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Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Financial Adviser of the Company



Southwest Securities (HK) Capital Limited

Placing Agent



Koala Securities Limited

THE PLACING

The Board is pleased to announce that on 19 June 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 34,505,837 Placing Shares at the Placing Price of HK\$1.97 per Placing Share, to not less than six (6) Placees, who and whose ultimate beneficial owners shall be Independent Third Parties.

The maximum number of the Placing Shares represents (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion).

The Placing Shares will be allotted and issued under General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming all 34,505,837 Placing Shares are subscribed for in full, upon the Completion, the aggregate gross proceeds from the Placing will be approximately HK\$68.0 million and the aggregate net proceeds from the Placing will be approximately HK\$66.4 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.93 per Placing Share.

The Company intends to use the entire net proceeds arising from the Placing as to: (i) approximately HK\$37.8 million for the development of renewable energy charging solutions specialized for electric vehicles; and (ii) approximately HK\$28.6 million as working capital of the Group.

WARNINGS

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

THE PLACING

On 19 June 2023, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 34,505,837 Placing Shares at the Placing Price of HK\$1.97 per Placing Share. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date : 19 June 2023

Parties : the Company; and
the Placing Agent

The Placing Agent is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activity under the SFO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Placees

The Placing Shares are expected to be placed, on a best effort basis, to not less than six (6) Placees, who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a Substantial Shareholder.

Placing Shares

The maximum number of the Placing Shares represents (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion).

The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$6,901,167.

Placing Price

The Placing Price of HK\$1.97 per Placing Share represents:

- (i) a discount of approximately 18.9% to the closing price of HK\$2.43 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 19.6% to the average closing price of approximately HK\$2.45 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent market price of the Shares and the prevailing market conditions. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid up, will rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing commission

The Placing Agent will charge the Company a placing commission of 2.0% of the aggregate Placing Price (being HK\$1.97) of the Placing Shares (being the maximum number of 34,505,837 Shares successfully placed by the Placing Agent). The Placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent by reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon the listing of and permission to deal in all the Placing Shares being granted (subject only to allotment) by the Listing Committee of the Stock Exchange and dealings of the Placing Shares being allowed by the Stock Exchange (and such listing and permission not subsequently being revoked).

If the above condition is not fulfilled by 10 July 2023 (or such later date as the Company and the Placing Agent may agree in writing), the Placing will be terminated and the Placing will not proceed and all rights, obligations and liabilities of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and the Placing Agent shall be released from all obligations pursuant to the Placing Agreement and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach.

Completion

The Completion shall take place at 4:00 p.m. on the Completion Date (or such other date as may be agreed between the Company and the Placing Agent in writing).

Termination

Pursuant to the Placing Agreement, the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement as mentioned above, all liabilities of the parties thereto thereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

APPLICATION FOR LISTING

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

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued under the General Mandate. The General Mandate was granted to the Directors at the AGM whereby the Directors were authorised to allot, issue and deal with up to 34,505,837 Shares, representing 20% of the then number of Shares in issue of the Company as at the date of the AGM.

Up to the date of this announcement, no Shares have been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Placing Shares and the issue of the Placing Shares is not subject to the approval of the Shareholders.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

(i) Information of the Group

The Group is principally engaged in (i) provision of electronic manufacturing services (“EMS”); (ii) marketing and distribution of communication products; (iii) real estate supply chain services, (iv) assisted reproduction medical technology business; and (v) the securities and other assets investment. The Group’s products under the EMS business and the business segment of marketing and distribution of communication products (collectively, the “**EMS and Distribution Business**”) include but not limited to corded and cordless residential telephones, vacuum cleaner, printed circuit board of renewable energy charging solutions for electric vehicles and beauty care equipment.

(ii) Intended use of proceeds

Assuming all 34,505,837 Placing Shares are subscribed for in full, upon the Completion, the aggregate gross proceeds from the Placing will be approximately HK\$68.0 million and the aggregate net proceeds from the Placing will be approximately HK\$66.4 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.93 per Placing Share.

The Company intends to use the entire net proceeds arising from the Placing as to: (i) approximately HK\$37.8 million for the development of renewable energy charging solutions specialized for electric vehicles; and (ii) approximately HK\$28.6 million as working capital of the Group.

(iii) Reasons for and benefits of the Placing

As disclosed in the annual report (the “**Annual Report 2022**”) of the Company for the year ended 31 December 2022 (the “**Year**”), the Group’s revenue and net loss for the Year amounted to approximately HK\$529.3 million and HK\$52.0 million. The Group’s revenue decreased by approximately 21.6% and the Group’s net loss increased by approximately 10.3% as compared with that of the year ended 31 December 2021 (the “**Previous Year**”), due to a significant decrease in sales in major European markets. Based on the Annual Report 2022, the Group’s revenue was principally generated from European countries, United States of America and the PRC. In particular, the revenue from the major European countries, including but not limited to Switzerland, France, Belgium and Russia, accounted for approximately 43.1% and 51.6% of the total revenue of the Group in 2022 and 2021 respectively.

In view of the acceleration of the Russia-Ukraine tensions and the Russian invasion of Ukraine in February 2022 (the “**War Crisis**”), the Group’s revenue of the EMS and Distribution Business segment generated from the European countries has decreased significantly by approximately HK\$120.5 million or 34.6% for the Year as compared to the Previous Year. The War Crisis and ongoing COVID-19 development also caused logistic breakdown in worldwide triggering the rise of raw material’s cost of the EMS and Distribution Business segment which resulted in a decrease of the gross profit margin of the Group for the Year.

To address the challenges brought by unpredictable impact of the War Crisis and economic uncertainties, the management of the Group continues to strive for business growth through diversification of revenue streams and expansion of product portfolio of the EMS and Distribution Business. The Directors intend to utilize approximately HK\$37.8 million in aggregate for the development of renewable energy charging solutions specialized for electric vehicles (the “**EV Charging Solution**”), of which (i) approximately HK\$34.0 million will be utilized for acquisition of materials and equipment; and (ii) approximately HK\$3.8 million will be utilized for the installation of the EV Charging Solution. The Directors are of the view that the EV Charging Solution will complement the existing product offerings of the EMS and Distribution Business for better alignment with the diverse demand in the market for electronic products. Accordingly, the Director intend to utilize the remaining balance of the net proceeds of approximately HK\$28.6 million as working capital of the Group.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below is the summary of equity fund raising activity of the Company during the past twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
13 September 2022 and 6 February 2023	Subscription of new Shares under specific mandate	HK\$95.5 million	Approximately (i) HK\$14.0 million for the repayment of borrowings; (ii) HK\$19.5 million for the expansion of product portfolio of the EMS and Distribution Businesses; (iii) HK\$21.0 million for upgrading the equipment of the EMS and Distribution Businesses; and (iv) HK\$41.0 million as general working capital of the Group.	Approximately (i) HK\$9.5 million was used for the repayment of borrowings and the remaining proceeds will be fully used as intended by 30 September 2023; (ii) HK\$11.3 million was utilised for the expansion of product portfolio of the EMS and Distribution Businesses and the remaining proceeds will be fully used as intended by 31 December 2023; (iii) none of the proceeds was utilised for upgrading the equipment of the EMS and Distribution Businesses as at the date of this announcement and such proceeds will be fully utilised as intended by 30 September 2024; and (iv) HK\$41.0 million was fully utilised as general working capital of the Group.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming all the Placing Shares are issued and allotted, and there is no other change in the issued share capital of the Company from the date of this announcement and up to the Completion):

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	%	Number of Shares	%
China New Retail Holding Group Limited (Note 1)	51,760,000	30.0%	51,760,000	25.0%
The Placees	—	—	34,505,837	16.7%
Other public Shareholders	<u>120,769,185</u>	<u>70.0%</u>	<u>120,769,185</u>	<u>58.3%</u>
Total	<u>172,529,185</u>	<u>100.0%</u>	<u>207,035,022</u>	<u>100.0%</u>

Notes:

- (1) China New Retail Holding Group Limited, which is a company incorporated in Hong Kong with limited liability, is wholly-owned by Mr. Xiao Tan.
- (2) It is a term of the Placing Agreement that none of the Placees to be procured by the Placing Agent will, immediately upon the allotment and issue of the Placing Shares, become a Substantial Shareholder.
- (3) Certain percentage figures included in the above table have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

WARNINGS

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

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 8 June 2023 at which, among other things, a resolution relating to the grant of the General Mandate was duly passed by the Shareholders
“Board”	the board of Directors
“Business Day(s)”	any day (not being Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Link-Asia International MedTech Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1143)
“Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	date of completion of the Placing which shall take place within five (5) Business Days following the day on which the condition of the Placing as set out in the Placing Agreement is satisfied (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)

“Last Trading Day”	19 June 2023, being the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional or institutional investor(s) independent of the Company, the directors, substantial shareholders and chief executive (as those terms defined in the Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 34,505,837 Placing Shares by the Placing Agent, on a best effort basis, pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Koala Securities Limited, a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 19 June 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.97 per Placing Share
“Placing Shares”	up to 34,505,837 new Shares to be allotted and issued under the Placing
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Substantial Shareholder(s)” has the meaning as ascribed to it under the Listing Rules
“%” per cent.

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

Hong Kong, 19 June 2023

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