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MINDTELL TECHNOLOGY LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8611)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 28 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, a maximum of 78,000,000 Placing Shares at the Placing Price of HK\$0.117 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties.

Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 78,000,000 Placing Shares represent (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.117 represents (i) a discount of approximately 19.31% to the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 16.90% to the average closing price per Share of approximately HK\$0.1408 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming the maximum 78,000,000 Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses) are estimated to be approximately HK\$9.13 million and HK\$8.92 million respectively. The Company intends to apply the net proceeds from the Placing as general working capital of the Group.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date 28 June 2023

Parties

Issuer: The Company

Placing Agent: Wealth Link Securities Limited

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 is an Independent Third Party of the Company.

The Placing Agent has conditionally agreed with the Company to place a maximum of 78,000,000 Placing Shares on a best effort basis to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. The Placees shall be individual, institutional or professional investors. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Placing Shares

As at the date of this announcement, the Company has 390,000,000 Shares in issue. Assuming there will be no change in the maximum number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 78,000,000 Placing Shares represent (i) approximately 20.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares is HK\$780,000.

Placing Price

The Placing Price of HK\$0.117 represents

- (i) a discount of approximately 19.31% to the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) (ii) a discount of approximately 16.90% to the average closing price per Share of approximately HK\$0.1408 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 27 April 2023. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorized to allot and issue is 78,000,000 new Shares. Up to the date of this announcement, no Share has been issued under the General Mandate and the General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the Placing is not subject to any Shareholders' approval. The General Mandate will be utilised as to 100.00% upon the allotment and issue of all the Placing Shares.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Commission

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 2% of the aggregate consideration received by the Company from the subscription of the Placing Shares payable to the Placing Agent, which amount the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company under the Placing Agreement. The placing commission in respect of the Placing was negotiated on an arm's length basis between the Company and the Placing Agent and was determined with reference to the prevailing market rates charged by other placing agents.

Conditions of the Placing

Completion of the Placing shall be conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares; and
- (ii) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the Placing Agreement and the transactions contemplated thereunder.

If any of the conditions precedent above is not fulfilled at or before 5:00 p.m. (Hong Kong time) on or before the Long Stop Date (or such later time or date as may be agreed between the Placing Agent and the Company in writing), the Placing will terminate automatically, and all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation thereto.

Application for listing

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

Completion of the Placing

Completion of the Placing is expected to take place on the Completion Date.

Termination

If at any time prior to 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent that the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (ii) any of the following events:
 - (a) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in Hong Kong which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Group as a whole; or
 - (b) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong or Cayman Islands or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or

- (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement pursuant to the above, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is an IT service provider based in Malaysia and principally engaged in the design, procurement, installation and maintenance of customised systems application for corporate customers.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$9.13 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$8.92 million. On such basis, the net issue price will be approximately HK\$0.114 per Placing Share. The Company intends to apply the net proceeds from the Placing as general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms following arm's length negotiations between the Company and the Placing Agent and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not carried out any fund-raising activities during the 12 months immediately preceding the date of this announcement.

EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming that there is no change in the issued share capital of the Company between the date of this announcement and the Completion are set out as follows:

Controlling Shareholder(s), Substantial Shareholder(s) and Directors	As at the date of this announcement		Immediately after completion of the Placing assuming the Placing Shares are fully subscribed	
	<i>Number of Shares</i>	<i>Approx. % of Shareholding</i>	<i>Number of Shares</i>	<i>Approx. % of Shareholding</i>
Delicate Edge Limited (<i>Note</i>)	196,560,000	50.40%	196,560,000	42.00%
King Nordic Limited (<i>Note</i>)	196,560,000	50.40%	196,560,000	42.00%
Mr. Liu Yan Chee James	57,720,000	14.80%	57,720,000	12.33%
Mr. Lam Pang	38,220,000	9.80%	38,220,000	8.17%
The Placees	–	–	78,000,000	16.67%
Other Public Shareholders	<u>97,500,000</u>	<u>25.00%</u>	<u>97,500,000</u>	<u>20.83%</u>
Total	<u><u>390,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>468,000,000</u></u>	<u><u>100.00%</u></u>

Notes:

Delicate Edge Limited is wholly and beneficially owned by Mr. Chong Yee Ping whereas King Nordic Limited is wholly and beneficially owned by Mr. Siah Jiin Shyang. Each of Delicate Edge Limited and King Nordic Limited holds 98,280,000 Shares, representing 25.2% of the total issued share capital of the Company.

Mr. Chong Yee Ping and Mr. Siah Jiin Shyang are parties acting in concert (having the meaning ascribed to it under the Takeovers Code) as confirmed by them in writing. As such, each of Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, Delicate Edge Limited and King Nordic Limited is deemed to be interested in 196,560,000 Shares held by Delicate Edge Limited and King Nordic Limited in aggregate under the SFO.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong

“Company”	Mindtell Technology Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8611)
“Completion Date”	the day falling on the third Business Day after fulfilment of all conditions precedent or such other date as agreed in writing by the Company and the Placing Agent in respect of the Placing under the Placing Agreement
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting (the “AGM”) of the Company on 27 April 2023 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Group, its connected persons and their respective associates and not acting in concert with any substantial shareholder (as defined under the GEM Listing Rules) of the Company within the meaning of The Codes on Takeovers and Mergers and Share Buybacks issued by the Securities and Futures Commission of Hong Kong
“Listing Committee”	The Listing Committee of the Stock Exchange
“Long Stop Date”	18 July 2023 (or such other dates as the Company and the Placing Agent may agree in writing)

“Placee(s)”	any person or entity, who is professional, institutional or other investors, procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 78,000,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Wealth Link Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of Securities and Futures Ordinance) to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in Hong Kong
“Placing Agreement”	the placing agreement dated 28 June 2023 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.117 per Placing Share
“Placing Share(s)”	a total of up to 78,000,000 new Shares to be placed pursuant to the Placing Agreement and to be allotted and issued under the General Mandate, and each a “Placing Share”
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

On behalf of the Board
Mindtell Technology Limited
Chong Yee Ping
Chairman

Hong Kong, 28 June 2023

As at the date of this announcement, the executive Director is Mr. Chong Yee Ping; the non-executive Directors are Mr. Siah Jiin Shyang and Mr. Lam Pang; and the independent non-executive Directors are Dato’ Yeong Kok Hee and Mr. Siew Kin Meng.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least seven days after the date of publication and on the website of the Company at www.mindtelltech.com.