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ibotech 艾伯科技

IBO TECHNOLOGY COMPANY LIMITED

艾伯科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2708)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Yuet Sheung International Securities Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 September 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 85,000,000 Placing Shares to the Placees at the Placing Price of HK\$0.1442 per Share.

The total number of 85,000,000 Placing Shares represents approximately 12.00% of the existing issued share capital of the Company and approximately 10.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there will be no change to the issued share capital of the Company from the date of this announcement to completion of the Placing and the Placing Shares are fully placed).

Assuming that all Placing Shares are fully placed, the gross proceeds and estimated net proceeds (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses in relation to the Placing) from the Placing are approximately HK\$12.3 million and approximately HK\$11.9 million, respectively. The Company intends to use the net proceeds for the following purposes: (i) approximately HK\$5.0 million will be used for debt restructuring related expenses; and (ii) the remaining balance shall be applied for general working capital of the Group including but not limited to staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.

As completion of the Placing is subject to the satisfaction of conditions precedent and/or other terms and conditions under the Placing Agreement, it may or may not materialise as contemplated or at all. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 September 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 85,000,000 Placing Shares to the Placees at the Placing Price of HK\$0.1442 per Share.

Placing Agreement

| | |
|---------|--|
| Date | 12 September 2023 |
| Parties | the Company; and Yuet Sheung International Securities Limited, as the Placing Agent (each a “Party” and collectively, the “Parties”) |

Placing Shares

The Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 85,000,000 Placing Shares to the Placees at the Placing Price of HK\$0.1442 per Share. Assuming that there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Placing and the Placing Shares are fully placed, the number of the Placing Shares represents (i) approximately 12.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$850,000.

Placing Price

The Placing Price is HK\$0.1442 per Share and:

- (a) represents a discount of approximately 18.07% to the closing price of HK\$0.176 per Share as quoted on the Stock Exchange on 12 September 2023, the date of the signing of the Placing Agreement; and
- (b) represents a discount of approximately 19.98% to the average closing price of HK\$0.1802 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the signing of the Placing Agreement.

The Placing Price was determined after arm's length negotiations among the Company and the Placing Agent, with reference to the prevailing market price of the Shares.

The net Placing Price per Share, after deduction of the commission payable to the Placing Agent, professional fee and other related costs and expenses in relation to the Placing, is approximately HK\$0.14 per Share.

Independence of the Placing Agent and Placees

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner is third party independent of, not acting in concert and not connected with the Company or its connected persons.

It is expected that the Placing Shares will be placed by the Placing Agent to not less than six Placees in board lots of 2,000 Shares, who, together with their respective ultimate beneficial owners, are third parties independent of, not acting in concert and not connected with the Company or its connected persons. It is not expected that any of such Placees will become a substantial Shareholder as a result of the Placing.

Placing Commission Payable to the Placing Agent

The Placing Agent will receive a placing commission equal to 3.0% of the gross proceeds of the Placing Shares having been placed by the Placing Agent.

Such placing commission was arrived at after arm's length negotiations between the Parties with reference to the prevailing market rates. The Directors are of the view that the aforesaid placing commission is fair and reasonable.

General Mandate

The issue of the Placing Shares will not be subject to Shareholders' approval and the Placing Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 20 September 2022.

Pursuant to the General Mandate, the Directors were granted authority to allot and issue up to 128,063,754 Shares, representing 20% of the total number of Shares in issue as at 20 September 2022. As at the date of this announcement, the General Mandate has been utilised as to (i) 34,800,000 conversion shares from the completion of placing of convertible bonds as disclosed in the Company's announcement dated 2 May 2023; and (ii) 8,148,000 new Shares from the completion of placing of new Shares as disclosed in the Company's announcement dated 5 July 2023. The General Mandate is sufficient for the issue and allotment of the Placing Shares. Accordingly, the allotment and issue of the Placing Shares is not subject to any Shareholders' approval.

Ranking of the Placing Shares

The Placing Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the allotment and issue of the Placing Shares including the right to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions Precedent to the Placing

The completion of the Placing shall be subject to the following conditions (the "Conditions"):

- (i) the Listing Committee having granted the listing of and permission to deal in the Placing Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares;
- (ii) the Placing Agent's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Completion Date; and
- (iii) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading in material respects as of the date of the Placing Agreement and the Completion Date.

Completion of the Placing

Completion of the Placing will take place on the Completion Date.

Termination

The Placing Agent may terminate the Placing Agreement by notice in writing to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the Completion Date upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has a Material Adverse Effect on the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) there develops, occurs or comes into force:
- (i) any new law or regulation or any change or development which is materially adverse to the success of the Placing, or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (ii) any change in relation to an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory, currency or other nature, resulting in a material change in political, economic, fiscal, financial, regulatory, currency or stock market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in Hong Kong and the PRC; or
 - (iii) any event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, any calamity, act of government, strike, labor dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong and the PRC, and the declaration by Hong Kong and the PRC of war or a state of emergency or calamity or crisis; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (v) any suspension of dealings in the Shares during the Placing Period whatsoever (other than as a result of or in relation to the Placing) for five consecutive trading days or more or any material change in conditions of local, national or international securities markets adversely affecting the proposed investments in the Placing Shares; or
 - (vi) a change of taxation or exchange control (or the implementation of exchange control) in Hong Kong adversely affecting the proposed investments in the Placing Shares; or
 - (vii) any material litigation or claim being instituted against any member of the Group which would have a Material Adverse Effect on the Group; or
 - (viii) the commencement by any state, governmental, judicial, regulatory or political body or organisation in Hong Kong or the PRC of any action against any of the Directors or an announcement by any state, governmental, judicial, regulatory or political body or organization in Hong Kong or the PRC that it intends to take any such action; or

- (b) there has been a material breach by the Company of any of respective representations, warranties and undertakings under the Placing Agreement or any obligations imposed on the Company under the Placing Agreement; or
- (c) there is any change affecting the business, general affairs, management, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) as a whole.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming that there will be no change to the issued share capital of the Company from the date of this announcement to completion of the Placing and the Placing Shares are fully placed):

| | As at the date of this announcement | | Immediately after completion of the Placing (assuming that there will be no change to the issued share capital of the Company from the date of this announcement to completion of the Placing and the Placing Shares are fully placed) | |
|--|--|----------------|--|----------------|
| | <i>No. of Shares</i> | <i>Approx.</i> | <i>No. of Shares</i> | <i>Approx.</i> |
| Director | | | | |
| Mr. Lai Tse Ming (“ Mr. Lai ”) (<i>Note</i>) | 12,060,000 | 1.70% | 12,060,000 | 1.52% |
| Substantial Shareholder | | | | |
| Shine Well Holdings Limited (“ Shine Well ”) (<i>Note</i>) | 94,006,000 | 13.27% | 94,006,000 | 11.85% |
| The Placees | – | – | 85,000,000 | 10.71% |
| Other public Shareholders | 602,400,773 | 85.03% | 602,400,773 | 75.92% |
| Total | <u>708,466,773</u> | <u>100.00%</u> | <u>793,466,773</u> | <u>100.00%</u> |

Note: The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai. Mr. Lai is therefore deemed to be interested in the Shares held by Shine Well pursuant to the SFO. Accordingly, Mr. Lai is interested in an aggregate of 106,066,000 Shares. Ms. Ho Fung Lin is the spouse of Mr. Lai, and thus she is deemed to be interested in the Shares in which Mr. Lai is interested for the purpose of the SFO.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not undertaken any equity fund raising exercise over the period of twelve months prior to the date of this announcement:

| Date of announcements | Events | Net proceeds raised | Proposed use of proceeds | Actual use of proceeds as at the date of this announcement |
|--|--|--|---|--|
| Announcements dated 28 March 2023, 3 April 2023 and 2 May 2023 | Placing of convertible bonds at the initial conversion price of HK\$1.54 per Share under General Mandate | Approximately HK\$51.9 million (equivalent to approximately RMB45.8 million) | <p>(i) approximately 60% or approximately HK\$31.1 million (equivalent to approximately RMB27.5 million) of the net proceeds from the placing will be used to supplement cash flow of the Group in (a) cost of inventories for the intelligent terminal products sales (approximately HK\$24.9 million (equivalent to approximately RMB22.0 million)); and (b) sales and services rendering related business expenses (approximately HK\$6.2 million (equivalent to approximately RMB5.5 million)); and</p> <p>(ii) approximately 40% or approximately HK\$20.8 million (equivalent to approximately RMB18.3 million) of the net proceeds from the placing shall be applied for general working capital of the Group including staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.</p> | <p>(i) approximately RMB27.5 million has been used to supplement cash flow of the Group in (a) cost of inventories for the intelligent terminal products sales approximately RMB22.0 million; and (b) sales and services rendering related business expenses approximately RMB5.5 million; and</p> <p>(ii) approximately RMB18.3 million has been used for general working capital of the Group including staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.</p> |

* For the purpose of illustration only, the above conversions of HK\$ into RMB are based on the approximate exchange rate of HK\$1 to RMB0.88206.

| Date of announcements | Events | Net proceeds raised | Proposed use of proceeds | Actual use of proceeds as at the date of this announcement |
|---|--|--|--|---|
| Announcements dated 19 June 2023, 3 July 2023 and 5 July 2023 | Placing of new Shares under the General Mandate at the placing price of HK\$1.14 per Share | Approximately HK\$9.03 million (equivalent to approximately RMB8.30 million) | <p>(i) approximately 40% or approximately HK\$3.61 million (equivalent to approximately RMB3.32 million) will be used for the Subscription (as defined in the announcement of the Company dated 29 May 2023);</p> <p>(ii) approximately 40% or approximately HK\$3.61 million (equivalent to approximately RMB3.32 million) will be used to supplement cash flow of the Group in (a) cost of inventories for the intelligent terminal products sales (approximately HK\$2.89 million (equivalent to approximately RMB2.66 million)); and (b) sales and services rendering related business expenses (approximately HK\$0.72 million (equivalent to approximately RMB0.66 million)); and</p> <p>(iii) approximately 20% or approximately HK\$1.81 million (equivalent to approximately RMB1.66 million) shall be applied for general working capital of the Group including but not limited to staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.</p> | <p>(i) approximately RMB3.32 million has been used to supplement cash flow of the Group in (a) cost of inventories for the intelligent terminal products sales approximately RMB2.66 million; and (b) sales and services rendering related business expenses approximately RMB0.66 million; and</p> <p>(ii) approximately RMB4.98 million has been used for general working capital of the Group including staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.</p> |

* For the purpose of illustration only, the above conversions of HK\$ into RMB are based on the approximate exchange rate of HK\$1 to RMB0.91909.

In addition, references are made to the announcements of the Company dated 7 March 2023, 16 March 2023, 31 March 2023 and 19 April 2023, in relation to the Previous Placing (as defined below). On 7 March 2023, the Company entered into a conditional placing agreement with a placing agent, pursuant to which the Company conditionally agreed to place, through that placing agent on best endeavour basis, up to 53,332,000 new Shares under the General Mandate (the “**Previous Placing**”). As disclosed in the announcement of the Company dated 19 April 2023, the Company and such placing agent mutually agreed to terminate that placing agreement and the Previous Placing by a termination agreement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing 5G communication equipment and private network solutions, ITAI IT terminal products and industry solutions, IoT products and solutions, as well as industrial digital solutions in the PRC. Classified by form of product/service, the business of the Group can be divided into four types, namely (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services. The customers of the Group are from both the public and private sectors in the PRC, such as the PRC governmental authorities, large-scale state-owned enterprises and private enterprises.

Assuming that all Placing Shares are fully placed, the gross proceeds and estimated net proceeds (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses in relation to the Placing) from the Placing are approximately HK\$12.3 million and approximately HK\$11.9 million, respectively. The Company intends to use the net proceeds for the following purposes: (i) approximately HK\$5.0 million will be used for debt restructuring related expenses; and (ii) the remaining balance shall be applied for general working capital of the Group including but not limited to staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.

The Directors are of the view that as (i) the terms of the Placing Agreement were determined following arm’s length negotiations between the Company and the Placing Agent and are on normal commercial terms; (ii) the Placing represents a good opportunity to raise additional funds through the equity market as well as to broaden the capital and shareholder base of the Company; and (iii) the net proceeds of the Placing will facilitate the debt restructuring of the Group and strengthen the liquidity position of the Group. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

As completion of the Placing is subject to the satisfaction of conditions precedent and/or other terms and conditions under the Placing Agreement, it may or may not materialise as contemplated or at all. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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| “Board” | the board of Directors |
| “Business Day(s)” | any day(s) (excluding Saturdays, Sundays and public holidays in Hong Kong or days 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.) on which licensed banks generally are open for business and the Stock Exchange is open for trading of securities in Hong Kong |
| “Company” | IBO Technology Company Limited (艾伯科技股份有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2708) |
| “Completion Date” | the fifth Business Day after the date upon which the Conditions shall have fulfilled or waived but in any event no later than 14 days from the date of the Placing Agreement, or such date as may be agreed in writing between the Placing Agent and the Company |
| “connected persons” | have the same meaning as defined in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | the general mandate granted to the Directors by the Shareholders to issue a maximum of 128,063,754 Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 20 September 2022 |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars and cents, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Listing Committee” | the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange |

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| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) |
| “Material Adverse Effect” | a material adverse effect on the condition, financial, trading or otherwise, or the earnings, business affairs or prospects (whether or not arising in the ordinary course of business) of the Group as a whole or which is material in the context of the Placing |
| “Placees” | professional, institutional and/or individual investors who procured by the Placing Agent on a best effort basis to subscribe the Placing Shares |
| “Placing” | the placing of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement |
| “Placing Agent” | Yuet Sheung International Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities |
| “Placing Agreement” | the agreement entered into among the Company and the Placing Agent in relation to the Placing |
| “Placing Period” | the period commencing upon the execution of the Placing Agreement and ending at 6:00 p.m. on the date of completion of the Placing (or such other date as the Company and the Placing Agent may agree in writing) |
| “Placing Price” | HK\$0.1442 per Share (exclusive of any brokerage, Hong Kong stamp duty, Stock Exchange trading fees, SFC transaction levy and Accounting and Financial Reporting Council transaction levy as may be payable) |
| “Placing Shares” | up to 85,000,000 Shares to be placed by the Placing Agent under the Placing pursuant to the Placing Agreement |
| “PRC” | the People’s Republic of China, for purpose of this announcement only, excluding Hong Kong, Macau Special Administration Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |

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| “SFC” | Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | percentage |

By order of the Board
IBO Technology Company Limited
Lai Tse Ming
Chairman

Hong Kong, 12 September 2023

As at the date of this announcement, the executive Directors are Mr. Lai Tse Ming, Mr. Gao Weilong, Mr. Liang Jun, Mr. Li Yang and Mr. Zhang Yaoliang; and the independent non-executive Directors are Dr. He Tianxiang, Mr. Hung Muk Ming and Mr. Jin Zi.