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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



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 5 May 2021 (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 21,000,000 Placing Shares to the Placees at the Placing Price of HK\$3.69 per Share.

The total number of 21,000,000 Placing Shares represents approximately 4.30% of the existing issued share capital of the Company and approximately 4.12% 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).

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\$77.5 million and approximately HK\$75.9 million, respectively. The Company intends to use the net proceeds for investment in its 5G products and systems, as well as its working capital and other general corporate purposes.

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.

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Placing Agreement

Date 5 May 2021

Parties the Company; and

Guotai Junan Securities (Hong Kong) Limited, as the Placing Agent

Placing Shares

The Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 21,000,000 Placing Shares to the Placees at the Placing Price of HK\$3.69 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, the number of the Placing Shares represents (i) approximately 4.30% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.12% 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\$210,000.

Placing Price

The Placing Price is HK\$3.69 per Share and represents:

- (a) a discount of approximately 14.19% to the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on 5 May 2021, the date of the signing of the Placing Agreement; and
- (b) a discount of approximately 16.78% to the average closing price of approximately HK\$4.434 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\$3.61 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.

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 15 September 2020.

Pursuant to the General Mandate, the Directors were granted authority to allot and issue up to 84,285,501 Shares, representing 20% of the total number of Shares in issue as at 15 September 2020. As at the date of this announcement, the General Mandate has not yet been utilised. Therefore, the General Mandate is sufficient for the issue and allotment of the Placing Shares, thereby the allotment and issue of the Placing Shares is not subject to additional 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.

Undertaking

The Company undertakes to the Placing Agent that it will not allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares during the period commencing on the date of the Placing Agreement and expiring on the Completion Date, unless the prior written consent of the Placing Agent having been obtained, other than pursuant to:

- (a) any exercise of any convertible notes or warrants or options in issue at the date of the Placing Agreement or any other conversion or subscription rights existing as at the date of the Placing Agreement;
- (b) exercise of any share options granted pursuant to the share option scheme of the Company adopted pursuant to the Listing Rules as at the date of the Placing Agreement;
- (c) any scrip dividend scheme; or
- (d) any allotment and issue of the Placing Shares pursuant to the Placing Agreement,

and the Company will not agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described above.

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); and
- (ii) 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 or 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):

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
Shine Well (<i>Note</i>)	167,320,000	34.27	167,320,000	32.86
The Placees	—	—	21,000,000	4.12
Other public Shareholders	<u>320,943,141</u>	<u>65.73</u>	<u>320,943,141</u>	<u>63.02</u>
Total	<u>488,263,141</u>	<u>100.00</u>	<u>509,263,141</u>	<u>100.00</u>

Note: As at the date of this announcement, Shine Well held 167,320,000 Shares, representing approximately 34.27% of the existing issued share capital of the Company. Shine Well is a company incorporated in the British Virgin Islands, and is wholly and beneficially owned by Mr. Lai Tse Ming, the chairman of the Board and an executive Director.

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 and circular	Event	Net proceeds	Proposed use of proceeds	Actual use of proceeds
Announcements dated 17 February 2019, 17 May 2019, 29 September 2020, 30 October 2020, 31 December 2020 and 3 February 2021 and the circular dated 25 April 2019 (the "Circular")	Allotment and issuance of 50,000,000 Shares by the Company to Shine Well under specific mandate on 3 February 2021 pursuant to a subscription agreement entered into between the Company and Shine Well on 17 February 2019	Approximately HK\$74.5 million (equivalent to approximately RMB62.2 million)	<p>(a) approximately HK\$58.0 million (equivalent to approximately RMB48.4 million) will be used by the Group to invest in the I4 Project (as defined in the Circular);</p> <p>(b) approximately HK\$11.0 million (equivalent to approximately RMB9.2 million) will be used by the Group for additional working capital and other general corporate purpose such as staff costs, auditors' remuneration, rental expenses, etc.; and</p> <p>(c) the remaining (if any) will be utilised in promoting FSM Project (as defined in the Circular) in Shenzhen and national markets (approximately HK\$2.5 million, equivalent to approximately RMB2.1 million) and other projects, including but not limited to the MS Project (as defined in the Circular) (approximately HK\$3.0 million, equivalent to approximately RMB2.5 million).</p>	<p>(a) approximately RMB11.1 million has been used in the I4 Project;</p> <p>(b) approximately RMB9.2 million has been used for additional working capital and other general corporate purpose; and</p> <p>(c) approximately RMB0.9 million and approximately RMB2.5 million has been used for FSM Project and other projects, including but not limited to the MS Project, respectively.</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 RMB0.83426.

USE OF PROCEEDS

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\$77.5 million and approximately HK\$75.9 million, respectively. The Company intends to apply the net proceeds as follows:

- (i) approximately 90%, or HK\$68.3 million will be used to invest in its 5G products and systems, for example, purchase of raw materials, research and development and marketing; and
- (ii) approximately 10%, or HK\$7.6 million will be used to provide funding for its working capital and other general corporate purposes.

REASONS FOR THE PLACING

As disclosed in the Company's announcements dated 23 October 2019, 19 November 2019, 15 June 2020, 30 June 2020, 17 July 2020, 25 August 2020, 23 September 2020 and 24 March 2021, the Group has been actively expanding its business in 5G products and systems. The Placing is being undertaken to supplement the Group's long-term funding of its business expansion and growth plan, including in the 5G services market.

The Directors consider that the Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

The Directors consider that the terms of each of the Placing (including the Placing Price and the Placing commission) are fair and reasonable under the current market conditions and are in the interest of the Company and Shareholders as a whole.

INFORMATION ABOUT THE GROUP

The Group is a National High and New Technology Enterprise (國家高新技術企業), focusing on providing comprehensive IoT intelligent terminal product applications and solutions services in the PRC. The Group mainly engages in four areas, namely (i) intelligent terminal products sales; (ii) system integration; (iii) software development; and (iv) system maintenance services.

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

“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturdays, Sundays and public holidays in Hong Kong) 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 third Business Day after the date upon which the Conditions shall have fulfilled or waived but in any event no later than 30 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 84,285,501 Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 15 September 2020
“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
“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”	Guotai Junan Securities (Hong Kong) 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\$3.69 per Share

“Placing Shares”	up to 21,000,000 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
“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)
“Shine Well”	Shine Well Holdings Limited (益明控股有限公司), being a Shareholder interested in 167,320,000 Shares, representing approximately 34.27% of the existing issued share capital of the Company, as at the date of this announcement
“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, 5 May 2021

As of the date of this announcement, the executive Directors are Mr. Lai Tse Ming, Mr. Gao Weilong, Mr. Teng Feng, Mr. Yu Kin Keung and Mr. Liang Jun; and the independent non-executive Directors are Dr. He Tianxiang, Dr. Wong Kwok Yan and Mr. Hung Muk Ming.