

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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)

**(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE**

Underwriter



VC BROKERAGE LIMITED

滙盈證券有限公司

VC Brokerage Limited

(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by creating an additional 9,000,000,000 unissued Shares. The Increase in Authorised Share Capital is conditional upon the approval of the Shareholders by way of an ordinary resolution at the EGM.

(II) PROPOSED RIGHTS ISSUE

The Company proposes to raise up to HK\$254,497,539.78 before expenses, by way of the Rights Issue, by issuing up to 2,313,613,998 Rights Shares (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue) at the Subscription Price of HK\$0.11 per Rights Share on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders.

The net proceeds from the Rights Issue, after deducting the underwriting commission, professional fees and all other relevant expenses, are estimated to be not more than approximately HK\$249 million (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue).

Even though the amount allegedly due by the Company to the Petitioner thereof aggregated at approximately HK\$5,600,000 (inclusive of both principal amount and interest) only, event of default under most of the Company's debt and/or derivative instruments or agreements has been triggered as a result of the presentation of the Petition, and the Company shall have to raise funds for repayment of outstanding liabilities and guarantees of the Company which have thus fallen due subject to settlement arrangements among the parties (the "**Outstanding Indebtedness**"). As at 30 October 2023, the Outstanding Indebtedness amounts to approximately HK\$221 million. The Company intends to apply (i) approximately HK\$221 million to repay and discharge the Outstanding Indebtedness; and (ii) the remaining of the net proceeds of approximately HK\$28 million from the Rights Issue will be used 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. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will first be applied for repayment of the Outstanding Indebtedness, and any surplus which remains thereafter shall be used for general working capital of the Group.

The Company is considering and evaluating the existing operation and business of the Group with a view to restructure and/or streamline the same so as to further improve the financial position of the Group. As disclosed in the announcement of the Company dated 19 September 2023, the Company and its legal team are contacting the Company's creditors and/or their legal advisers for debt capitalisation. The aim of the Company is, in addition to the Rights Issue, to effectuate debt capitalisation to swap the Outstanding Indebtedness or such relevant part thereof into new Shares to be issued and allotted by the Company therefor so as to reduce the amount of the Outstanding Indebtedness as much as possible. Further announcement(s) will be made in accordance with the Listing Rules as and where appropriate or necessary.

Assuming full subscription under the Rights Issue, the Company expects that it will obtain sufficient financial resources to settle the Outstanding Indebtedness upon completion of the Rights Issue and/or the debt capitalisation.

UNDERWRITING AGREEMENT

On 28 November 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares up to 2,313,613,998 Rights Shares (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained in the Underwriting Agreement. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed "**THE UNDERWRITING AGREEMENT**" in this announcement.

The Rights Issue is only underwritten by the Underwriter on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, and up to 2,313,613,998 Rights Shares are available to be subscribed subject, however, to any scale-down vis-a-vis the MGO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of Nil-paid Rights, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Company shall make an application to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established for the purpose of providing recommendations to the Independent Shareholders in connection with the Rights Issue (including the Underwriting Agreement). An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue (including the Underwriting Agreement), and as to voting.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 month period immediately preceding the date of this announcement, the Rights Issue will be subject to the approval by the Independent Shareholders at the EGM by way of poll at which the controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM. As at the date of this announcement, Mr. Lai, who holds 6,016,000 Shares, representing approximately 0.85% of the total number of existing issued Shares, and Shine Well, which holds 77,626,000 Shares, representing approximately 10.96% of the total number of existing issued Shares, will abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM. In addition, as none of the Directors has a material interest in the Rights Issue, no Director was required to abstain from voting on the resolutions proposed at the Board meeting to approve the Rights Issue.

In addition, as the Underwriter, which holds 422,000 Shares, representing approximately 0.06% of the total number of existing issued Shares, and its holding company, Value Convergence Holdings Limited, which holds 53,560,000 Shares, representing approximately 7.56% of the total number of existing issued Shares, are considered to have a material interest in the Underwriting Agreement and the transactions contemplated thereunder, the Underwriter and Value Convergence Holdings Limited will be required to abstain from voting on the resolution(s) relating to the Rights Issue at the EGM.

GENERAL

The EGM will be convened for the Shareholders and/or the Independent Shareholders (as the case may be) to consider and, if thought fit, approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further information regarding the Increase in Authorised Share Capital; (ii) further information regarding the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; (v) other information required under the Listing Rules; and (vi) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 5 January 2024.

Subject to the fulfilment of the conditions precedent as set out in the Underwriting Agreement, the Company will despatch the Prospectus Documents containing, among other things, details of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL or the EAF) to the Excluded Shareholders for their information only.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraphs headed “Conditions precedent of the Rights Issue” and “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the Nil-paid Rights. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by creating an additional 9,000,000,000 unissued Shares. The Increase in Authorised Share Capital is conditional upon the approval of the Shareholders by way of an ordinary resolution at the EGM.

In order to accommodate the future growth of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board proposed the Increase in Authorised Share Capital. The Board considers that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

(II) PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue, details of which are summarised below:

Rights Issue statistics

- Basis of the Rights Issue : Three (3) Rights Shares for every one (1) existing Share in issue and held at the close of business on the Record Date
- Number of Shares in issue as at the date of this announcement : 708,466,773 Shares
- Number of Rights Shares to be issued : (i) Up to 2,125,400,319 Rights Shares (assuming no conversion of the Convertible Bonds and none of the exercisable Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)
- (ii) Up to 2,313,613,998 Rights Shares (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)

Aggregate nominal value of the Rights Shares	: (i) Up to HK\$21,254,003.19 (assuming no conversion of the Convertible Bonds and none of the exercisable Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)
	(ii) Up to HK\$23,136,139.98 (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)
Subscription Price	: HK\$0.11 per Rights Share
Net price per Rights Share (i.e. Subscription Price less costs and expenses incurred in the Rights Issue)	: Approximately HK\$0.1076 per Rights Share
Enlarged number of Shares in issue upon completion of the Rights Issue	: (i) Up to 2,833,867,092 Shares (assuming no conversion of the Convertible Bonds and none of the exercisable Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)
	(ii) Up to 3,084,818,664 Shares (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)
Gross proceeds from the Rights Issue	: (i) Up to HK\$233,794,035.09 before expenses (assuming no conversion of the Convertible Bonds and none of the exercisable Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)

- (ii) Up to HK\$254,497,539.78 before expenses (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue)

Right of excess applications : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, there are outstanding Convertible Bonds in an aggregate principal amount of HK\$2,772,000, which are convertible into 1,800,000 conversion Shares at a conversion price of HK\$1.54, and outstanding 62,577,893 Share Options granted to the grantees, of which 60,937,893 Share Options are exercisable which entitle the holders thereof to subscribe for an aggregate of 60,937,893 new Shares. Save as disclosed above, as at the date of this announcement, the Company has no other outstanding derivatives, options, warrants or securities in issue which confer any rights to subscribe for, convert or exchange into Shares.

As at the date of this announcement, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. In addition, Mr. Lai and Shine Well have no present intention to take up their provisional allotment and to apply for Excess Rights Shares as at the date of this announcement. The Company shall not from the date of the Underwriting Agreement until after the Record Date issue any new Share or issue or grant any option or other securities convertible into, exchangeable for or which carries the right to acquire any Share.

Assuming full subscription under the Rights Issue, no conversion of the Convertible Bonds and none of the exercisable Share Options are exercised and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the 2,125,400,319 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents 300% of the total number of issued Shares and approximately 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

Assuming full subscription under the Rights Issue, full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date, the 2,313,613,998 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents 300% of the total number of issued Shares as enlarged by the allotment and issue of the new Shares converted/exercised from the Convertible Bonds and exercisable Share Options and approximately 75% of the total number of issued Shares as enlarged by the allotment and issue of the new Shares converted/exercised from the Convertible Bonds and exercisable Share Options, and the Rights Shares.

The Rights Issue is only underwritten by the Underwriter on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, and up to 2,313,613,998 Rights Shares are available to be subscribed subject, however, to any scale-down vis-a-vis the MGO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of Nil-paid Rights, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price is HK\$0.11 per Rights Share, payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

The Subscription Price represents:

- (i) a discount of approximately 25.17% to the closing price of HK\$0.147 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.68% to the average of the closing price of approximately HK\$0.148 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 25.17% to the average of the closing price of approximately HK\$0.147 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 7.56% to the theoretical ex-rights price of approximately HK\$0.119 per Share based on the closing price of HK\$0.147 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 19.26%, represented by the theoretical diluted price of approximately HK\$0.120 per Share to the benchmarked price of HK\$0.148 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.147 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement of approximately HK\$0.148 per Share); and
- (vi) a discount of approximately 87.49% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$0.879 (based on the latest published audited consolidated net asset value attributable to Shareholders of approximately RMB513,857,000 (equivalent to approximately HK\$586,876,080 based on the exchange rate of RMB1 to HK\$1.1421) and 667,318,773 Shares in issue as at 31 March 2023).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the financial position of the Group; and (iii) the reasons as discussed in the section headed "**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**" in this announcement. The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all dividends and distributions which may be declared, made or paid with a record date which falls on or after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Excluded Shareholders on the Record Date.

To qualify for the Rights Issue, a Shareholder:

- (i) must be registered as a member of the Company at the close of business on the Record Date; and
- (ii) is not an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date so as to qualify for the Rights Issue, any transfer of Shares (together with the relevant share certificates) must be lodged with the Registrar for registration by 4:30 p.m. on Friday, 26 January 2024. The address of the Registrar, Computershare Hong Kong Investor Services Limited, is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

It is expected that the last day of dealing in the Shares on a cum-rights basis is Wednesday, 24 January 2024 and the Shares will be dealt with on an ex-rights basis from Thursday, 25 January 2024.

Subject to the fulfilment of the conditions precedent as set out in the Underwriting Agreement, the Company will despatch the Prospectus Documents containing, among other things, details of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL or the EAF) to the Excluded Shareholders for their information only.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Closure of register of members

The register of members of the Company will be closed from Monday, 29 January 2024 to Friday, 2 February 2024, both days inclusive, for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Directors will make enquiries as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange in respect of extending the issue of the Rights Shares to Overseas Shareholders whose address on the register of members of the Company is in a place outside Hong Kong on the Record Date. If, after making such enquiries and having obtained legal advice in the relevant jurisdictions, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of the Nil-paid Rights or allotment of the Rights Shares will be made to them. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

As at the date of this announcement, there are 7 Overseas Shareholder(s) with registered addresses situated outside Hong Kong.

The Company will arrange for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, if any, to be sold in the market as soon as practicable after the commencement of dealings on the Stock Exchange in Rights Shares in nil-paid form and in any event before the last day for dealing in the Nil-paid Rights, if a premium (net of expenses) can be obtained. In the event that and to the extent that such Nil-paid Rights can be sold, the Company will then distribute such proceeds in Hong Kong dollars (after deducting the expenses of sale (if any)) to the Excluded Shareholders pro rata (but rounded down to the nearest cent) to their shareholdings on the Record Date, except that individual amount of HK\$100 or less shall not be so distributed but shall be retained for the benefit of the Company. Any such unsold Nil-paid Rights to which such Excluded Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Basis of provisional allotments

The Company shall provisionally allot the Rights Shares to the Qualifying Shareholders at the Subscription Price, in the proportion of three (3) Rights Shares for every one (1) existing Share held at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

No fractional entitlements

On the basis of the entitlement to subscribe three (3) Right Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue.

Application for Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares represent:

- (i) any Nil-paid Rights provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance;
- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold; and
- (iii) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

The Company will, upon consultation with the Underwriter, allocate the Excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no reference will be made to the Rights Shares comprised in applications by the PALs or the existing number of Shares held by Qualifying Shareholders;

- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of Nil-paid Rights under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to topping up odd lots to whole board lots.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisors if they are in any doubt as to their status. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration by no later than 4:30 p.m. on Friday, 26 January 2024.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions precedent of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Monday, 4 March 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be posted on or before Monday, 4 March 2024 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on or before Monday, 4 March 2024, by ordinary post to the applicants, at their own risk, to their registered addresses.

Scale-down of subscriptions to avoid the triggering of MGO Obligation and non-compliance of Public Float Requirement

Without prejudice to the generality of the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best effort basis, to avoid the unwitting triggering of MGO Obligations and non-compliance of Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of Nil-paid Rights, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under the PAL(s) or the EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); and (b) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for the avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil-paid Rights or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-paid Rights on their behalf.

Application for listing

The Company shall make an application to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. The Rights Shares (in both nil-paid and fully-paid forms) will be traded in the board lots of 2,000 Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

THE UNDERWRITING AGREEMENT

On 28 November 2023 (after trading hours), the Company and the Underwriter (each a “**Party**” and collectively, the “**Parties**”) entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Further details of the Underwriting Agreement are set out below:

Underwriting Agreement

Date	:	28 November 2023 (after trading hours)
Issuer	:	the Company
Underwriter	:	VC Brokerage Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

As at the date of this announcement, the Underwriter holds 422,000 Shares, representing approximately 0.06% of the total number of existing issued Shares. In addition, the holding company of the Underwriter, namely Value Convergence Holdings Limited, holds 53,560,000 Shares, representing approximately 7.56% of the total number of existing issued Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

- Number of Rights Shares : up to 2,313,613,998 Rights Shares underwritten by the Underwriter on a best-effort basis pursuant to the terms and conditions of the Underwriting Agreement
- Underwriting Commission : 2% of the aggregate Subscription Price in respect of such number of the Rights Shares actually procured by the Underwriter for subscription pursuant to the Underwriting Agreement

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscription for the Untaken Shares, the Underwriter shall confirm with the Company the actual number of Untaken Shares as at the Latest Time for Acceptance, and shall procure for subscription therefor on best effort basis whilst using its best endeavours to ensure that (1) each of the subscribers of the Untaken Shares procured by the Underwriter shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; (2) the Public Float Requirement be complied with by the Company upon completion of the Rights Issue; and (3) the Underwriter or each subscriber procured by the Underwriter (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company immediately after the Rights Issue.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the market practice. The Directors consider that the terms of the Underwriting Agreement including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

Subject to the fulfilment of all the conditions precedent (save and except such conditions precedent waived in accordance with the conditions precedent (8) and (13) and the paragraphs as set out in the paragraph headed “**Conditions precedent of the Rights Issue**”) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (insofar as the same are applicable) for such Untaken Shares.

Termination of the Underwriting Agreement

If prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the making of any winding up order against the Company by the High Court or the Company being put in liquidation; or

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or
- (5) in the absolute opinion of the Underwriter, there occurs any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive Business Days otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of any announcement or other matters in connection with the Underwriting Agreement and/or the Rights Issue, or
- (8) the Prospectus Documents, when published, contain any information (either as to business prospects or the condition of the Group or as to its compliance with any applicable law or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing served on the Company on or prior to the Latest Time for Termination.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Conditions precedent of the Rights Issue

Completion of the Rights Issue shall be conditional upon:

- (1) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the Rights Issue;
- (2) the Increase in Authorised Share Capital having been effected under the Companies Act;

- (3) (a) validation order under section 182 of the Companies (WUMP) Ordinance regarding, *inter alia*, the use or utilisation of the net proceeds of the Rights Issue having been granted by the High Court; and

(b) the validation order under section 182 of the Companies (WUMP) Ordinance regarding, *inter alia*, the issuance and transfer of the Rights Shares and/or the Nil-paid Rights having been granted by the High Court;
- (4) the delivery to the Stock Exchange for authorisation and the registration with the Companies Registry of Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (5) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (6) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Prospectus Posting Date, and such listing and permission to deal not having been withdrawn or revoked;
- (7) the obligations of the Underwriter having become unconditional and the Underwriting Agreement not having been terminated in accordance with its terms;
- (8) compliance with and performance of all undertakings and obligations, and representations and warranties of the Company under the Underwriting Agreement, and the Underwriting Agreement is not terminated in accordance with its terms;
- (9) compliance with the requirements under all applicable laws and regulations of Hong Kong and Cayman Islands;
- (10) Each Party having obtained all necessary consent and/or approval for entering into the Underwriting Agreement and for the transactions contemplated therein;
- (11) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

- (12) there being no Specified Event occurring on or before the Latest Time for Termination; and
- (13) the Underwriter having received from the Company all the documents as set out in the Underwriting Agreement in such form and substance satisfactory to the Underwriter as soon as practicable after the date of the Underwriting Agreement, and not later than 4:00 p.m. on the Business Day immediately before the Prospectus Posting Date.

Apart from the conditions precedent as set out in (8) and (13) above which can be waived in whole or in part by the Underwriter unilaterally (but not by the Company) by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent are incapable of being waived. The Parties shall use their respective best endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Parties may agree in writing and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares (in their nil-paid or fully-paid forms) or to give effect to the Rights Issue and the arrangements contemplated in the Underwriting Agreement.

If any of the conditions precedent (save and except those having been waived in accordance with the above paragraph) are not satisfied in whole by the Latest Time for Termination or such other date as the Parties may agree in writing, the Underwriting Agreement shall terminate (save and except the clauses of fees and expenses and indemnity and certain clauses which shall remain in full force and effect) and no Party shall have any claim against the other Party for costs, damages, compensation or otherwise save for any antecedent breaches.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE 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.

The net proceeds from the Rights Issue, after deducting the underwriting commission, professional fees and all other relevant expenses, are estimated to be not more than approximately HK\$249 million (assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue).

As disclosed in the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”), the Group’s consolidated bank and other borrowings that are repayable within one year and those that are repayable more than one year, but not more than two years amounted to approximately RMB97,213,000 and approximately RMB20,108,000 respectively. As further disclosed in the 2023 Annual Report, the current portion and the non-current portion of the bonds payables of the Company amounted to approximately RMB95,134,000 and approximately RMB11,505,000 respectively.

On 24 July 2023, a wind-up petition (the “**Petition**”) was filed by a bondholder (the “**Petitioner**”) with the High Court for the winding-up of the Company under the provision of the Companies (WUMP) Ordinance. Details of the Petition are set out in the section headed “**WINDING-UP PETITION**” below. In view of the Petition, the holders of the remaining non-convertible bonds issued by the Company allege that the Petition triggers a cross-default of the Company on the non-convertible bonds held by them. They have requested immediate full repayment of the non-convertible bonds by the Company, irrespective of the original maturity dates. On the other hand, although the Group have fulfilled its repayment obligations of the bank loans and interests from time to time, certain banks have exercised their overriding rights in requesting early repayment of the bank loans in full even if such loans are not yet due for repayment or long term in nature. Worse still, debtors of the Group slow down their repayments to the Group in view of the Petition. The aforesaid is similar to credit squeeze, which exert tremendous pressure on the liquidity of the Group.

Even though the amount allegedly due by the Company to the Petitioner thereof aggregated at approximately HK\$5,600,000 (inclusive of both principal amount and interest) only, event of default under most of the Company’s debt and/or derivative instruments or agreements has been triggered as a result of the presentation of the Petition, and the Company shall have to raise funds for repayment of outstanding liabilities and guarantees of the Company which have thus fallen due subject to settlement arrangements among the parties (the “**Outstanding Indebtedness**”). As at 30 October 2023, the Outstanding Indebtedness amounts to approximately HK\$221 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

	Approximate allocation (HK\$ million)
repay and discharge the Outstanding Indebtedness	221
the remaining of the net proceeds will be used 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	28
Total	<u>249</u>

Assuming full subscription under the Rights Issue, no conversion of the outstanding Conversion Bonds and no exercise of the exercisable Share Options and there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the gross proceeds from the Rights Issue will be up to HK\$233,794,035.09 before expenses by issuing up to 2,125,400,319 Rights Shares and the net proceeds are estimated to be approximately HK\$228.7 million. Under the above circumstance, the Company intends to apply the net proceeds from the Rights Issue as follows:

	Approximate allocation (HK\$ million)
repay and discharge the Outstanding Indebtedness	221.0
the remaining of the net proceeds will be used 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	7.7
Total	<u>228.7</u>

In the event that there is an under-subscription of the Rights Issue, the net proceeds from the Rights Issue will first be applied for repayment of the Outstanding Indebtedness, and any surplus which remains thereafter will be used for general working capital of the Group.

The Company is considering and evaluating the existing operation and business of the Group with a view to restructure and/or streamline the same so as to further improve the financial position of the Group. As disclosed in the announcement of the Company dated 19 September 2023, the Company and its legal team are contacting the Company's creditors and/or their legal advisers for debt capitalisation. The aim of the Company is, in addition to the Rights Issue, to effectuate debt capitalisation to swap the Outstanding Indebtedness or such relevant part thereof into new Shares to be issued and allotted by the Company therefor so as to reduce the amount of the Outstanding Indebtedness as much as possible. Further announcement(s) will be made in accordance with the Listing Rules as and where appropriate or necessary.

Assuming full subscription under the Rights Issue, the Company expects that it will obtain sufficient financial resources to settle the Outstanding Indebtedness upon completion of the Rights Issue and/or the debt capitalisation.

The expenses in relation to the Rights Issue (including the underwriting commission, financial advisory fee, printing, translation, registration, legal, accounting, levy, and documentation charges) payable by the Company are estimated to be approximately HK\$5.5 million, subject to the final subscription.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. As disclosed in the announcement of the Company dated 19 September 2023, in order to improve the liquidity of the Group and to finance the debt restructuring related expenses, the Company has been considering to conduct fund raising exercise by way of rights issue and/or placing of new Shares to raise funds in the region of HK\$180 million to HK\$200 million. As disclosed in the announcement of the Company dated 12 September 2023, a placing agreement was entered into by the Company and a placing agent in order to raise the gross proceeds of approximately of HK\$11.9 million which was intended to be used for debt restructuring related expenses and general working capital of the Group. However, on 20 October 2023, the Board announced that the placing did not complete and the placing agreement lapsed. In addition, in view of the Petition, the Company can hardly obtain any new loans or borrowings from any banks or other financial institutions. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the Nil-paid Rights in the market. The Rights Issue will also give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider that the Rights Issue will enable the Group to strengthen its capital structure without incurring additional debt financing cost and enhance its financial position, and that the Rights Issue is more attractive in view of the current market condition. The Directors are also of the opinion that the Rights Issue will allow all the Qualifying Shareholders the equal opportunity to subscribe for their respective pro rata provisional entitlement of the Rights Shares and hence avoiding dilution in their shareholding interests in the Company.

In light of the aforementioned, the Directors consider that the terms of the Underwriting Agreement are fair and reasonable and the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement to immediately after completion of the Rights Issue assuming (i) no conversion of the Convertible Bonds and no exercise of the exercisable Share Options on or before the Record Date; and (ii) full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date are set out below:

Scenario 1: assuming no conversion of the Convertible Bonds and no exercise of the exercisable Share Options on or before the Record Date

Shareholders	Before the Rights Issue		Immediately after completion of the Rights Issue					
	As at the date of this announcement		Assuming full acceptance by all Qualifying Shareholders and there is no Excluded Shareholder		Assuming (a) no acceptance by the Qualifying Shareholders; and (b) all the Untaken Shares are taken up by the subscriber(s) procured by the Underwriter		Assuming (a) no acceptance by the Qualifying Shareholders except the Underwriter and VCH; (b) the Underwriter and VCH subscribe up to 29.90% of the enlarged number of Shares upon completion of the Rights Issue; and (c) all the Untaken Shares are taken up by the subscriber(s) procured by the Underwriter	
	<i>No. of Shares</i>	<i>Approx.</i>	<i>No. of Shares</i>	<i>Approx.</i>	<i>No. of Shares</i>	<i>Approx.</i>	<i>No. of Shares</i>	<i>Approx.</i>
Director								
Mr. Lai (<i>Note 1</i>)	6,016,000	0.85%	24,064,000	0.85%	6,016,000	0.21%	6,016,000	0.21%
Substantial Shareholder								
Shine Well (<i>Note 1</i>)	77,626,000	10.96%	310,504,000	10.96%	77,626,000	2.74%	77,626,000	2.74%
Public Shareholders								
The Underwriter and Value Convergence Holdings Limited ("VCH") (<i>Note 2 and 4</i>)	53,982,000	7.62%	215,928,000	7.62%	53,982,000	1.90%	847,326,260	29.90%
The subscriber(s) procured by the Underwriter (<i>Note 3 and 4</i>)	-	-	-	-	2,125,400,319	75.00%	1,332,056,059	47.00%
Other public Shareholders	570,842,773	80.57%	2,283,371,092	80.57%	570,842,773	20.15%	570,842,773	20.15%
Total	708,466,773	100.00%	2,833,867,092	100.00%	2,833,867,092	100.00%	2,833,867,092	100.00%

Scenario 2: assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date

Shareholders	Before the Rights Issue				Immediately after completion of the Rights Issue					
	As at the date of this announcement		Assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date		Assuming full acceptance by all Qualifying Shareholders and there is no Excluded Shareholder		Assuming (a) no acceptance by the Qualifying Shareholders; and (b) all the Untaken Shares are taken up by the subscriber(s) procured by the Underwriter		Assuming (a) no acceptance by the Qualifying Shareholders except the Underwriter and VCH; (b) the Underwriter and VCH subscribe up to 29.90% of the enlarged number of Shares upon completion of the Rights Issue; and (c) all the Untaken Shares are taken up by the subscriber(s) procured by the Underwriter	
	No. of Shares	Approx.	No. of Shares	Approx.	No. of Shares	Approx.	No. of Shares	Approx.	No. of Shares	Approx.
Directors										
Mr. Lai (Note 1)	6,016,000	0.85%	6,016,000	0.78%	24,064,000	0.78%	6,016,000	0.20%	6,016,000	0.20%
Mr. Liang Jun ("Mr. Liang") (Note 4)	-	-	5,492,631	0.71%	21,970,524	0.71%	5,492,631	0.18%	5,492,631	0.18%
Substantial Shareholder										
Shine Well (Note 1)	77,626,000	10.96%	77,626,000	10.07%	310,504,000	10.07%	77,626,000	2.52%	77,626,000	2.52%
Public Shareholders										
Option Holders except										
Mr. Liang	-	-	55,445,262	7.19%	221,781,048	7.19%	55,445,262	1.80%	55,445,262	1.80%
Convertible Bonds holders	-	-	1,800,000	0.23%	7,200,000	0.23%	1,800,000	0.06%	1,800,000	0.06%
The Underwriter and VCH (Note 2 and 4)	53,982,000	7.62%	53,982,000	7.00%	215,928,000	7.00%	53,982,000	1.75%	922,360,780	29.90%
The subscriber(s) procured by the Underwriter (Note 3 and 4)	-	-	-	-	-	-	2,313,613,998	75.00%	1,445,235,218	46.85%
Other public Shareholders	570,842,773	80.57%	570,842,773	74.02%	2,283,371,092	74.02%	570,842,773	18.49%	570,842,773	18.49%
Total	708,466,773	100.00%	771,204,666	100.00%	3,084,818,664	100.00%	3,084,818,664	100.00%	3,084,818,664	100.00%

Notes:

- 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 83,642,000 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.
- As at the date of this announcement, the Underwriter holds 422,000 Shares and VCH holds 53,560,000 Shares. As the Underwriter is an indirectly wholly-owned subsidiary of VCH, VCH is therefore deemed to be interested in the Shares held by the Underwriter pursuant to the SFO. Accordingly, VCH is interested in an aggregate of 53,982,000 Shares.

3. Each of the subscribers of the Untaken Shares procured by the Underwriter shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates.
4. The Underwriter and VCH, or the subscriber(s) procured by the Underwriter are subject to scale-down of subscriptions to avoid the unwitting triggering of MGO Obligations so that the Underwriter and VCH, or the subscriber(s) procured by the Underwriter will not hold 30% or more of the total number of issued Shares and avoid non-compliance of Public Float Requirement, all applications for the Rights Shares will be made on the basis that the applications are to be scaled-down by the Company to a level which (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. The Company will comply with the Public Float Requirement and ensure that the Company will maintain a minimum public float of 25% of the total number of issued Shares at all times.
5. Mr. Liang beneficially owns 5,492,631 Share Options which entitles him to subscribe for 5,492,631 new Shares.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS AND THE SHARE OPTIONS

As at the date of this announcement, there are (i) outstanding Convertible Bonds in the principal amount of HK\$2,772,000 which are convertible into 1,800,000 new Shares; and (ii) 62,577,893 outstanding Share Options, of which 60,937,893 Share Options are exercisable which entitle the holders thereof to subscribe for an aggregate of 60,937,893 new Shares. Pursuant to the terms and conditions of the instrument of the Convertible Bonds and the Share Option Scheme and the Listing Rules, the Rights Issue may lead to adjustments to, among others, (i) the conversion price and/or the number of Shares to be converted under the Convertible Bonds and (ii) the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. Further announcement will be made in respect of the said adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company does not have any other share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares prior to the Record Date.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY 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)	(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	(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
			(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.	(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.

* 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.

Announcements dated 19 June 2023, 3 July 2023 and 5 July 2023	Placing of new Shares under general mandate at the placing price of HK\$1.14 per Share	Approximately HK\$9.03 million (equivalent to approximately RMB8.30 million)	(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); (Note)	(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
---	--	--	---	--

Date of announcements	Events	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
			<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>(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. <i>(Note)</i></p>

Note: As the Subscription (as defined in the announcement of the Company dated 29 May 2023) has not yet been implemented, the proposed use of the net proceeds of approximately RMB3.32 million for the Subscription has been changed and applied for general working capital including staff cost, rental expenses, legal and professional fees, other office overhead and general corporate purposes of the Group.

* 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.

Announcements dated 12 September 2023, 19 September 2023, 26 September 2023 and 20 October 2023	Placing of new shares at the placing price of HK\$0.1442 per Share under general mandate	Nil	(i) approximately HK\$5.0 million will be used for debt restructuring related expenses; and	The placing agreement was lapsed as announced by the Company on 20 October 2023
---	--	-----	---	---

Date of announcements	Events	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
			(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.	

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 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.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Event	Time and Date
Publication of the Rights Issue announcement	Tuesday, 28 November 2023
Expected despatch date of circular in relation to the Increase in Authorised Share Capital and the Rights Issue with notice and form of proxy for the EGM	Friday, 5 January 2024
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Tuesday, 16 January 2024
Closure of register of members of the Company to determine entitlement to attend and vote at the EGM (both days inclusive)	Wednesday, 17 January 2024 to Tuesday, 23 January 2024

Event	Time and Date
Latest time for lodging forms of proxy for the EGM (not less than 48 hours prior to the time of the EGM)	10:00 a.m. on Sunday, 21 January 2024
Record date for attending and voting at the EGM	Tuesday, 23 January 2024
Time and date of the EGM	10:00 a.m. on Tuesday, 23 January 2024
Announcement of poll results of the EGM	Tuesday, 23 January 2024
Re-opening of the register of members of the Company	Wednesday, 24 January 2024
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue.	Wednesday, 24 January 2024
First day of dealings in the Shares on an ex-rights basis of the Rights Issue.	Thursday, 25 January 2024
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 26 January 2024
Closure of register of members of the Company to determine the entitlement to the Rights Issue (both days inclusive)	Monday, 29 January 2024 to Friday, 2 February 2024
Record Date to determine entitlements under the Rights Issue	Friday, 2 February 2024
Register of members of the Company re-opens	Monday, 5 February 2024
Despatch of the Prospectus Documents (in case of the Excluded Shareholders, the Prospectus only)	Monday, 5 February 2024
First day of dealings in Nil-paid Rights	Wednesday, 7 February 2024
Latest time for splitting of PALs	4:30 p.m. on Friday, 9 February 2024
Last day of dealings in Nil-paid Rights	Friday, 16 February 2024

Event	Time and Date
Latest time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares	4:00 p.m. on Wednesday, 21 February 2024
Latest time and date for termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Monday, 26 February 2024
Announcement of results of the Rights Issue and the application for Excess Rights Shares	Friday, 1 March 2024
Despatch of share certificates for the fully-paid Rights Shares	Monday, 4 March 2024
Despatch of refund cheques, if any, for wholly or partially unsuccessful excess applications or if the Rights Issue is terminated	Monday, 4 March 2024
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Tuesday, 5 March 2024

All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company in agreement with the Underwriter and in accordance with the Listing Rules. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR EXCESS RIGHTS SHARES

Whenever any part of the expected timetable of the Rights Issue as enlisted in the provisions of the Underwriting Agreement may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same day; or

- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Wednesday, 21 February 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established for the purpose of providing recommendations to the Independent Shareholders in connection with the Rights Issue (including the Underwriting Agreement). An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue (including the Underwriting Agreement), and as to voting.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 month period immediately preceding the date of this announcement, the Rights Issue will be subject to the approval by the Independent Shareholders at the EGM by way of poll at which the controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM. As at the date of this announcement, Mr. Lai, who holds 6,016,000 Shares, representing approximately 0.85% of the total number of existing issued Shares, and Shine Well, which holds 77,626,000 Shares, representing approximately 10.96% of the total number of existing issued Shares, will abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM. In addition, as none of the Directors has a material interest in the Rights Issue, no Director was required to abstain from voting on the resolutions proposed at the Board meeting to approve the Rights Issue.

In addition, as the Underwriter, which holds 422,000 Shares, representing approximately 0.06% of the total number of existing issued Shares, and its holding company, Value Convergence Holdings Limited, which holds 53,560,000 Shares, representing approximately 7.56% of the total number of existing issued Shares, are considered to have a material interest in the Underwriting Agreement and the transactions contemplated thereunder, the Underwriter and Value Convergence Holdings Limited will be required to abstain from voting on the resolution(s) relating to the Rights Issue at the EGM.

GENERAL

The EGM will be convened for the Shareholders and/or the Independent Shareholders (as the case may be) to consider and, if thought fit, approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further information regarding the Increase in Authorised Share Capital; (ii) further information regarding the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder; (v) other information required under the Listing Rules; and (vi) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 5 January 2024.

Subject to the fulfilment of the conditions precedent as set out in the Underwriting Agreement, the Company will despatch the Prospectus Documents containing, among other things, details of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL or the EAF) to the Excluded Shareholders for their information only.

WINDING-UP PETITION

Background of the Petition

References are made to the Petition Announcements. On 24 July 2023, the Petition was presented by the Petitioner to the High Court for the winding-up of the Company under the provision of the Companies (WUMP) Ordinance.

As stated in the announcement of the Company dated 31 August 2023, the Petitioner's revised alleged claim was HK\$5,503,616, which represent net amount of the outstanding principal of the bonds issued by the Company and the interest. In addition, it has come to the attention of the Company that a few alleged creditors of the Company have filed Notice of Intention to Appear on the Petition (the "**Alleged Creditors**"). While the Company has already instructed legal advisers to defence the Petition and to seek further information on the Alleged Creditors, the Company is also trying to negotiate with relevant parties.

As disclosed in the announcement of the Company dated 18 October 2023, the Company has instructed its legal team to apply for a validation order from the High Court and at the hearing thereof on 3 November 2023, the High Court granted the validation order to the effect that any transfer of the Company's fully paid up Shares on or after 24 July 2023, being the date of the Petition, shall not be void by virtue of the Petition under Section 182 of the Companies (WUMP) Ordinance.

As disclosed in the announcement of the Company dated 1 November 2023, the hearing of the Petition has been adjourned to Wednesday, 29 November 2023.

Impact of the Petition on the Rights Issue

In order to fulfil condition precedent (3) as set out in the paragraph headed “**Conditions precedent of the Rights Issue**” above so that HKSCC would provide the depositary services for the Nil-paid Rights and the Rights Shares, the Company will apply for an additional validation order for, *inter alia*, the use or utilisation of the net proceeds of the Rights Issue and the transfer of the Rights Shares and/or Nil-paid Rights such that the contemplated use of such proceeds as set out in the section headed “**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**” above and the transfer of the Rights Shares and/or the Nil-paid Rights shall not be void by virtue of the Petition under Section 182 of the Companies (WUMP) Ordinance.

The Company will make further announcement(s) to keep the Shareholders and potential investors of the Company informed of any material developments in relation to the Petition as and when appropriate and in accordance with the Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraphs headed “Conditions precedent of the Rights Issue” and “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the Nil-paid Rights. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“acting in concert”	having the meaning as set out in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	IBO Technology Company Limited (incorporated in the Cayman Islands with limited liability), the shares of which are listed on Main Board of the Stock Exchange
“connected person(s)”	shall have the meaning ascribed to it in the Listing Rules
“Convertible Bonds”	the 2-year unsecured irredeemable convertible bonds in the principal amount of HK\$2,772,000 at 8% coupon convertible into a maximum of 1,800,000 new Shares to be allotted and issued by the Company at the conversion price of HK\$1.54 per each such new Share

“Director(s)”	the director(s) of the Company for the time being
“EAF(s)”	the form(s) of application for Excess Rights Shares in the agreed form for use by such Qualifying Shareholders who wish to apply for any Excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Increase in Authorised Share Capital, and the Rights Issue to be conducted in accordance with the Underwriting Agreement
“Excess Rights Shares”	any Nil-paid Rights provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall (for avoidance of any doubt) include the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any)
“Excluded Shareholder(s)”	those Overseas Shareholders whose address is/are in such place(s) outside Hong Kong where the Directors, based on the enquiry(ies) made pursuant to the Underwriting Agreement consider it necessary or expedient on account of either of the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, to exclude them from the Rights Issue and to whom the Directors decide not to offer any of the Rights Shares
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature

“Group”	collectively, the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital from HK\$10,000,000 divided into 1,000,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by creating an additional 9,000,000,000 unissued Shares
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Rights Issue and the Underwriting Agreement
“Independent Shareholders”	the Shareholders, save and except the controlling Shareholders of the Company (within the meaning of the Listing Rules) or the Directors and their associates or the Underwriter and Value Convergence Holdings Limited and their associates, who are not required under the Listing Rules to abstain from voting on the resolution(s) to approve the Rights Issue at the EGM
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	28 November 2023, being the last trading day of the Shares on the Stock Exchange prior to the making of this announcement

“Latest Time for Acceptance”	4:00 p.m. on 21 February 2024 or such later time or date as may be agreed between the Parties in writing, being the latest time for acceptance of, and payment for, the Rights Shares and application for and payment for Excess Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on 26 February 2024 or such later time or date as may be agreed between the Parties in writing, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Nil-paid Rights”	the nil-paid rights of the Qualifying Shareholders to be allotted the Rights Shares pursuant to the Rights Issue
“Mr. Lai”	Mr. Lai Tse Ming, the executive Director and chairman of the Board, who holds 100% interest in Shine Well
“Option Holders”	holders of the exercisable Share Options
“Overseas Shareholder(s)”	such Shareholder(s) whose registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) is/are situated outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders in respect to their pro rata entitlement under the Rights Issue
“Petition Announcements”	the announcements of the Company dated 27 July 2023, 31 August 2023, 19 September 2023, 27 September 2023, 18 October 2023, 1 November 2023 and 3 November 2023 in relation to a winding-up petition of the Company
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Shareholders in connection with the Rights Issue in such form as may be agreed between the Parties

“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	5 February 2024 or such other date as may be agreed between the Parties in writing, being the date for the despatch of the Prospectus Documents (in case of Excluded Shareholder(s), the Prospectus only)
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules which requires, <i>inter alia</i> , at least 25% of the issuer’s total number of issued shares must at all times be held by the public
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	2 February 2024 or such other date as may be agreed between the Parties in writing, being the date for the determination of the entitlements under the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Limited, being the branch share registrar and transfer office of the Company in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of three (3) Rights Shares for every one (1) existing Share in issue and held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	up to 2,313,613,998 new Shares for subscription by the Qualifying Shareholders by way of the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company

“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of Nil-paid Rights shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or non-compliance with the Public Float Requirement
“SFC”	the 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 par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Share Option(s)”	the share options granted by the Company under the Share Option Scheme, and as at the date of the Underwriting Agreement, 62,577,893 Share Options remain outstanding, of which 60,937,893 Share Options are exercisable which entitle the holders thereof to subscribe for an aggregate of 60,937,893 new Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 6 December 2017 and expiring on 6 December 2027 (both days inclusive) under and pursuant to which, up to the date of the Underwriting Agreement, an aggregate of 175,070,524 Share Options had been granted by the Company, and as at the date of the Underwriting Agreement, 62,577,893 Share Options remain outstanding, of which 60,937,893 are exercisable which entitle the holders thereof to subscribe for an aggregate of 60,937,893 new Shares
“Shine Well”	Shine Well Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, is owned as to 100% by Mr. Lai

“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.11 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Underwriter”	VC Brokerage Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 28 November 2023 entered into between the Company and the Underwriter in relation to the Rights Issue, and as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 2,313,613,998 Rights Shares underwritten by the Underwriter on best-effort basis pursuant to the terms and conditions of the Underwriting Agreement
“Untaken Share(s)”	such number of Rights Shares in respect of which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid by the Latest Time for Acceptance, including any Rights Shares to which the Excluded Shareholders would not have otherwise been entitled under the Rights Issue
“%”	per cent.

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

Hong Kong, 28 November 2023

As at the date of this announcement, the executive Directors are Mr. Lai Tse Ming, 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.