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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)

**(I) THE COOPERATION FRAMEWORK AGREEMENT
WITH HAIYI TONGZHAN;
(II) PLACING OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE;
(III) CONNECTED TRANSACTION
SUBSCRIPTION OF SHARES BY A CONNECTED PERSON
UNDER SPECIFIC MANDATE;
AND
(IV) PROPOSED GRANT OF SHARE OPTIONS**

Placing Agent



(I) THE COOPERATION FRAMEWORK AGREEMENT WITH HAIYI TONGZHAN

The Board is pleased to announce that, on 13 February 2019, the Company entered into the Framework Agreement with Haiyi Tongzhan, pursuant to which both parties will cooperate to promote and expand the application of products and systems for the Monitoring System in the cattle breeding business and other related matters.

(II) PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 17 February 2019, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, Places to subscribe for the Convertible Bonds in the aggregate principal amount of up to HK\$64,000,000 at the initial Conversion Price of HK\$1.6 per Conversion Share.

Assuming the Conversion Rights are exercised in full at the initial Conversion Price of HK\$1.6 per Conversion Share, a total of 40,000,000 Conversion Shares will be allotted and issued, which represent (i) 10.00% of the issued Shares as at the date of this announcement; and (ii) approximately 9.09% of the issued Shares as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the number of issued Shares between the date of this announcement and the full conversion of the Convertible Bonds). The aggregate nominal value of the Conversion Shares under the Placing is HK\$400,000.

The gross proceeds from the Placing will be up to HK\$64,000,000. The net proceeds from the Placing (after deducting the placing commission and other expenses) will be approximately HK\$62 million, in which HK\$41.3 million will be used by the Group for general working capital of the Group including but not limited to approximately HK\$10.3 million for the overhead expenses and approximately HK\$31 million for the development, improvement and/or expansion of the business including but not limited to the projects in relation to the strategic cooperation framework agreement with Inventec Appliances (Pudong) Corporation as disclosed by the Company on 4 February 2019 and the Framework Agreement entered into with Haiyi Tongzhan in relation to the Monitoring System.

The Company is from time to time exploring different investment opportunities to broaden the revenue stream and/or financial return to the Group. It is intended that approximately HK\$20.7 million will be reserved for the future investment(s) of the Group if suitable business is identified.

The Conversion Shares, upon conversion of the Convertible Bonds, will be allotted and issued under the General Mandate. The allotment and issue of the Conversion Shares are not subject to Shareholders' approval.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

(III) THE SUBSCRIPTION

The Board is pleased to announce that on 17 February 2019, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 100,000,000 Subscription Shares at the Subscription Price of HK\$1.5 per Subscription Share at a cash consideration of up to HK\$150,000,000. The Subscription will be completed in two stages with 50,000,000 Subscription Shares in each of the First Stage Subscription and the Second Stage Subscription.

The Subscription Shares in aggregate represent (i) 25% of the total number of issued Shares as at the date of this announcement; and (ii) 20% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change in the total number of issued Shares between the date of this announcement and the allotment and issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares is HK\$1,000,000. The Subscription Shares will be allotted and issued pursuant to the Specific Mandate.

The gross proceeds from the Subscription will be in aggregate HK\$150,000,000 in which HK\$75,000,000 will be from the First Stage Subscription and the balance of HK\$75,000,000 will be from the Second Stage Subscription. The estimated net proceeds from the Subscription will be approximately HK\$149 million (after deducting all relevant expenses).

The Company is from time to time exploring different business opportunities to broaden its market sharing in different aspects in the application of IoT intelligent terminal products and solutions which is the principal business of the Group. Reference is made to the announcement of the Company dated 4 February 2019 in relation to the strategic cooperation framework agreement with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司) and the Framework Agreement entered into with Haiyi Tongzhan in relation to the Monitoring System. It is expected that the Board will utilize the proceeds from the Subscription including but not limited to the aforementioned projects.

Implications under the Listing Rules

As at the date of this announcement, the Subscriber is the controlling shareholder of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval by way of poll at the EGM. The Subscriber is also wholly and beneficially owned by Mr. Lai. Any Shareholder who has a material interest in the Subscription must abstain from voting at the EGM on the resolution in respect of the Subscription Agreement and the transaction contemplated thereunder.

General

The Subscriber and its associates (to the extent they have an existing interest in the Shares) will abstain from voting at the EGM on the resolution in respect of the Subscription Agreement and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the aforementioned, as at the date of this announcement, no other Shareholder is required to abstain from voting on the relevant resolution at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders on the Subscription Agreement and the transaction contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transaction contemplated thereunder.

The EGM will be convened to consider and, if thought fit, approve, the Subscription Agreement and the transaction contemplated thereunder, which constitute a connected transaction.

A circular will be despatched by the Company to the Shareholders containing, among others, (i) further details of the Subscription Agreement and the transaction contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Subscription; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) a notice convening the EGM. The circular is expected to be despatched to the Shareholders on or before 8 March 2019.

(IV) PROPOSED GRANT OF SHARE OPTIONS

It is pleased to announce that on 17 February 2019, the Board has proposed to grant in aggregate 20,000,000 Share Options to the Grantee pursuant to the Share Option Scheme, subject to fulfillment of the condition precedent that the Shareholders having passed an ordinary resolution to approve the Proposed Grant at the EGM.

The projects to be carried out in accordance with the Framework Agreement are subject to business cooperation agreement(s) to be entered into by the parties to the Framework Agreement or their associated companies. The Company will update the public the latest situation of the projects if and when appropriate. In addition, as completion of each of the Placing and Subscription is subject to fulfillment of the respective conditions precedent set out in the Placing Agreement and the Subscription Agreement and may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

(I) THE COOPERATION FRAMEWORK AGREEMENT WITH HAIYI TONGZHAN

The Board is pleased to announce that, on 13 February 2019, the Company entered into the Framework Agreement with Haiyi Tongzhan, pursuant to which both parties will cooperate to promote and expand the application of products and systems for the Monitoring System in the cattle breeding business and other related matters.

Information on Haiyi Tongzhan

Haiyi Tongzhan is a high-tech enterprise established in the PRC with limited liability which developed and launched Jingdong intelligent breeding solutions integrating three modules of “Shennong Brain (AI)”, “Shennong Internet of Things (IoT)” and “Shennong System (SaaS)” which enable the breeding process to be fully digitalised which reduces overall breeding costs and improves efficiency. Haiyi Tongzhan also has in-depth cooperation with institutions such as China Agricultural University and Chinese Academy of Agricultural Sciences to build up a sound ecology for intelligent agriculture and cattle industry with industry experts’ wisdom.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Haiyi Tongzhan and its ultimate beneficial owner(s) are Independent Third Parties.

Major Terms of the Framework Agreement

Pursuant to the Framework Agreement, the Monitoring System is an integration of a series of products and systems developed by the parties to the Framework Agreement to monitor health of cattle, including but not limited to intelligent terminal, data collection device, edge computing device, wireless network and backstage system. Those products can automatically collect information on cattle, analyse and process such information, assist in decision making and, as a result, improve the efficiency of the cattle breeding industry.

The Cooperation

The parties to the Framework Agreement will use their advantages to integrate market's resources, and to strive for a larger market share in the cattle breeding industry on a scale of one trillion RMB as follows:

1. The parties to the Framework Agreement shall make concerted efforts to strive for a client base with 100 clients in the project development of Monitoring System in 2019, and 1,000 or more clients in 2020.
2. Upon having a sufficiently large client base in the future, the parties to the Framework Agreement will further discuss the cooperation in relation to new products and new services to maximise the economic and social benefits of the parties to the Framework Agreement.

The cooperation under the Framework Agreement will last for five years commencing from the date of the Framework Agreement. The parties to the Framework Agreement will negotiate whether to extend the cooperation within one month prior to expiry of the Framework Agreement.

Reasons for and Benefits of Entering into the Framework Agreement

The Company is a high-tech company which focuses on Internet of Things (“IoT”) technologies, products, programmes and implementation of operation and maintenance. It has strong capability to develop software and hardware products and rich experience in project integration.

The Directors consider that the entering into of the Framework Agreement would enable the parties to the Framework Agreement to leverage on their respective strengths, resources and know-how to build a stable and mutually beneficial strategic relationship for the development of digitalising the cattle breeding industry.

The Directors are of the view that the terms of the Framework Agreement were negotiated on an arm's length basis between the parties to the Framework Agreement and are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(II) PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Introduction

On 17 February 2019, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, Placees to subscribe for the Convertible Bonds in the aggregate principal amount of up to HK\$64,000,000 at the initial Conversion Price of HK\$1.6 per Conversion Share.

The Placing Agreement

Date: 17 February 2019

Parties: (i) The Company, as the issuer; and
(ii) VC Brokerage Limited, as the Placing Agent.

VC Group is holding 32,606,000 Shares, being 1,106,000 Shares (approximately 0.28% of its entire issued capital) held by Value Convergence Holdings Limited (“**VCHL**”) and 31,500,000 Shares (approximately 7.87% of its entire issued capital) held by Century Race Investment Limited (“**Century Race**”), an indirect wholly owned subsidiary of VCHL. VC Group's aggregate shareholding in the Company constitutes approximately 8.15% of its entire issued capital. The Placing Agent is another indirect wholly owned subsidiary of VCHL and a fellow subsidiary of Century Race. Save for the aforementioned, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are not connected person to the Company.

Conditions precedent

Completion of the Placing is conditional upon:

- (i) the Company having obtained all necessary consents and approvals in respect of the Placing, including (if necessary) the passing of a resolution at the EGM by the Shareholders;
- (ii) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the Conversion Shares;
- (iii) the Placing Agent having successfully procured Placee(s), and the Stock Exchange having no objection to such Placee(s);
- (iv) the Placee(s) having successfully subscribed the Convertible Bonds in principal amount of not less than HK\$640,000;

- (v) save for any temporary suspension of trading in the Shares due to the Placing and subscription by the Placee(s) and/or clearance of publishing announcement(s) in relation to the Placing, any suspension of trading in the Shares exceeding 10 consecutive Business Days, or any Share ceasing to be listed on the Stock Exchange; and
- (vi) the representations and warranties by the Company having remained true, accurate and not misleading in all material respects.

Conditions precedent (i) to (v) above cannot be waived by any party to the Placing Agreement, but condition precedent (vi) above can be waived unilaterally by the Placing Agent. The parties to the Placing Agreement shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) on or before 29 March 2019 (or such later date as may be agreed between the parties to the Placing Agreement in writing) (the “**Long Stop Date**”). In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by the Long Stop Date, the Placing Agreement shall be terminated on the same day. Upon termination, all obligations of the parties to the Placing Agreement under the Placing Agreement shall cease.

Placees

The Placing Agent shall procure Placee(s) to subscribe for the Convertible Bonds at the initial Conversion Price on terms and conditions set out in the Placing Agreement on a best-effort basis. The Company and the Placing Agent shall use their respective reasonable endeavours to ensure that all Placees and their ultimate beneficial owners shall be Independent Third Parties.

Placing commission payable to the Placing Agent

The Placing Agent will receive a placing commission equivalent to 2.5% of the actual principal amount of the Convertible Bonds having been placed.

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

Placing period

The placing period for the Placing shall commence on the date of the Placing Agreement and expire on 15 March 2019.

Completion

Subject to the fulfilment of the abovementioned conditions precedent, Completion shall take place on the Completion Date. Upon Completion, the Placee(s) shall sign the CB Subscription Agreement.

Conditions precedent of the CB Subscription Agreement

Completion of the CB Subscription Agreement shall be subject to the following conditions:

- (i) the Company having obtained all necessary consents and approvals in respect of subscription of the Convertible Bonds;
- (ii) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the Conversion Shares;
- (iii) the Placee having obtained all necessary consents and approvals in respect of subscription of the Convertible Bonds;
- (iv) the representations and warranties by the Company having remained true, accurate and not misleading in all material respects; and
- (v) the representations and warranties by the Placee having remained true, accurate and not misleading in all material respects.

Conditions precedent (i) to (iii) above cannot be waived by any party to the CB Subscription Agreement. Condition precedent (iv) above can be waived unilaterally by the Placee, and condition precedent (v) above can be waived unilaterally by the Company. The parties to the CB Subscription Agreement shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) within three weeks upon signing the CB Subscription Agreement (or such later date as may be agreed between such parties in writing). In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by the abovementioned time limit, the Placee may forthwith terminate the CB Subscription Agreement and cancel the subscription of the Convertible Bonds.

Principal terms of the Convertible Bonds

Set out below are the principal terms of the Convertible Bonds:

Issuer:	The Company
Principal amount:	Up to HK\$64,000,000
Maturity Date:	The last day of the three-year period from the Issue Date (the “ Maturity Date ”).
Interest:	7.5% per annum on the outstanding principal amount of the Convertible Bonds payable on the Maturity Date.
Status:	The Convertible Bonds constitute general, unsecured and unsubordinated obligations of the Company and shall rank <i>pari passu</i> among themselves.

Conversion Price:

The initial Conversion Price shall be HK\$1.6 per Conversion Share, subject to adjustment(s) upon occurrence of certain events as summarised in the paragraph headed “Adjustments of Conversion Price” below.

The initial Conversion Price represents:

- (i) the closing price of HK\$1.6 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 0.38% to the average closing price of HK\$1.594 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$1.55 per Conversion Share.

The Conversion Price was arrived at after arm’s length negotiations between the parties to the Placing Agreement with reference to, among others, the prevailing market price of the Shares.

Adjustments of Conversion Price:

The initial Conversion Price shall be adjusted if any event listed below arises:

- (a) if there is an alteration to the par value of the Shares as a result of consolidation, subdivision or reclassification;
- (b) if the Company issues any Shares credited as fully paid to any Shareholder by way of capitalisation of profits or reserves other than Shares issued in lieu of the whole or a part of a cash dividend or capital distribution;
- (c) if the Company issues Shares by way of rights, or grants by way of rights, options, warrants or other rights to subscribe for or purchase Shares to all or substantially all Shareholders as a class, in each case at less than 95% of current market price of the Share on the trading day preceding the announcement date of issue or grant;

- (d) if the Company issues any securities (other than options, warrants or other rights to subscribe for or purchase Shares) by way of rights or grants by way of rights, options, warrants or other rights to subscribe for, or purchase securities (other than options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class;
- (e) if the Company issues (other than as mentioned in (c) above) any Shares (other than issuing Shares upon exercising the Conversion Rights (as defined below) or any other rights of conversion or subscription), or issues or grants (other than as mentioned in (c) above) options, warrants or other rights to subscribe for or purchase Shares wholly for cash, in each case at less than 95% of current market price of the Share on the trading day preceding the announcement date of issue or grant;
- (f) if the Company or any of its subsidiaries (other than those mentioned in (c), (d) and (e) above) or any other company, person or entity (decided, requested or according to agreement(s) by the Company or any of its subsidiaries) issues any securities (other than the Convertible Bonds) wholly for cash which, in accordance with its terms of issue, is convertible into or can subscribe for Shares at a consideration per Share less than 95% of current market price of the Share on the last trading day preceding the announcement date of issue;
- (g) if any of the rights of conversion or subscription attaching to any such securities referred to in (f) above (other than in accordance with applicable terms of such securities) is modified so that the consideration per Share for the Company to redeem being less than 95% of current market price of the Share on the last trading day preceding the announcement date of the proposed modification;
or
- (h) the Company shall appoint an independent accountant to determine the adjustment of the Conversion Price on a fair and reasonable basis due to event(s) not mentioned above.

Conversion Shares: Assuming the Conversion Rights are exercised in full at the initial Conversion Price, a total of 40,000,000 Conversion Shares will be allotted and issued, which represent:

- (i) 10.00% of the issued Shares as at the date of this announcement; and
- (ii) approximately 9.09% of the issued Shares as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the number of issued Shares between the date of this announcement and the full conversion of the Convertible Bonds).

The Conversion Shares, upon conversion of the Convertible Bonds, will be issued under the General Mandate. The allotment and issue of the Conversion Shares are not subject to Shareholders' approval.

Conversion period: The period commencing on the Issue Date, and ending on the fifth Business Day prior to the Maturity Date (both days inclusive). In the event that the Company is unable to redeem the Convertible Bonds according to the terms in the CB Instrument, such period shall continue until full redemption of the Convertible Bonds (the "**Conversion Period**").

Conversion rights: The Bondholder shall have the right (the "**Conversion Rights**") to convert the whole or part (must be in multiple of HK\$640,000) of the principal amount of the Convertible Bonds into Conversion Shares during the Conversion Period.

Conversion restrictions: No Bondholder shall exercise any Conversion Rights and the Company shall not issue any Conversion Share in the event that the exercise of such Conversion Rights by the Bondholder will cause: (1) the Bondholder and/or parties acting in concert (as defined in the Takeovers Code) with it being required by regulatory authority to make a mandatory general offer to other Shareholders in accordance with the Takeovers Code, unless the Bondholder undertakes to the Company to fully comply with all applicable requirements under the Takeovers Code; and/or (2) the public float of the Company being less than 25% of its issued share capital.

- Redemption on maturity: All Convertible Bonds not redeemed or converted by the Maturity Date shall be redeemed by the Company with the same amount as the outstanding principal amount of the Convertible Bonds on the Maturity Date.
- Redemption on default: If any of the events of default specified in the CB Instrument occurs, the Company shall forthwith give notice to the Bondholder and each Bondholder may (without prejudice to any other rights and remedies available to the Bondholder), opt to issue a notice of redemption to the Company in respect of all or part of the principal amount of the Convertible Bonds held by it, whereupon the Convertible Bonds shall immediately become due and payable at a redemption amount equal to 100% of the principal amount of the Convertible Bonds.
- Transferability: The Convertible Bonds can be transferred to any person after the Issue Date. The Convertible Bonds (in whole or part) shall not be transferred to any connected person of the Company without written consent of the Company.
- Any transfer of the Convertible Bond shall be in whole or in part (must be in multiple of HK\$640,000) of the outstanding principal amount of the Convertible Bonds.

The Conversion Price and Conversion Shares

Assuming the Conversion Rights are exercised in full at the initial Conversion Price of HK\$1.6 per Conversion Share, a total of 40,000,000 Conversion Shares will be allotted and issued, which represent (i) 10.00% of the issued Shares as at the date of this announcement; and (ii) approximately 9.09% of the issued Shares as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the number of issued Shares between the date of this announcement and the full conversion of the Convertible Bonds). The aggregate nominal value of the Conversion Shares under the Placing is HK\$400,000.

General Mandate to Issue the Conversion Shares

The Conversion Shares will be allotted and issued under the General Mandate, pursuant to which, the Company is authorised to issue up to 80,000,000 new Shares.

As of the date of this announcement, approximately 34.15% of the General Mandate has been utilised for up to 27,318,773 consideration Shares to be allotted and issued in the acquisition by the Group of certain equity interest in the relevant target company. For details, please refer to the announcements of the Company dated 13 September 2018 and 21 September 2018 respectively. The General Mandate is sufficient for the

allotment and issue of all the Conversion Shares. Accordingly, the issue of the Conversion Shares is not subject to any Shareholders' approval. 50% of the General Mandate will be utilised for the allotment and issue of all the Conversion Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

Reasons for the Placing and Proposed Use of Proceeds

The Group is a National High and New Technology Enterprise that focuses on providing comprehensive IoT intelligent terminal product applications and solutions services in the PRC. The Group is principally engaged in (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services.

The gross proceeds from the Placing will be up to HK\$64,000,000. The net proceeds from the Placing (after deducting the placing commission and other expenses) will be approximately HK\$62 million, in which HK\$41.3 million will be used by the Group for general working capital of the Group including but not limited to approximately HK\$10.3 million for the overhead expenses and approximately HK\$31 million for the development, improvement and/or expansion of the business including but not limited to the projects in relation to the strategic cooperation framework agreement with Inventec Appliances (Pudong) Corporation as disclosed by the Company on 4 February 2019 and the Framework Agreement entered into with Haiyi Tongzhan in relation to the Monitoring System.

The Company is from time to time exploring different investment opportunities to broaden the revenue stream and/or financial return to the Group. It is intended that approximately HK\$20.7 million will be reserved for the future investment(s) of the Group if suitable business is identified.

The Directors are of the view that the Placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. Accordingly, the Directors are of the view that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

(III) THE SUBSCRIPTION

The Board is pleased to announce that on 17 February 2019, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 100,000,000 Subscription Shares at the Subscription Price of HK\$1.5 per Subscription Share for a cash consideration of up to HK\$150,000,000. The Subscription will be completed in two stages with 50,000,000 Subscription Shares in

each of the first stage of the Subscription (the “**First Stage Subscription**”) and the second stage of the Subscription (the “**Second Stage Subscription**”). The Subscriber may not subscribe less than 50,000,000 Subscription Shares in each stage.

The Subscription Agreement

Date: 17 February 2019

Parties: (i) the Company, as the issuer; and
(ii) Shine Well Holdings Limited, as the Subscriber.

The Subscription Shares

The Subscription Shares in aggregate represent:

- (i) 25% of the total number of issued Shares as at the date of this announcement; and
- (ii) 20% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change in the total number of issued Shares between the date of this announcement and the allotment and issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares is HK\$1,000,000.

Consideration

The consideration of the Subscription for the total number of Subscription Shares shall be up to HK\$150,000,000. The Subscriber shall pay a consideration of HK\$75,000,000 to the Company upon the completion of the First Stage Subscription (the “**First Completion**”). Similarly, the Subscriber shall pay a consideration of HK\$75,000,000 to the Company upon the completion of the Second Stage Subscription (the “**Second Completion**”). If the First Stage Subscription and/or the Second Stage Subscription did not complete, the Subscriber shall not pay the relevant portion of the consideration. The consideration of the Subscription shall be paid in cash.

Conditions Precedent to the First Stage Subscription

The First Completion is conditional upon the following conditions precedent:

- (i) the Company having obtained all necessary consents and approvals in respect of the Specific Mandate and the Subscription;
- (ii) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the Subscription Shares, and such permission remaining valid until the First Completion;
- (iii) the Subscriber having obtained all necessary consents and approvals in respect of the Subscription;
- (iv) the respective total revenue of the Group as shown in the relevant audit report to be prepared by the auditor of the Company for each of the financial years ending 31 March 2019 and 31 March 2020 being not lower than RMB265,875,000 and RMB358,931,250;
- (v) the representations and warranties by the Company having remained true, accurate and not misleading in all material respects, and remaining so until the First Completion; and
- (vi) the representations and warranties by the Subscriber having remained true, accurate and not misleading in all material respects, and remaining so until the First Completion.

Conditions precedent (i) to (iv) above cannot be waived by any parties to the Subscription Agreement. Condition precedent (v) above can be waived unilaterally by the Subscriber, and condition precedent (vi) above can be waived unilaterally by the Company. The parties to the Subscription Agreement shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) on or before 31 July 2020 (or such later date as may be agreed between the parties to the Subscription Agreement in writing) (the “**First Long Stop Date**”). In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by the First Long Stop Date, the Subscriber may terminate the First Stage Subscription, but such termination will not lead to the cancellation of the Subscription Agreement and/or the Second Stage Subscription.

To avoid any ambiguity, if the total revenue of the Group for the financial year ending 31 March 2019 is lower than RMB265,875,000 and/or if the total revenue of the Group for the financial year ending 31 March 2020 is lower than RMB358,931,250, condition precedent (iv) above shall be regarded as not having been fulfilled or satisfied.

The First Completion

Subject to the fulfillment or satisfaction of the conditions precedent to the First Stage Subscription (or having been waived, if applicable), the First Completion shall take place on 30 September 2020 (or such later date as may be agreed between the parties to the Subscription Agreement in writing).

Conditions Precedent to the Second Stage Subscription

The Second Completion is conditional upon the following conditions precedent:

- (i) (if the Second Stage Subscription is not covered by the consents and approvals set out in the aforementioned condition precedent (i) to the First Stage Subscription) the Company having obtained all necessary consents and approvals in respect of the Specific Mandate and the Subscription;
- (ii) (if the Second Stage Subscription is not covered by the approval set out in the aforementioned condition precedent (ii) to the First Stage Subscription) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the Subscription Shares, and such permission remaining valid until the Second Completion;
- (iii) the Subscriber having obtained all necessary consents and approvals in respect of the Subscription;
- (iv) the respective total revenue of the Group as shown in the relevant audit report to be prepared by the auditor of the Company for each of the financial years ending 31 March 2019, 31 March 2020 and 31 March 2021 being not lower than RMB265,875,000, RMB358,931,250 and RMB484,557,190;
- (v) the representations and warranties by the Company having remained true, accurate and not misleading in all material respects, and remaining so until the Second Completion; and
- (vi) the representations and warranties by the Subscriber having remained true, accurate and not misleading in all material respects, and remaining so until the Second Completion.

Conditions precedent (i) to (iv) above cannot be waived by any parties to the Subscription Agreement. Condition precedent (v) above can be waived unilaterally by the Subscriber, and condition precedent (vi) above can be waived unilaterally by the Company. The parties to the Subscription Agreement shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) on or before 31 July 2021 (or such later date as may be agreed between the parties to the Subscription Agreement in writing) (the “**Second Long Stop Date**”). In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by the Second Long Stop Date, the Subscriber may terminate the Second Stage Subscription, but such termination will not lead to the cancellation of the Subscription Agreement and/or the First Stage Subscription.

To avoid any ambiguity, if the total revenue of the Group for the financial year ending 31 March 2019 is lower than RMB265,875,000 and/or if the total revenue of the Group for the financial year ending 31 March 2020 is lower than RMB358,931,250 and/or if the total revenue of the Group for the financial year ending 31 March 2021 is lower than RMB484,557,190, condition precedent (iv) above shall be regarded as not having been fulfilled or satisfied.

The Second Completion

Subject to the fulfillment or satisfaction of the conditions precedent to the Second Stage Subscription (or having been waived, if applicable), the Second Completion shall take place on 30 September 2021 (or such later date as may be agreed between the parties to the Subscription Agreement in writing).

The Subscription Price

The Subscription Price represents:

- (i) a discount of 6.25% to the closing price of HK\$1.6 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 5.90% to the average closing price of HK\$1.594 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The net Subscription Price, after deduction of all relevant expenses, is approximately HK\$1.49 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiation between the parties to the Subscription Agreement with reference to, among other things, prevailing market performance of the Shares.

Specific Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM. The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with all existing Shares presently in issue and at the time of allotment and issue of the Subscription Shares.

Application for Listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Reasons for the Subscription and use of Proceeds

The Group is a National High and New Technology Enterprise that focuses on providing comprehensive IoT intelligent terminal product applications and solutions services in the PRC. The Group is principally engaged in (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services.

The Subscription reflects the confidence and support for the development of the Company by the Subscriber, the controlling shareholder of the Company. The Subscription will further strengthen the capital base and financial position of the Company and lay down a more solid foundation for the future business development.

The gross proceeds from the Subscription will be in aggregate HK\$150,000,000 in which HK\$75,000,000 will be from the First Stage Subscription and the balance of HK\$75,000,000 will be from the Second Stage Subscription. The estimated net proceeds from the Subscription will be approximately HK\$149 million (after deducting all relevant expenses).

The Company is from time to time exploring different business opportunities to broaden its market sharing in different aspects in the application of IoT intelligent terminal products and solutions which is the principal business of the Group. Reference is made to the announcement of the Company dated 4 February 2019 in relation to the strategic cooperation framework agreement with Inventec Appliances (Pudong) Corporation* (英華達(上海)科技有限公司) and the Framework Agreement entered into with Haiyi Tongzhan in relation to the Monitoring System. It is expected that the Board will utilize the proceeds from the Subscription including but not limited to the aforementioned projects.

The Directors (excluding the independent non-executive Directors who will give their view on the Subscription Agreement and the transactions contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the Subscription is on normal commercial terms, the terms of the Subscription (including the Subscription Price) are fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

Information on the Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding.

As at the date of this announcement, 223,220,000 Shares are held by the Subscriber, representing approximately 55.81% of the total issued Shares, and therefore the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules.

Implications under the Listing Rules

As at the date of this announcement, the Subscriber is the controlling shareholder of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval by way of poll at the EGM. The Subscriber is also wholly and beneficially owned by Mr. Lai. Any Shareholder who has a material interest in the Subscription must abstain from voting at the EGM on the resolution in respect of the Subscription Agreement and the transaction contemplated thereunder.

General

The Subscriber and its associates (to the extent they have an existing interest in the Shares) will abstain from voting at the EGM on the resolution in respect of the Subscription Agreement and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the aforementioned, as at the date of this announcement, no other Shareholder is required to abstain from voting on the relevant resolution at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders on the Subscription Agreement and the transaction contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transaction contemplated thereunder.

The EGM will be convened to consider and, if thought fit, approve, the Subscription Agreement and the transaction contemplated thereunder, which constitute a connected transaction.

A circular will be despatched by the Company to the Shareholders containing, among others, (i) further details of the Subscription Agreement and the transaction contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Subscription; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) a notice convening the EGM. The circular is expected to be despatched to the Shareholders on or before 8 March 2019.

(IV) PROPOSED GRANT OF SHARE OPTIONS

The Board is pleased to announce that it has proposed to grant (the “**Proposed Grant**”) in aggregate 20,000,000 share options (the “**Share Options**”) to Mr. Lai (the “**Grantee**”), to subscribe for 20,000,000 Shares pursuant to the share option scheme adopted by the Company on 6 December 2017 and refreshed on 26 September 2018 (the “**Share Option Scheme**”). The total of 20,000,000 shares to be subscribed under the Share Options granted represent 5% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.76% of the enlarged issued share capital of the Company immediately after full exercise of the Share Options.

Details of the Share Options to be granted are set out below:

- Date of the Proposed Grant : 17 February 2019 (the “**Date of the Proposed Grant**”)
- Exercise price of Share Options to be granted : HK\$1.6, which represents the highest of (i) closing price of HK\$1.6 per Share as stated in the Stock Exchange’s daily quotation sheets on 15 February 2019, being the last trading day of the Date of the Proposed Grant; (ii) the average closing price of HK\$1.592 per Share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Date of the Proposed Grant; and (iii) the nominal value of HK\$0.01 per Share
- Total number of Share Options to be granted : 20,000,000 Share Options
- Vesting date of the Share Options : (a) up to 30% of the total number of Share Options granted to the Grantee are exercisable during the period from the date of grant to the third anniversary of the date of grant (both dates inclusive);
- (b) up to 30% of the total number of Share Options granted to the Grantee are exercisable during the period from the day following the first anniversary of the date of grant to the third anniversary of the date of grant (both dates inclusive);
- (c) up to 40% of the total number of Share Options granted to the Grantee are exercisable during the period from the day following the second anniversary of the date of grant to the third anniversary of the date of grant (both dates inclusive);

All outstanding or unexercised Share Options granted to the Grantee shall lapse after the third anniversary of the date of grant.

Validity period of Share Options : 3 years from the date of grant

In accordance with Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme, the Proposed Grant has been approved by the independent non-executive Directors on 17 February 2019. Given that (a) the grant of Share Options will result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised and outstanding) to the Grantee collectively in the 12-month period up to and including the Date of Proposed Grant representing in aggregate over 1% of the Shares in issue pursuant to Note to Rule 17.03(4) of the Listing Rules; and (b) the grant of Share Options will result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to the Grantee who is the controlling shareholder of the Company, collectively in the 12-month period up to and including the Date of Proposed Grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the Date of Proposed Grant, in excess of HK\$5,000,000 pursuant to Rule 17.04(1) of the Listing Rules, the grant of Share Options to the Grantee shall be approved by the Shareholders of the Company at the EGM at which the Grantee, his associate (as defined under the Listing Rules) and all core connected persons (as defined under the Listing Rules) of the Company shall abstain from voting in favor of the resolution approving the grant of Share Options.

Further information in relation to the Proposed Grant will be included in the circular expected to be despatched to the Shareholders on or before 8 March 2019.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after full exercise of the Share Options and before allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price and before the allotment and issue of the Subscription Shares; (iii) immediately after full exercise of the Share Options and after allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price and before the allotment and issue of the Subscription Shares; and (iv) immediately after full exercise of the Share Options and after allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price and after allotment and issue of the Subscription Shares:

	(i) As at the date of this announcement		(ii) Immediately after full exercise of the Share Options and before allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price and before the allotment and issue of the Subscription Shares		(iii) Immediately after full exercise of the Share Options and after allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price and before the allotment and issue of the Subscription Shares		(iv) Immediately after full exercise of the Share Options and after allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price and after allotment and issue of the Subscription Shares	
	No. of Shares	Approx.	No. of Shares	Approx.	No. of Shares	Approx.	No. of Shares	Approx.
The Placees	—	—	—	—	40,000,000	8.70%	40,000,000	7.14%
Mr. Lai (<i>Note</i>)	223,220,000	55.81%	243,220,000	57.91%	243,220,000	52.87%	343,220,000	61.29%
Public Shareholders	176,780,000	44.19%	176,780,000	42.09%	176,780,000	38.43%	176,780,000	31.57%
Total	400,000,000	100.00%	420,000,000	100.00%	460,000,000	100.00%	560,000,000	100.00%

Note: Mr. Lai holds 100% interest in Shine Well Holdings Limited, being the Subscriber. Mr. Lai is also the Grantee.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

The projects to be carried out in accordance with the Framework Agreement are subject to business cooperation agreement(s) to be entered into by the parties to the Framework Agreement or their associated companies. The Company will update the public the latest situation of the projects if and when appropriate. In addition, as completion of each of the Placing and Subscription is subject to fulfillment of the respective conditions precedent set out in the Placing Agreement and the Subscription Agreement and may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the person(s) in whose name the Convertible Bonds are registered
“Business Day”	a day (excluding Saturdays and 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 are generally open for general banking business in Hong Kong
“CB Instrument”	an instrument constituting the Convertible Bonds to be signed by the Company
“CB Subscription Agreement”	the Convertible Bonds subscription agreement to be entered into between the Company and the Placee(s) in respect of the subscription of the Convertible Bonds pursuant to the terms of the Placing Agreement
“Company”	IBO Technology Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2708)
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“Completion Date”	within five Business Days following the date on which the conditions precedent set out in the Placing Agreement are fulfilled or being satisfied (or waived)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	HK\$1.6 (subject to adjustments), at which the Bondholder can convert 1 Conversion Share, but in any event, such price shall not be lower than the par value per Share

“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon exercise of the Conversion Rights, the total number of which shall be 40,000,000 Shares, representing approximately 9.09% of the issued Shares at the time of exercising the Conversion Rights with anti-dilution protection
“Convertible Bond(s)”	convertible bonds in the principal amount of up to HK\$64,000,000 with 7.5% interest per annum to be issued by the Company subject to the provisions of the CB Instrument
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of (i) completing the Subscription; and (ii) approving the Proposed Grant
“Framework Agreement”	a cooperation framework agreement entered into by the Company with Haiyi Tongzhan on 13 February 2019
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 27 August 2018 to allot and issue up to 80,000,000 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
“Group”	the Company and its subsidiaries
“Haiyi Tongzhan”	Beijing Haiyi Tongzhan Information Technology Company Limited* (北京海益同展信息科技有限公司), a company established in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Subscription Agreement and the transaction contemplated thereunder
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transaction contemplated thereunder

“Independent Shareholders”	Shareholders who are not required under the Listing Rules to abstain from voting at the EGM for the resolution to approve the Subscription Agreement and the transaction contemplated thereunder
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Issue Date”	the initial issue date of the Convertible Bonds
“Last Trading Day”	being the last trading day immediately prior to the date of the Placing Agreement and the date of the Subscription Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Monitoring System”	The cattle health monitoring system stated in the Framework Agreement
“Mr. Lai”	Mr. Lai Tse Ming, an executive Director, chairman of the Company and a controlling shareholder of the Company
“Placee(s)”	any individual(s), institutional, professional investor(s) institutional investor(s) or other investor(s) procured by or on behalf of the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agreement
“Placing”	placing of the Convertible Bonds on a best efforts basis by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	VC Brokerage Limited, a company incorporated in Hong Kong licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent on 17 February 2019 in respect of the Placing
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

“Specific Mandate”	a specific mandate to be considered, approved and granted by the Independent Shareholders at the EGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Shine Well Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 17 February 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$1.5 per Subscription Share
“Subscription Shares”	a total of 100,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	The Code on Takeovers and Mergers published by The Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 17 February 2019

As of the date of this announcement, the Board of the Company comprises Mr. Lai Tse Ming, Mr. Gao Weilong, Mr. Teng Feng, Mr. Yu Kin Keung and Mr. Lyu Huiheng as executive Directors; and Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming as independent non-executive Directors.

* *For illustration purpose only*