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Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to (i) the announcement of Link-Asia International MedTech Group Limited (the “**Company**”) dated 19 June 2023 in relation to the Placing of new Shares under General Mandate (the “**Announcement**”); and (ii) the circular of the Company dated 15 December 2022 in relation to the Subscription of new Shares under Specific Mandate (the “**Circular**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcement and the Circular.

The Board wishes to provide further information in relation to the Placing as follows:

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

Reasons for the Placing

The Company has been loss-making since the year ended 31 December 2015. After the review of the annual results of the Company for the year ended 31 December 2022 which was finalized and published by the Company on 28 April 2023, the Directors and management of the Group identified that the uncertainty with the business environment of the European markets is a key challenge to the Group in the near term and hence formulated new business strategy for 2023 to strengthen the market presence of the Group in Asia through new product offerings targeting the PRC market.

Based on the market research, the market size of the Asia Pacific electric vehicle charging station was valued over USD20.3 billion in 2022 and expects to grow at a rate of over 21.3% by 2032. In particular, the growing demand of electric vehicles in the PRC driven by the government policy to reduce greenhouse gas emission has created a need for charging infrastructure to support the expanding electric vehicle market. Therefore, the Director considers that the development of EV Charging Solution will enable the Group to capture the business opportunity created by rising demand of electric vehicles users and complement the existing electronic product offering of the EMS and Distribution Business.

Having considered that (i) the Group's business operation is capital intensive in nature; (ii) the financial position and performance of the Group in the recent years; and (iii) the proceeds from Subscription was expected to be fully utilised as intended according to the plan stated in the Circular and in this announcement below, the Directors contemplated to conduct new fundraising exercise (i.e. Placing) since May 2023 with the aim to support the capital needs of the Group for the implementation the new strategy to strive for business growth and diversification of revenue stream of the Group. Despite the expected dilution impact of Placing on the shareholding interests of the Shareholders, taking into account the aforementioned business considerations and the planning of use of proceeds stated below, the Directors consider that it is commercially sensible and in the interest of the long-term development of the Group to conduct new equity fundraising exercise when new business opportunities arise, and hence the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Development of EV Charging Solution

As disclosed in the Announcement, the Directors intend to utilize approximately HK\$37.8 million in aggregate for the development of EV Charging Solution. The Director intends to acquire equipment and materials specialized for the production of EV Charging Solution including (i) charging monitoring and maintenance equipment of approximately HK\$10.6 million; (ii) charging module of approximately HK\$14.0 million; (iii) charging gun and charging cable of approximately HK\$7.0 million; and (iv) control panel of approximately HK\$2.4 million. The Group will apply approximately HK\$3.8 million to assemble the component and install the EV Charging Solution as a new offering trading under the EMS and Distribution Business. The EV Charging Solution was expected to be used as commercial electric vehicle charging stations by charge point operator in the PRC. The entire proceeds for the development of EV Charging Solution is expected to be fully utilised by 30 September 2024.

Working capital of the Group

The remaining balance of approximately HK\$28.6 million from the net proceeds of Placing will be utilized for general corporate and working capital purposes. Based on the working capital needs of the Group, the Directors expect that approximately HK\$12.8 million will be used for payment of staff cost and approximately HK\$1.7 million will be used as rental expense by the Group in each month, therefore the aggregate balance of approximately HK\$28.6 million from the net proceeds of Placing is expected to be fully utilized by the Group within 2 months upon Completion.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

Progress of the use of proceeds from Subscription

As stated in the announcement of the Company dated 6 February 2023, the Company completed the Subscription of new shares under Specific Mandate on 6 February 2023. As disclosed in the section headed “Fund raising activity of the Company in the past twelve months” of the Announcement, approximately HK\$61.8 million in aggregate from the proceeds of Subscription had been utilized as intended as at the date of the Announcement. Among the proceeds from Subscription, approximately HK\$14.0 million was allocated to the repayment of Borrowings and approximately HK\$40.5 million were allocated to the EMS and Distribution Business for (i) the expansion of product portfolio and (ii) upgrading the equipment.

As at the date of the Announcement, approximately HK\$9.5 million was utilized for the repayment of Borrowings, of which approximately HK\$4.0 million and HK\$5.0 million were applied to repay the entire loan due to Lender A and Lender C respectively. Due to the mutual agreement between the Company and Lender B on the extension of the repayment date of the loan, (i) approximately HK\$0.5 million were utilized to repay the principal of the loan due to Lender B in April 2023; and (ii) the remaining balance of approximately HK\$4.5 million will be fully utilized by the Company for the repayment of loan due to Lender B by 31 December 2023.

As at the date of the Announcement, the Group applied approximately HK\$11.3 million to the development of PCBA products for renewable energy charging solutions of electric vehicles, of which approximately (i) HK\$9.2 million was used for the procurements of raw materials; and (ii) HK\$2.1 million was used as the cost of production, assembly and testing of the PCBA products. The Directors expect to fully utilize the remaining portion of such proceeds of approximately HK\$8.2 million by 31 December 2023. Besides, to maintain normal operation of the Group’s facilities and minimize the impact on the production of electronic products caused by equipment upgrade, the Group is in the process of planning the schedule and procedure of the upgrade of equipment of the EMS and Distribution Businesses and expect to fully utilize such proceeds of approximately HK\$21.0 million by 30 September 2024.

Save as the supplemental information in relation to the Placing as disclosed above, all other information contained in the Announcement remains unchanged.

Since the Completion is subject to the satisfaction of the conditions precedent as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

On behalf of the Board
Link-Asia International MedTech Group Limited
Lin Dailian
Chairman and executive Director

Hong Kong, 11 July 2023

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Liu Zhiwei, Mr. Li Yinxiang, Ms. Lin Xiaoshan and Ms. Bian Sulan as executive Directors; Mr. Li Huiwu and Mr. Chak Chi Shing as independent non-executive Directors.