuation.

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 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

There are generally three accepted valuation approaches, namely, the cost approach, the income approach and the market approach.

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a property of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of a property and making deductions for physical deterioration and all other relevant forms of obsolescence.

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of a property is determined by reference to the value of income, cash flow or cost savings generated by the property.

The market approach provides an indication of value by comparing the property with comparable properties for which price information is available. When reliable, verifiable and relevant market information is available, the market approach is the preferred valuation approach.

In the course of our valuation of the Property, which will be held for investment upon acquisition, we have taken into account the nature of the Property and the accessibility to available data and relevant market transactions in choosing among the valuation approaches. Given that the Property is to be acquired upon completion of the proposed development and that sufficient market data on transactions of comparable properties is available, we have considered it is appropriate to adopt the direct comparison method under the market approach in our valuation. The cost approach and the income approach are not adopted as the former focuses on the cost aspect and does not take into account the rental earning and the capital appreciation potential of the Property, whereas the latter, in the current situation, may rely on assumption on the rental earning capacity of the Property that does not have any track records. In addition, in the event the Property is to be leased in the open market at full market rent at completion, the valuation result of which, assuming adopting the income approach, will be the same as that of the market approach.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property would be sold in the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements 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.

We have assumed that the Property will be constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that 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.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property valued nor 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 outgoing of an onerous nature that could affect its value.

TITLE INVESTIGATION

We have been provided by the Company with copies of title documents and a legal opinion dated 13 February 2018 prepared by Rahmat Lim & Partners, the Company's legal advisor on the Malaysian law (hereinafter referred to as the "Legal Advisor"), regarding the title to and the interest in the Property. We have not inspected 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 have been used for reference only.

In the course of our valuation, we have relied on the advice given by the Company and the opinion of the Legal Advisor regarding the title to and the interest in the Property. 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.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the Property on 6 September 2017. In the course of our inspection, we did not note any serious defects. No structural surveys have been made nor have any tests been carried out on any of the building services provided in the Property. Therefore, we are not able to report whether the Property is free of rot, infestation or any other structural defects.

We have not carried out any on-site measurements to verify the correctness of the site and floor areas of the Property but have assumed that the areas shown on the documents provided 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 by the Company and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

We have relied to a considerable extent on the information provided by the Company and accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, latest development proposal, site and floor areas and all other relevant matters in the identification of the Property. We have not seen original planning consents and have assumed that the Property have been 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 Company. We were also advised by the Company 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 have no reason to suspect that any material information has been withheld.

Our valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

This report and each part of it is prepared and intended for the exclusive use of the Company for the purpose hereinbefore stated. In accepting this report, the Company expressly agrees not to use or rely upon this report or any part of it for any other purpose without obtaining our prior written consent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation report are in Malaysian Ringgit (RM).

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Company, the Property, its owners 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.)
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) The Property was inspected by Mr. William C. K. Sham on 6 September 2017.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value as if completed as at 31 January 2018
The proposed Chow Kit Baru Wholeshale Mall located on Lot 445, 446, 447 and 448 Section 46, Jalan Chow Kit, Kuala Lumpur, Malaysia	The Property is a commercial development being proposed to be built on a site formed by 4 parcels of land, designated as Lot 445, 446, 447 and 448 Section 46 (the "Lots") with a total land area of approximately 744 sq.m., equivalent to approximately 8,008 sq.m. and a developable site area of approximately 7,083 sq.ft.. It is located on the southern side of Jalan Chow Kit, within Chow Kit area of Kuala Lumpur. The Lots are proposed to be developed into a retail complex of 9 storeys (including a mezzanine and a basement level) accommodating a total of 214 retail units. The gross floor area and the net floor area of the proposed development are 49,697 sq.ft. and 24,761 sq.ft. respectively. The Lots are held in perpetuity by the registered owner. The total Quit Rent for the Lots is RM3,424.	The Lots are currently vacant.	RM152,000,000

Notes:

(1) The registered owner of the Lots is Nexus Primo Sdn. Bhd. (Company N.: 900656-H).

(2) The Lots are subject to the following registered encumbrances:

(a) Transfer of Land from Ally Sales Sdn. Bhd. (Company No.: 303405-D) to Nexus Primo Sdn. Bhd. (Company No. 900656-H) vide Presentation No. PDSC43710/2014 registered on 18 November 2014; and

(b) Application for Surrender, Re-Alienation of Land (File Reference No.: PTG/WP,6(SP)/2017/0106(3)) vide Presentation No. PDN506/2017 registered on 5 July 2017.

(3) We have been advised that the Application for Surrender and Re-Alienation as mentioned in Note (2)(b) above was approved by the Land Office on 5 January 2018 with all premium and other charges in respect of the Application for Surrender and Re-Alienation and the Approval have been fully settled.

(4) Pursuant to a Development Order dated 2 February 2017, which is supplemented by another Development Order dated 25 August 2017 both issued by City Planning Department, the application for the proposed development of 1 commercial block with 8 floors and 1 mechanical and electrical basement on the Lots for Nexus Primo Sdn. Bhd. has been given the planning permission. The major conditions stated in the said Development Orders are summarized as follows:

(a) The total floor area of the development shall not be more than 49,694.39 sq.ft. at the plot ratio of 6.2 (excluding the parking area);

(b) The physical height of the building shall not be over 45.50 meters, equivalent to eight storeys (measured from the ground level to the highest level of the building).

(c) The Development Order is valid for a year from the date of its issuance.

(d) The approved development must begin within six months of the date of approval of the Development Order.

(5) We have been advised that conditional approval on the building plans for the proposed development has been granted by DBKL (Dewan Bandaraya Kuala Lumpur or Kuala Lumpur City Hall, which is the local authority charged with the administration of Kuala Lumpur City) on 20 November 2017.

(6) The opinion of the Legal Advisor is summarized as follows:

(a) According to the land title search, Nexus Primo Sdn. Bhd. is the owner of the Property;

(b) Each of the Lots is a freehold property; and

(c) The Property is free from any mortgage, charge, pledge, lien, option, restriction, building orders and other encumbrance.

(7) The proposed development is located within Chow Kit area which is popular for wholesale trading activities. It is surrounded by established commercial properties such as office buildings, hotels, various retail and whole-seller. Some of the notable landmarks nearby include the Plaza TAR, Plaza GM, Surau Al-Hijrah Chow Kit, Chow Kit wet market and Plaza Haji Taib.

Improved market sentiment in first half of 2017 gave hope to the Greater Kuala Lumpur retail sector. The retail market is expected to continue its modest recovery in 2018. The cumulative supply of retail space in Greater Kuala Lumpur is circa 57.4 million sq.ft. in net lettable area. Occupancy rate of retail properties in Kuala Lumpur remained stable at 88.8%. The investment market was fairly active during the 2nd half of 2017. The gross prime retail rents in the 4th quarter of 2017 and yields were at about RM35 per sq.ft. and around 6% respectively (sources: NAPIC, CBRE/WTW Research and JLL Research). The short term outlook for the retail industry remains challenging although its mid to longer term prospects remain positive.

(8) In the course of our valuation, we have collected and analysed various transactions of retail spaces in shopping malls within Chow Kit and its neighbouring areas. We observed that transactions of similar retail spaces in Chow Kit area during 2017 was limited, whereas price movements for retail units in Kuala Lumpur in the period from 2014 to 2017 were marginal. We have considered the following 7 comparable transactions of retail shops in shopping malls in Chow Kit and the nearby areas:

Ref	Date	Property	Year Built	Approximate Floor Area *(sq.ft.)*	Consideration *(RM)*	Unit Rate *(RM/sq.ft.)*
(a)	5 May 2017	Unit 78 on 3/F, Berjaya Times Square, Jalan Imbi	2003	420	2,370,000	5,643
(b)	24 February 2017	Unit 31 on 5/F, Berjaya Times Square, Jalan Imbi	2003	700	2,294,000	3,277
(c)	24 February 2017	Unit 33 on 5/F, Berjaya Times Square, Jalan Imbi	2003	581	1,906,000	3,281
(d)	24 January 2017	Unit 60 on Ground Floor of Kompleks Pertama, Jalan Tuanku Abdul Rahman	1976	398	1,400,000	3,518
(e)	21 December 2016	Unit 5 on 1st Floor of Plaza Haji Taib, 255 Lorong Haji Taib 5	–	98	775,000	7,908
(f)	23 September 2016	Unit 33A on 3/F, Kenanga Wholesale City, Jalan Gelugor	2011	215	642,000	2,986
(g)	18 November 2015	Unit 16 on 1/F, Plaza GM, Lorong Haji Taib 5	2001	474	2,750,000	5,802

We have analyzed the above comparable transactions and considered that the transactions of shop units on 1st floor within Plaza Haji Taib and Plaza GM, which are two wholesale malls in the Chow Kit area, are the best comparable transactions for arriving at the indicative value of the Property. Appropriate adjustments have been applied to allow for the qualitative and quantitative differences between these comparable properties and the Property. The major adjustment will be in the aspect of floor level as it is generally accepted that shop spaces on ground floor of a shopping mall usually command the highest unit price and the unit price tends to reduce gradually for spaces of the upper and the basement floors. Since the proposed development of the Property will comprise a total of 9 commercial floors (including a basement level), downward adjustments have to apply to the unit price of these two comparable transactions so as to arrive at an indicative average unit rate for the Property.

The market value of the Property as reported above represents an average unit rate of approximately RM3,058 per sq.ft., which is considered within the price range indicated by comparable transactions above.

(9) We have relied on the advice given by the Company and the aforesaid legal opinion and prepared our valuation on the following assumptions:

(a) The Property will have been developed in accordance with the provided development proposal.

(b) The proposed development would have been completed as at the Date of Valuation.

(c) All consents, approvals, required licences, permits, certificates and authorizations would have been obtained for the use of the Property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorized and issued share capital of the Company were as follows:

Authorised:		*HK$*
40,000,000,000	ordinary Shares of HK$0.0025 each	100,000,000
Issued and fully paid:		*HK$*
4,218,253,968	ordinary Shares of HK$0.0025 each	10,545,635

Immediately after Completion and upon full conversion of the Convertible Bonds at the initial conversion price of HK$0.1323, the authorized and issued share capital of the Company will be as follows:

Authorised:		*HK$*
40,000,000,000	ordinary Shares of HK$0.0025 each	100,000,000
Issued and fully paid:		*HK$*
4,218,253,968	Shares as at the Latest Practicable Date	10,545,635
1,454,459,562	Conversion Shares to be issued upon full conversion of the Convertible Bonds	3,636,149
5,672,713,530	Total	14,181,784

Note: For illustration purpose, the above presentation (i) disregards the future potential effects on shareholding Structure of the Company upon completion of the disclosable and share transaction as detailed in the announcement of the Company dated 18 December 2017; and (ii) the Convertible Bonds are assumed to be issued at the Base Exchange Rate.

3. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(i) Long positions in Shares

Name	**Capacity and nature of interests**	**Number of Shares held**	**Approximate percentage of shareholding**
Mr. Lee Cheong Yuen ("Mr. Lee") *(Note 2 and 3)*	Interest held jointly with another person; interest of a controlled corporation	1,930,000,000 (L) *(Note 1)*	45.75%
Mr. Chan Kwok Pui ("Mr. Chan") *(Note 2 and 4)*	Interest held jointly with another person; interest of a controlled corporation	1,930,000,000 (L) *(Note 1)*	45.75%
Mr. Yong Man Kin ("Mr. Yong") *(Note 2 and 5)*	Interest held jointly with another person; interest of a controlled corporation	1,930,000,000 (L) *(Note 1)*	45.75%
Mr. Tam Kwok Wah ("Mr. Tam") *(Note 2 and 6)*	Interest held jointly with another person; interest of a controlled corporation	1,930,000,000 (L) *(Note 1)*	45.75%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.

2. On 27 February 2015, our ultimate controlling shareholders, namely, Mr. Lee, Mr. Chan, Mr. Yong and Mr. Tam ("Controlling 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, our ultimate Controlling 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.

3. 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) 760,000,000 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.

4. 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) 1,820,000,000 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.

5. Shares in which Mr. Yong is interested consist of (i) 525,000,000 Shares held by Friends True Limited, a company wholly-owned by Mr. Yong, and (ii) 1,405,000,000 Shares in which Mr. Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Chan and Mr. Tam. On 5 April 2017, Mr. Yong resigned as the chairman of the Company and executive Director.

6. 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) 1,805,000,000 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.

7. As at the Latest Practicable Date, the Company's issued ordinary share capital was HK$10,545,635 divided into 4,218,253,968 of HK$0.0025 each.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company have interest or short positions in the shares, underlying shares and debentures of the Company or 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 or 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) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interest of Substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, the following parties who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long positions:

Shareholders	**No. of Shares**	**Approximate percentage of the issued share capital of the Company**
Mr. Lee Cheong Yuen ("Mr. Lee") *(Note 1 and 2)*	1,930,000,000	45.75%
BIZ Cloud Limited *(Note 1 and 2)*	1,930,000,000	45.75%
Ms. Saetia Ladda *(Note 3)*	1,930,000,000	45.75%
Mr. Chan Kwok Pui ("Mr. Chan") *(Note 1 and 4)*	1,930,000,000	45.75%
Cloud Gear Limited *(Note 1 and 4)*	1,930,000,000	45.75%
Mr. Yong Man Kin ("Mr. Yong") *(Note 1 and 5)*	1,930,000,000	45.75%
Friends True Limited *(Note 1 and 5)*	1,930,000,000	45.75%
Ms. Ma Kit Ling *(Note 6)*	1,930,000,000	45.75%
Mr. Tam Kwok Wah ("Mr. Tam") *(Note 1 and 7)*	1,930,000,000	45.75%
Imagine Cloud Limited *(Note 1 and 7)*	1,930,000,000	45.75%
Lau Calvin Chuen Yien	259,804,000	6.16%

Notes:

1. On 27 February 2015, our ultimate Controlling Shareholders, namely, Mr. Lee, Mr. Chan, Mr. Yong and Mr. Tam, 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, our ultimate Controlling 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) 760,000,000 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. Ms. Saetia Ladda is the spouse of Mr. Lee. Under the SFO, Ms. Saetia Ladda is deemed to be interested in the same number of Shares in which Mr. Lee is interested.

4. 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) 1,820,000,000 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.

5. Shares in which Mr. Yong is interested consist of (i) 525,000,000 Shares held by Friends True Limited, a company wholly-owned by Mr. Yong, and (ii) 1,405,000,000 Shares in which Mr. Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Chan and Mr. Tam.

6. Ms. Ma Kit Ling is the spouse of Mr. Yong. Under the SFO, Ms. Ma Kit Ling is deemed to be interested in the Shares in which Mr. Yong is interested.

7. 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) 1,805,000,000 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.

Save as disclosed above, so far as is known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group and the Target Group were engaged in any litigation or claims of material importance known by the Directors to be pending or threatened against any members of the Group and the Target Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to entered into any service contracts with any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors were aware, none of the Directors or controlling shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group nor does any of them has or may have any other conflicts of interest with the Group.

7. DISCLOSURE OF OTHER INTEREST

As at the Latest Practicable Date:

(a) none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2017 (being the date to which the latest published audited accounts of the Group were made up); and

(b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

8. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Group) were entered into by members of the Enlarged Group within two years immediately preceding the date of this circular and are or may be material:

1. memorandum of understanding dated 14 March 2016 between Golden Diamond Global Limited as vendor and Value Digital Limited as purchaser for the acquisition of the issued capital in Golden Worrier Holdings Limited;

2. joint venture agreement dated 17 April 2017 made between Nexus Primo and One Beijing Sdn Bhd ("OBSB");

3. power of attorney dated 17 April 2017 made between Nexus Primo and OBSB;

4. memorandum of understanding dated 11 July 2017 between Cheung Yiu Cho, Lau Yiu Ting and Wong Sze Chung Armstrong as vendors and Value Digital Limited as purchaser for the acquisition of the issued capital in Absolute Robust Limited;

5. termination agreement dated 6 September 2017 made between Nexus Primo and OBSB;

6. Deed of Revocation dated 6 September 2017 made between Nexus Primo and OBSB;

7. the MOU;

8. supplemental memorandum of understanding to the MOU dated 6 October 2017;

9. share sale agreement dated 23 October 2017 made between Teoh Teng Guan, Teoh Teng Chye, Teoh Kok Cheng, Teoh Kok Heng and the Target in respect of the entire issue share capital in Nexus Primo ("Share Sale Agreement");

10. sale and purchase agreement dated 10 November 2017 between Cheung Yiu Cho, Lau Yiu Ting and Wong Sze Chung Armstrong as vendors and Value Digital Limited as purchaser for the acquisition of the entire issued capital in Absolute Robust Limited;

11. supplemental agreement to the Share Sale Agreement dated 30 November 2017;

12. the Acquisition Agreement;

13. the NP Share Charge;

14. the Sale Shares Share Charge; and

15. the Supplemental Agreement.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
Crowe Horwath (HK) CPA Limited	Certified Public Accountants
B.I. Appraisals Limited	Independent valuer
Rahmat Lim & Partners	Malaysia legal adviser
Tso Au Yim & Yeung	Hong Kong legal adviser

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the above experts had any interest, either direct or indirect, in any assets which have been, since 31 March 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Office A, 25th Floor, TG Place, No. 10 Shing Yip Street, Hong Kong from the date of this circular up to and including 12 April 2018 (both days inclusive):

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Target;

(c) the memorandum and articles of association of Nexus Primo;

(d) the annual reports of the Company for the years ended 31 March 2015, 2016 and 2017 respectively;

(e) the annual reports of Nexus Primo for the years ended 30 June 2015, 2016 and 2017 respectively;

(f) the interim report of the Company for the six months ended 30 September 2017;

(g) the accountants' report issued by Crowe Horwath (HK) CPA Limited on Nexus Primo, the text of which is set out in Appendix II to this circular;

(h) the report issued by Crowe Horwath (HK) CPA Limited in relation to the unaudited pro forma financial information of the Enlarged Group, the text of which set out in Appendix IV to this circular;

(i) the Valuation Report, the text of which set out in Appendix V to this circular;

(j) the consent letter referred to in the paragraph under the heading "Experts and Consents" in this Appendix to this circular;

(k) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this Appendix to this circular; and

(l) this circular.

11. GENERAL

(a) The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O.Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is Office A, 25th Floor, TG Place, No. 10 Shing Yip Street, Hong Kong.

(b) The company secretary of the Company is Mr. Pang Yick Him, who is a member of Hong Kong Institute of Certified Public Accountants.

(c) The Company's audit committee ("Audit Committee") comprises of three independent non-executive Directors, namely, Ms. Kam Man Yi Margaret, Dr. Chan Mee Yee and Dr. Cheung Siu Nang Bruce. The primary duties of the Audit Committee are to review the Company's annual report and accounts, interim reports and to provide advices and comments thereon to the Board. The biography of the members of Audit Committee are set out below:

(i) Ms. Kam Man Yi Margaret（甘敏儀）("Ms. Kam"), aged 50, is an independent non-executive Director and is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group. Ms. Kam is also the chairlady of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Ms. Kam obtained a degree of bachelor of commerce from the University of Melbourne in Australia in July 1990 and a master degree of business administration through distance learning from the University of Southern Queensland in Australia in May 2008. Ms. Kam was admitted as a certified practising accountant of the Australian Society of Certified Practising Accountants in September 1994. She has been a fellow member of the Hong Kong Institute of Certified Public Accountants since October 2004. Ms. Kam is a qualified accountant who possesses extensive experience in auditing and accounting, finance, treasury management and corporate compliance for various companies listed on the Stock Exchange.

(ii) Dr. Chan Mee Yee（陳敏兒）("Dr. Chan"), aged 55, is an independent non-executive Director and is responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Group. Dr. Chan is also the chairlady of the remuneration committee, and a member of the nomination committee and the audit committee of the Company. Dr. Chan graduated from the University of California, San Diego in the United States of America with a degree of bachelor of arts majoring in computer science in June 1980 and a degree of master of science in computer science in June 1981. She further received her degree of doctor of philosophy from The University of Hong Kong in November 1988. In August 2003, Dr. Chan obtained a degree of bachelor of laws through distance learning from the University of London and a postgraduate certificate in laws from The University of Hong Kong in June 2004. Dr. Chan has also been a chartered financial analyst of The Institute of Chartered Financial Analysts since September 1998.

(iii) Dr. Cheung Siu Nang Bruce（張少能）("Dr. Cheung"), aged 53, is an independent non-executive Director and is responsible for providing independent judgment on the issue of strategy, performance, resources and standard of conduct of the Group. Dr. Cheung is also the chairman of the nomination committee, and a member of the remuneration committee and the audit committee of the Company. Dr. Cheung obtained a degree of doctor of philosophy from The University of Hong Kong in January 1995. Dr. Cheung has extensive experience in IT technology and has been serving HKU SPACE as a Senior Programme Director since 1992. He is responsible for the strategic planning and development of new programmes in IT and new technologies. Currently, he is also serving as an Associate Head of the College of Life Science and Technology, HKU SPACE.

(d) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(e) The English text of this circular and the accompanying form of proxy shall prevail over this respective Chinese text in the case of inconsistency.

ICO GROUP LIMITED
揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1460)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("EGM") of the Company will be held on Thursday, 19 April 2018 at 11:00 a.m. at Unit 2602-03, 26/F., BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong for the following purpose of considering and, if thought fit, passing with or without amendment, the following ordinary resolution as an ordinary resolution of the Company. Capitalised terms defined in the circular of the Company dated 28 March 2018 shall have the same meanings when used in this notice unless otherwise specified.

ORDINARY RESOLUTION

1. "**THAT**

(a) the Acquisition Agreement (a copy of which has been produced to the EGM and marked "A" and initialed by the chairman of the EGM for identification purpose) and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the issue of the Convertible Bonds and Promissory Notes from time to time in accordance with the Acquisition Agreement and the terms of the Convertible Bonds and the Promissory Notes respectively be and are hereby approved;

(c) conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares, the grant of specific mandate to the Directors of the Company to allot and issue the Conversion Shares from time to time upon exercise of the Conversion Rights under the Convertible Bonds in accordance with the terms and conditions of the Acquisition Agreement; and

(d) any one director of the Company be and is hereby authorized to do all such acts and things as he/she in his/her sole and absolute discretion considers necessary, desirable or expedient to implement, give effect to and/or complete the Acquisition Agreement and the transactions contemplated thereunder, including without limitation the issue of the Promissory Notes, the Convertible Bonds, the issue and allotment of Conversion Shares from time to time upon exercise of the Conversion Rights under the Convertible

Bonds, and, where required, any amendment of the terms of the Acquisition Agreement and/or Convertible Bonds and/or the Promissory Notes as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations or of administrative nature only as he or she may in his or her absolute discretion considers necessary or desirable."

By the order of the Board
ICO Group Limited
Lee Cheong Yuen
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 March 2018

As at the date of this notice, the executive Directors are Mr. Lee Cheong Yuen and Mr. Pang Yick Him; the non-executive Directors are Mr. Chan Kwok Pui and Mr. Tam Kwok Wah; and the independent non-executive Directors are Dr. Chan Mee Yee, Dr. Cheung Siu Nang Bruce and Ms. Kam Man Yi Margaret.

Notes:

1. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

3. In order to be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.

4. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM, and in such event the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint holders of any shares, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.

6. A form of proxy for use at the EGM is enclosed.

7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the Company's website at www.ico.com.hk and the Stock Exchange's website at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.