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## **MINDTELL TECHNOLOGY LIMITED**

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

**(Stock Code: 8611)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF PROMISSORY NOTES**

#### **THE ACQUISITION**

On 22 May 2025, the Company, as the Purchaser, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which, among other things, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Total Equity Interest in the Target Company, at the Total Consideration, which will be satisfied by the issue of the Promissory Notes upon Completion.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary (or alternatively, an indirect wholly-owned subsidiary of the Company if the Purchaser requests the Vendors to transfer the Total Equity Interest to a Subsidiary of the Company subject to the terms of the Sale and Purchase Agreement) of the Company and the financial results of the Target Company will be consolidated with the Group.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Acquisition under the Sale and Purchase Agreement is more than 5% but less than 25%, the Acquisition constitutes discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

## INTRODUCTION

Reference is made to the announcement of the Company dated 22 January 2025 in relation to the LOI entered into by the Company and the Vendors.

## THE ACQUISITION

Further to the discussion under the LOI between the Company and the Vendors, the Board is pleased to announce that on 22 May 2025 (after trading hours), the Company, as the Purchaser, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which, among other things, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Total Equity Interest, at the Total Consideration, which will be satisfied by the issue of the Promissory Notes upon Completion.

## THE SALE AND PURCHASE AGREEMENT

Details of the terms and conditions of the Sale and Purchase Agreement are set out below:

**Date:** 22 May 2025 (after trading hours)

**Parties**

- (1) the Company as the Purchaser;
- (2) Vendor 1, the legal and beneficial owner of 90% of the equity interest of the Target Company prior to the Acquisition;
- (3) Vendor 2, the legal and beneficial owner of 10% of the equity interest of the Target Company prior to the Acquisition.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Vendors are Independent Third Parties.

### Assets to be acquired

The Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Total Equity Interest, pursuant to the terms and subject to the conditions of the Sale and Purchase Agreement.

### Total Consideration

The Total Consideration for the Acquisition under the Sale and Purchase Agreement is HK\$40,000,000 subject to the valuation report provided by an independent valuer appointed by the Company, which will be satisfied by the issue of the Promissory Notes upon Completion. Further details of the Promissory Notes are set out in the section headed "Promissory Notes" below.

## **Basis of the Total Consideration**

The Total Consideration was agreed after arm's length negotiation between the Purchaser and the Vendors having taken into account, among other things, (i) the appraised value of the Total Equity Interest as assessed by AP Appraisal Limited, an independent valuer; and (ii) the benefits of the Acquisition brought about to the Group upon Completion as set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below in this announcement.

## **Conditions precedent**

Pursuant to the Sale and Purchase Agreement, the obligations of the parties to the Sale and Purchase Agreement to complete the transaction are conditional upon fulfillment, waiver or release (if applicable), among others, of the following conditions:

- (i) the Company having obtained a valuation report, and the results of such valuation report shall be subject to the Company's satisfaction;
- (ii) the Company and/or its appointed advisers have completed a due diligence review on all business aspects of the Target Company including but not limited to commercial, operational, financial and legal affairs of the Target Company. The results of such a due diligence review must obtain the approval of the Board of Directors of the Company;
- (iii) no indication having been received from the Stock Exchange to the effect that the listing of shares of the Company will or may be withdrawn or objected to for any reason attributable to the transactions contemplated under the Sale and Purchase Agreement or the Completion;
- (iv) all necessary licences, consents, approvals, authorisations, franchises, waivers, orders, exemptions, or notifications issued by any government, regulatory authority, or other third party necessary for the execution, performance, and completion of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the change of control of the Target Company and the issue of the Promissory Notes) having been obtained, and none of the above having been withdrawn prior to the Completion Date;
- (v) the Company being satisfied in its absolute discretion that as of the date of the Sale and Purchase Agreement and on the Completion Date, all Vendors' representations and warranties being true, accurate, complete, and not misleading in all respects, and that the Vendors have not breached any of their obligations under the Sale and Purchase Agreement or any undertaking made by them;
- (vi) from the date of the Sale and Purchase Agreement up to the Completion Date, the Vendors having complied with and fulfilled all covenants, obligations, and terms contained in the Sale and Purchase Agreement;

- (vii) from the date of the Sale and Purchase Agreement up to the Completion Date, the Target Company not being in breach of any of the requirements under the Sale and Purchase Agreement;
- (viii) as of the Completion Date, no action having been commenced, filed or threatened by any person before any competent authority to obtain any binding order restraining or prohibiting any party from consummating the Sale and Purchase Agreement or from seeking remedies or remedies that may adversely affect the Purchaser's legal and beneficial ownership of the target equity interest free from encumbrances, and that the Sale and Purchase Agreement and all transactions contemplated thereunder being in compliance with applicable laws, rules and regulations;
- (ix) from the date of the Sale and Purchase Agreement up to the Completion Date, no material adverse effect having occurred in respect of the Target Company;
- (x) there has been no breach or default by the Target Company (nor has there been any event (upon notice and/or fulfillment of any other requirements) which has caused the Target Company to default) in the performance of the terms of any deed, contract, lease, mortgage, trust deed, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or by which it is bound to their respective assets, which has resulted in a material adverse effect on the Target Company;
- (xi) the transfer of the legal and beneficial interest of the Total Equity Interest from the Vendors to the Company shall comply with all applicable laws; and
- (xii) the Company being satisfied in its absolute discretion with all representations and warranties made by the Vendors up to the Completion Date, and chooses to proceed with the Acquisition at its sole and absolute discretion.

The Vendors and the Purchaser shall use their best efforts to procure the fulfilment of all the conditions above on or before the Long Stop Date. While the Vendors do not have any right to waive any conditions, the Purchaser may at its absolute discretion at any time waive in writing all the conditions above either in whole or in part.

If any of the conditions above has not been fulfilled by the Vendors (or waived by the Purchaser, as the case may be) on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

### **Profit guarantee**

Pursuant to the Sale and Purchase Agreement, the Vendors jointly and severally guarantee to the Purchaser that:

- (i) The net profit after tax of the Target Company, as shown in the Target Company's audited accounts for each financial year ending 31 December 2026 and 2027 during the Profit Guarantee Period, shall not be less than HK\$20,000,000 per annum (the "**Guaranteed Net Profit**").

- (ii) If, for any financial year ending 31 December 2026 and 2027 during the Profit Guarantee Period, the net profit after tax of the Target Company as shown in its audited accounts is less than the Guaranteed Net Profit, the Vendors shall, jointly and severally, pay to the Purchaser an amount equal to the shortfall between the Guaranteed Net Profit and the actual net profit after tax, in cash or as otherwise directed by the Purchaser may direct, within thirty (30) days of the date of issuance of the relevant audited accounts.
- (iii) If the aggregate net profit after tax of the Target Company, as shown in its audited accounts for the entire Profit Guarantee Period of two years, is zero or negative, the Vendors shall, jointly and severally, pay to the Purchaser, in cash or as otherwise directed by the Purchaser, within thirty (30) days of the date of issuance of the audited accounts for the second financial year, an amount equal to the Total Consideration, being HK\$40,000,000.
- (iv) If, for any financial year ending 31 December 2026 and 2027 during the Profit Guarantee Period, the net profit after tax of the Target Company as shown in its audited accounts exceeds the Guaranteed Net Profit, no payment shall be required from the Vendors under the Sale and Purchase Agreement.

## **Completion**

Subject to the fulfillment or waiver (where applicable) of conditions precedent, the Completion shall take place at 5:00 p.m. on the Completion Date (or on such other time and/or day as the parties to the Sale and Purchase Agreement may agree).

Upon Completion, the Target Company will become a direct wholly-owned subsidiary (or alternatively, an indirect wholly-owned subsidiary of the Company if the Purchaser requests the Vendors to transfer the Total Equity Interest to a Subsidiary of the Company subject to the terms of the Sale and Purchase Agreement) of the Company and the financial results of the Target Company will be consolidated with the Group.

## **PROMISSORY NOTES**

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Purchaser will issue the Promissory Notes in the principal amount of HK\$36,000,000 to Vendor 1 and HK\$4,000,000 to Vendor 2 upon Completion, respectively, on the following principal terms:

Issuer: The Purchaser

Principal amount: (1) HK\$36,000,000; and  
(2) HK\$4,000,000

Interest: Nil

Maturity:	2 years from the date of issue of the Promissory Notes (the “ <b>Maturity Date</b> ”)
Transferability:	The Promissory Notes shall not be sold, assigned, pledged or otherwise transferred by the Vendors without the prior consent of the Company as the Purchaser. Any such sale, assignment, pledge or transfer, if effected, shall be in compliance with all applicable laws, regulations and rules (including without limitation the GEM Listing Rules)
Repayment:	due and repayable on the Maturity Date
Early Repayment:	The Purchaser may pre-pay the Promissory Notes without penalty. The Purchaser could, at its option, early repay the Promissory Notes thereon in whole or in part by giving a prior written notice to the Vendors and the amount of each early repayment shall not be less than HK\$1,000,000

## INFORMATION ABOUT THE TARGET COMPANY AND THE VENDORS

Vendor 1 and Vendor 2, each a PRC resident, owns 90% and 10% equity interest in the Target Company, respectively.

The Target Company is a technology company based in the PRC specialising in a plethora of business operations including development of internet and information security software, provision of technical services, technical development, technical consulting, technical exchanges, technology transfer, and technology promotion. Utilising its expertise in the technological field, the Target Company also provides supply services for merchandises such as medical devices, plastic utility items, healthcare products and pre-packaged food products.

The table below set out the audited financial information (prepared under the PRC Accounting Standards) of the two financial years ended 31 December 2024:

	For the year ended 31 December	
	2024	2023
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4,753	4,010
Profit/(loss) before taxation	864	202
Profit/(loss) after taxation	821	192

Based on the unaudited financial statements of the Target Company, the net asset value of the Target Company as at 31 December 2024 amounted to RMB3,095,000.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in system integration and computer-related services. The Group has continuously diversified its business to general trading services in relation to information technology services and provision of management advice and consultancy services regarding computer software and information technology. The Group provides information technology services to both private and public sectors and customers including banks and financial institutions, government and statutory bodies, education institutions, information technology services firms, software principals and other small and medium enterprises.

As disclosed in the LOI Announcement, the Company entered into the LOI with the Vendors in January 2025 in relation to the discussion on the potential cooperation and acquisition arrangement of the Target Company to expand the business of the Group. Further to the discussions between the Company and the Vendors under the LOI, the Board is of the view that the Acquisition would maximise the Group's potential and deliver significant value to the Group. By acquiring the Target Company, the Group will broaden its market geographical coverage to include the PRC and other potential Southeast Asian countries. As the Target Company has extensive experience in the provision of information technology services, the Acquisition also emboldens the Group's expertise in system integration and computer-related services. Further, the Group can utilise the Target Company's connection with the medical field to expand its business operation to the provision of medical-related merchandizes, whilst continuing to leverage the Group's expertise in system integration and information technology.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

All of the Directors do not have material interest in the Acquisition and they are not required to abstained from voting on the board resolution approving the Acquisition.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Acquisition under the Sale and Purchase Agreement is more than 5% but less than 25%, the Acquisition constitutes discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

**Completion of the Acquisition is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

<b>“Acquisition”</b>	the purchase of 100% of the equity interest in the Target Company by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Mindtell Technology Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8611)
<b>“Completion Date”</b>	Within 5 business days following satisfaction of all the conditions precedent to Completion pursuant to the Sale and Purchase Agreement, or such other date mutually agreed by the Company and the Vendors
<b>“Completion”</b>	completion of the sale and purchase of 100% of the equity interest in the Target Company pursuant to the Sale and Purchase Agreement
<b>“Director(s)”</b>	the director(s) of the Company
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
<b>“GEM”</b>	GEM operated by the Stock Exchange
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Third Party(ies)”</b>	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates



<b>“LOI”</b>	the letter of intent dated 22 January 2025 entered into between the Company and the Vendors in respect of the potential cooperation and acquisition arrangement of the Target Company to expand the business of the Group
<b>“LOI Announcement”</b>	the announcement of the Company dated 22 January 2025 in relation to, among other things, the LOI
<b>“Long Stop Date”</b>	30 September 2025 or such other date as agreed in writing by the parties to the Sale and Purchase Agreement
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Promissory Notes”</b>	the promissory notes in the total principal amount of HK\$40,000,000 to be issued by the Purchaser in favour of the Vendors, respectively, to satisfy the Total Consideration
<b>“Profit Guarantee Period”</b>	the two (2) full financial years ending 31 December 2027
<b>“Purchaser”</b>	the Company pursuant to the Sale and Purchase Agreement
<b>“Sale and Purchase Agreement”</b>	the Sale and Purchase Agreement dated 22 May 2025 and entered into by the Vendors and the Purchaser in respect of the sale and purchase of 100% of the equity interest in the Target Company
<b>“Shareholders”</b>	holders of the issued Shares
<b>“Shares”</b>	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subsidiary”</b>	same meaning as ascribed to it under the GEM Listing Rules
<b>“Target Company”</b>	Henan Lixuan Network Technology Co., Ltd.* (河南麗軒網絡科技有限公司), a company incorporated under the laws of the PRC with limited liability
<b>“Total Consideration”</b>	HK\$40,000,000

“Total Equity Interest”	100% of the equity interest in the Target Company
“Vendor 1”	GENG NAN* (耿楠), the legal and beneficial owner of 90% of the equity interest of the Target Company prior to the Acquisition
“Vendor 2”	ZHAO BAOQIN* (趙寶琴), the legal and beneficial owner of 10% of the equity interest of the Target Company prior to the Acquisition
“Vendors”	Vendor 1 and Vendor 2
“%”	per cent

\* Unofficial name for identification purposes only

By Order of the Board  
**Mindtell Technology Limited**  
**Chong Yee Ping**  
*Chairman*

Hong Kong, 22 May 2025

*As at the date of this announcement, the executive Director is Mr. Chong Yee Ping; the non-executive Director is Mr. Siah Jiin Shyang; and the independent non-executive Directors are Dato’ Yeong Kok Hee, Mr. Siew Kin Meng and Ms. Lau Meng Hong.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days after the date of publication and on the Company’s website at [www.mindtelltech.com](http://www.mindtelltech.com).*