賽伯樂國際控股

CYBERNAUT INTERNATIONAL HOLDINGS COMPANY LIMITED

賽伯樂國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 100% OF THE ISSUED SHARES IN THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcement of the Company dated 9 February 2025 (the "**Acquisition Announcement**") in relation to (among other things) the Acquisition. Capitalised terms defined in the Acquisition Announcement shall have the same meanings when referred to in this announcement, except for (i) the term "Management Services Agreement" which is hereby amended to mean "Exclusive Consultancy and Services Agreement"; (ii) the term "Irrevocable Option Agreement" which is hereby amended to mean "Exclusive Call Option Agreement"; and (iii) the term "Undertaking Letters" which is hereby amended to mean "Shareholders' Rights Entrustment Agreement", for clarity.

SUPPLEMENTAL INFORMATION ON THE VIE AGREEMENTS

Background and reasons for use of the VIE Agreements

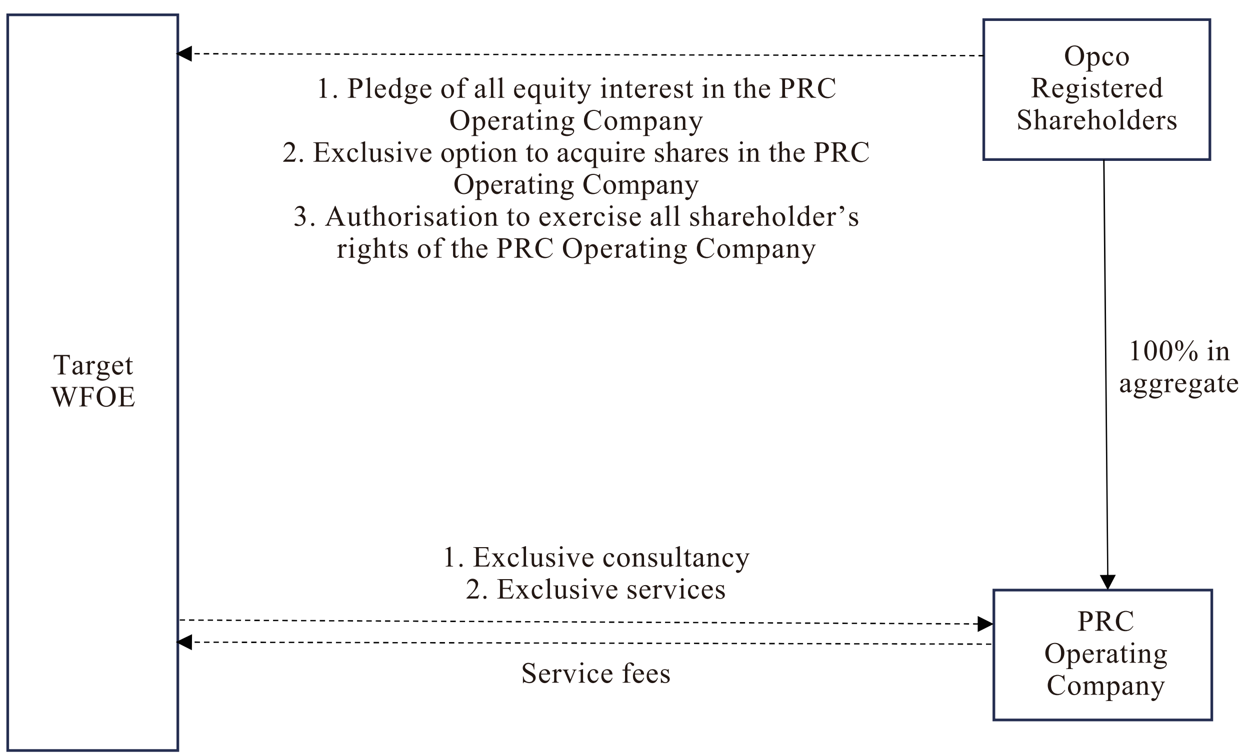
The Group is principally engaged in eCommerce, money lending and internet education services.

The PRC Operating Company is a limited company established in the PRC, holds the Licence and principally operates through its website the Business which covers (i) patent agency services covered by the Licence; (ii) trademark and copyright agency services, including trademark and/or copyright application preparation, filing, IP management and maintenance; and (iii) other IP related services.

The Manual on Management of Patent Agents* (專利代理管理辦法) (the "**Patent Agents Manual**") promulgated by the State Administration for Market Regulation (國家市場監督管理總局) restricts ownership of equity interest in limited liability companies engaged in patent agency services to natural persons who are citizens of the PRC only; further, each such limited liability company must have at least five (5) individual shareholders, with no less than four-fifth (4/5) of them, as well as the company's legal representative, must hold individual patent agent qualification certificates (專利代理師資格證) with at least two (2) years' experience in practising as a patent agent. In light of the aforesaid ownership restriction, in order to comply with applicable PRC laws and regulations and obtain the entire economic benefits attributable to the PRC Operating Company, the Target WFOE and the OPCO Registered Shareholders entered into the VIE Agreements pursuant to which the Target WFOE shall have effective control over the finance and operation of the PRC Operating Company and enjoys the entire economic interests and benefits generated by the PRC Operating Company.

The VIE Agreements

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Company to the Target WFOE stipulated under the VIE Agreements:



A summary of the key terms of the VIE Agreements already entered into by and among the Target WFOE, the PRC Operating Company and the Opco Registered Shareholders is set out below:

(1) Exclusive Consultancy and Services Agreement

Parties: (1) Target WFOE

(2) PRC Operating Company

Date: 7 February 2025

Subject Matter:	The PRC Operating Company engages the Target WFOE as the exclusive consultancy and services provider to provide the PRC Operating Company with consultancy and other services relating to the PRC Operating Company's business and operations, including without limitation provision of software, comprehensive information technology (IT) solutions, management and maintenance of hardware and database, development and renewal of software applications, training for technical staff, market data gathering and analysis, introduction of potential customers, consultancy on corporate and internal management structure, and other technical support and consultancy services as the PRC Operating Company may require from time to time (collectively the "**Services**"). During the term of the Exclusive Consultancy and Services Agreement, without the prior written consent of the Target WFOE, the PRC Operating Company is not allowed to engage or cooperate with any third party for the provision of the Services. The Target WFOE has the right to designate a third party to provide the Services to the PRC Operating Company.
Consideration:	The PRC Operating Company shall pay to the Target WFOE a service fee which is equal to 100% of its net income after tax on an annual basis (the "**Service Fee**"). During the term of the Exclusive Consultancy and Services Agreement, the Target WFOE has the right to adjust the Service Fee without the consent of the PRC Operating Company. The Service Fee was determined by the parties to ensure that the Target WFOE will enjoy the economic benefits of the VIE Agreements.
Term:	The Exclusive Consultancy and Services Agreement remains in effect until the Target WFOE acquires (or becomes entitled under PRC law to acquire) ownership in the entire equity interest or all assets of the PRC Operating Company, or the Target WFOE unilaterally terminates the Exclusive Consultancy and Services Agreement, or the Exclusive Consultancy and Services Agreement must be terminated under PRC law.

(2) Exclusive Call Option Agreement

Parties:	(1) Opco Registered Shareholders, namely Zhang Fangfang* (張芳芳 (the registered owner of 99.6% equity interest in the registered capital of the PRC Operating Company), Xie Ling* (謝玲), Liu Jingrong* (劉靜榮), Han Guoqiang* (韓國強) and Li Bin* (李斌) (each the registered owner of 0.1% equity interest in the registered capital of the PRC Operating Company), each a natural person who is a PRC citizen

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Opco Registered Shareholders are third parties independent of the Company and its Connected Persons.

To the best information, knowledge and belief of the Directors, 張芳芳 will be the substantial shareholder of a subsidiary (i.e. the PRC Operating Company) of the Company, and therefore will become a Connected Person at subsidiary level upon Completion. Save as aforesaid and as to the respective positions and shareholding currently held by the Opco Registered Shareholders in the PRC Operating Company, no other Opco Registered Shareholders currently holds or is expected to hold any position or shareholding in the Company or any of its subsidiaries. Therefore, the Board considers no other Opco Registered Shareholders are expected to become Connected Persons of the Company.

(2) Target WFOE

(3) PRC Operating Company

Date: 7 February 2025

Subject Matter: The Opco Registered Shareholders irrevocably grant to the Target WFOE an exclusive option, at any time and from time to time, to purchase the entire equity interest in the PRC Operating Company held by the Opco Registered Shareholders through a single or a series of transaction(s), subject to compliance with applicable PRC laws and regulations. The Opco Registered Shareholders are prohibited from granting any such option to any person other than the Target WFOE.

The PRC Operating Company irrevocably grants to the Target WFOE an exclusive option, at any time and from time to time, to purchase all or any part of the assets respectively held by the PRC Operating Company or any of its subsidiaries (if any) through a single or a series of transaction(s), subject to compliance with applicable PRC laws and regulations. The PRC Operating Company is prohibited from granting any such option to any person other than the Target WFOE.

The Opco Registered Shareholders and the PRC Operating Company undertake that, among other things, they shall not without the prior written consent of the Target WFOE:

(i) sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in the equity interest in the PRC Operating Company, or allow the encumbrance thereon of any security interest;

(ii) in any manner supplement, alter or revise the articles of association of the PRC Operating Company, increase or decrease its registered capital, or alter the structure of its registered capital in other manners;

(iii) sell, transfer, mortgage or dispose of in any other manner any assets of the PRC Operating Company or any of its subsidiaries (if any);

(iv) appoint or remove any director of the PRC Operating Company, supervisor or any other officer nominated by the Target WFOE; or

(v) in any manner declare or distribute dividends to the shareholder(s) of the PRC Operating Company; or

(vi) perform any action or inaction would may have an adverse effect on the continued existence of the PRC Operating Company or result in the discontinuation or liquidation of the PRC Operating Company.

Consideration: The consideration for the purchase of the equity interest in the PRC Operating Company shall be a minimum purchase price as permitted by the prevailing PRC laws. Each of the Opco Registered Shareholders and the PRC Operating Company undertakes to return the full amount of consideration received by them to the Target WFOE.

The purchase price was determined by the parties to ensure that the Target WFOE will enjoy the economic benefits of the VIE Agreements.

Term: The Exclusive Call Option Agreement remains in effect until the Target WFOE acquires (or becomes entitled under PRC law to acquire) ownership in the entire equity interest or all assets of the PRC Operating Company, or the Target WFOE unilaterally terminates the Exclusive Call Option Agreement, or the Exclusive Call Option Agreement must be terminated under PRC law.

(3) Equity Pledge Agreement

Parties: (1) Opco Registered Shareholders

(2) Target WFOE

(3) PRC Operating Company

Date: 7 February 2025

Subject Matter: The Opco Registered Shareholders agree to pledge to the Target WFOE, and the Target WFOE has a first priority pledge on, all of the equity interests (including the existing and any subsequently acquired registered capital in the PRC Operating Company and the relevant equity interests) in the PRC Operating Company held by the Opco Registered Shareholders (the "**Pledge**") as security against any liability of any Opco Registered Shareholder, the PRC Operating Company or any of its subsidiaries (if any) arising from any breach of its obligations, or any representation, warranties or undertaking made being untrue or misleading in any material respect, under the Exclusive Consultancy and Services Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement and/or the Shareholders' Rights Entrustment Agreement (defined below) (each a "**Default Event**").

During the term of the Pledge, the Target WFOE is entitled to any dividend or other distributable interest generated by the pledged equity interests.

During the term of the Pledge, the Opco Registered Shareholders shall procure persons nominated by the Target WFOE be and remain appointed as the director, chairman of the board or executive director (as appropriate), legal representative and supervisor of the PRC Operating Company and each of its subsidiaries (if any), and all the company seals and chops, book and records of the PRC Operating Company and each of its subsidiaries (if any) shall be retained by the Target WFOE.

Pursuant to the Equity Pledge Agreement, the Opco Registered Shareholders undertake to the Target WFOE not to transfer or agree others to transfer all or any part of the Opco Registered Shareholders' equity interests in the PRC Operating Company or create or allow the encumbrance thereon of any pledged equity interests without the Target WFOE's prior written consent.

Term: The Pledge shall become effective on the date when the Pledge is duly registered with the relevant Administration for Industry and Commerce (the "**Register Administration**").

The Opco Registered Shareholders shall:

(i) within 30 business days of the execution of the Equity Pledge Agreement, apply for registration of the Pledge with the Register Administration; and

(ii) within 60 business days of the execution of the Equity Pledge Agreement, deliver to the Target WFOE documentary evidence of completion of all registration procedures.

During the term of the Pledge, if Default Event occurs, the Target WFOE is entitled but not obliged to dispose of the Pledge in accordance with the terms of the Equity Pledge Agreement.

The Equity Pledge Agreement remains in effect until the Target WFOE acquires (or becomes entitled under PRC law to acquire) ownership in the entire equity interest or all assets of the PRC Operating Company, or the Target WFOE unilaterally terminates the Equity Pledge Agreement, or the Equity Pledge Agreement must be terminated under PRC law.

(4) Shareholders' Rights Entrustment Agreement

Parties:

(1) Opco Registered Shareholders

(2) Target WFOE

(3) PRC Operating Company

Date: 7 February 2025

Subject Matter: The Opco Registered Shareholders irrevocably agree to entrust to the Target WFOE and/or its nominees (including the directors and their respective successors, and any liquidators replacing them, but excluding the Opco Registered Shareholders and any person who has a conflict of interest with the Target WFOE) their voting rights as shareholders in the PRC Operating Company, including without limitation:

(i) as the agent of the Opco Registered Shareholders, to convene and attend the shareholders' meetings of the PRC Operating Company in accordance with its articles of association;

(ii) to exercise all voting rights on behalf of the Opco Registered Shareholders on all matters and resolutions discussed or resolved, or to be discussed or resolved, in shareholders' meetings of the PRC Operating Company;

(iii) to make and sign, and submit to relevant governmental authorities (including registration authorities) shareholder's resolutions and minutes of shareholders' meetings of the PRC Operating Company on behalf of the Opco Registered Shareholders; and

(iv) to exercise all shareholder's rights the Opco Registered Shareholders are entitled to under the PRC laws and the articles of association of the PRC Operating Company.

After execution of the Voting Rights Entrustment Agreement, each of the Opco Registered Shareholders shall also execute power(s) of attorney in favour of the Target WFOE to give effect to the entrustment to Target WFOE and the Company's directors (including the directors and successors, and any liquidators replacing them, but excluding the Opco Registered Shareholders and any person who has a conflict of interest with the Target WFOE) of the shareholder's rights over the PRC Operating Company.

Term: The Voting Rights Entrustment Agreement remains in effect until the Target WFOE acquires (or becomes entitled under PRC law to acquire) ownership in the entire equity interest or all assets of the PRC Operating Company, or the Target WFOE unilaterally terminates the Voting Rights Entrustment Agreement, or the Voting Rights Entrustment Agreement must be terminated under PRC law.

A summary of the key terms of the Powers of Attorney, being one of the VIE Agreements which will be executed and delivered by each Opco Registered Shareholder in favour of the Target WFOE at Completion is set out below:

(5) Powers of Attorney

Parties:

(1) Each Opco Registered Shareholder separately

(2) Target WFOE

Date: To be executed and delivered by each Opco Registered Shareholder in favour of the Target WFOE at Completion

Subject Matter: Each Opco Registered Shareholder irrevocably appoints the Company, the Target WFOE, and their respective nominees (including the Directors and their respective successors, and any liquidators replacing them, but excluding the Opco Registered Shareholders and any person who has a conflict of interest with the Company) as their exclusive attorney and authorised person to exercise all of his/her rights as a shareholder of the PRC Operating Company, including without limitation:

(i) as the agent of the Opco Registered Shareholders, to convene and attend the shareholders' meetings of the PRC Operating Company in accordance with its articles of association;

(ii) to exercise all voting rights on behalf of the Opco Registered Shareholders on all matters and resolutions discussed or resolved, or to be discussed or resolved, in shareholders' meetings of the PRC Operating Company;

(iii) to make and sign, and submit to relevant governmental authorities (including registration authorities) shareholder's resolutions and minutes of shareholders' meetings of the PRC Operating Company on behalf of the Opco Registered Shareholders; and

(iv) to exercise all shareholder's rights the Opco Registered Shareholders are entitled to under the PRC laws and the articles of association of the PRC Operating Company.

Term: Each Power of Attorney remains in effect until the date of termination of the Voting Rights Entrustment Agreement.

DISPUTE RESOLUTION, LIQUIDATION AND SUCCESSION UNDER THE VIE AGREEMENTS

Dispute resolution

The VIE Agreements are governed by and construed in accordance with the PRC laws. Each of the VIE Agreements contains a dispute resolution clause to the effect that, amongst others, any dispute arising from the VIE Agreements between the parties should first be resolved through negotiation. In the event that the dispute cannot be resolved within 30 days through negotiation, any party may submit the said dispute to China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) for arbitration in accordance with the then prevailing arbitration rules. The arbitration shall be conducted in Beijing and the language used in the arbitration shall be Chinese. The decision of the arbitration shall be final, conclusive and binding on the parties. Further, the arbitrators may award remedies over the shares and/or assets (including but not limited to land and properties) of the PRC Operating Company, injunctive reliefs (such as for the conduct of business and mandatory transfer of equity interest or assets) or order the winding up of the PRC Operating Company. The courts of competent jurisdictions (i.e. the courts in the PRC, Hong Kong, the Cayman Islands and locations where the principal assets of the parties are located) are empowered to grant interim remedies pending the formation of an arbitral tribunal or under appropriate circumstances.

Liquidation

Pursuant to the Exclusive Call Option Agreement, in the event of dissolution or liquidation of the PRC Operating Company pursuant to the applicable PRC laws, the Opco Registered Shareholders shall sell all of the PRC Operating Company's assets (after payment of liquidation expenses, employees' salaries, social security and statutory compensation payments, any outstanding tax, and any debt owed to the Target WFOE) to the Target WFOE at the lowest price permitted by applicable PRC laws. The Opco Registered Shareholders shall, to the extent permitted by the then prevailing PRC laws, pay any proceeds from such transaction to the Target WFOE.

All equity interests owned by the Opco Registered Shareholders in the PRC Operating Company are also pledged to the Target WFOE under the Equity Pledge Agreement to secure, among other things, the performance of obligations of the PRC Operating Company under the Exclusive Business Cooperation Agreement, Exclusive Call Option Agreement and the Powers of Attorney, and in case of any breach of such obligations, the Target WFOE is entitled to enforce the Pledge under the Equity Pledge Agreement. Accordingly, in the event of a dissolution or liquidation of the PRC Operating Company, a liquidator may seize and deal with the assets of the PRC Operating Company according to the order granted by arbitral tribunal or court of competent jurisdictions for the benefit of the Target WFOE's shareholders and creditors.

Succession

As advised by the PRC Legal Adviser, the VIE Agreements are also binding on the successors or permitted assignees of the Opco Registered Shareholders and/or the PRC Operating Company, as if such successors or permitted assignees were signing parties to the VIE Agreements. Under the succession law of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by the successors would be deemed to be a breach of the VIE Agreements. As confirmed by the PRC Legal Adviser, the death, bankruptcy, dissolution or liquidation of the Opco Registered Shareholders and/or their respective successors or permitted assignees shall not affect the implementation of the VIE Agreements.

ARRANGEMENT TO ADDRESS POTENTIAL CONFLICT OF INTERESTS

Under the Powers of Attorney, the Opco Registered Shareholders undertake that they shall not use the information obtained from the PRC Operating Company to act with an intent or purpose to breach the Powers of Attorney or take or omit to take any action which may lead to a conflict of interest between the Target WFOE and the PRC Operating Company. If there is any conflict of interest, the Opco Registered Shareholders shall support the legitimate interests of the Target WFOE and act in accordance with any reasonable request of the Target WFOE.

COMPLIANCE OF VIE AGREEMENTS WITH PRC LAWS, RULES AND REGULATIONS

As advised by the PRC Legal Adviser, the VIE Agreements do not violate any PRC laws, rules and regulations applicable to the business of the PRC Operating Company and the Target WFOE and would not be deemed as "concealing illegal intentions with a lawful form" and void under the Contract Law of the PRC (中華人民共和國合同法).

The VIE Agreements are valid, legally binding on and enforceable against the parties thereto in accordance with their respective terms and provisions under the PRC laws upon execution or (in respect of the Equity Pledge Agreement) upon registration except the risks as set out in the paragraph headed "Certain terms of the VIE Agreements may not be enforceable under PRC laws" below.

As advised by the PRC Legal Adviser, while the Equity Pledge Agreement has to be registered with the relevant Register Administration before it becomes enforceable, given that unanimous consent of the Opco Registered Shareholders has been obtained towards the Equity Pledge Agreement, there should be no material legal impediment in completing the registration procedures of the Equity Pledge Agreement.

INTERNAL CONTROL MEASURES

The VIE Agreements contain certain provisions in order to exercise effective control over and to safeguard the assets of the PRC Operating Company, including without limitation the transfer restriction over the equity interests in the PRC Operating Company subject to prior written consent of the Target WFOE and restriction over the declaration and distribution of dividend by the PRC Operating Company. Besides, the Target WFOE is entitled to exercise the rights of the Opco Registered Shareholders as shareholders of the PRC Operating Company to nominate and appoint the PRC Operating Company's directors, legal representative, supervisors and other senior management under the Powers of Attorney.

In addition to the abovementioned internal control measures as provided in the VIE Agreements, it is the current intention of the Company, through the Target WFOE, to implement additional internal control measures against the PRC Operating Company as appropriate, which may include but not limited to the following:

Management controls

- the Company will appoint two representatives comprising executive Directors and/or senior management of the Company ("**Board Representatives**") to the board of directors of the PRC Operating Company. The Board Representatives are primarily responsible for enforcing all the management controls of the PRC Operating Company and are required to review the management review report which contains the financial information of the PRC Operating Company submitted by the senior management of the PRC Operating Company on a monthly basis;

- the Board Representatives shall conduct site visits to the PRC Operating Company and conduct interviews with the senior management of the PRC Operating Company from time to time;

- the chief executive officer of the PRC Operating Company shall report to the Board Representatives the business operations of the PRC Operating Company on a quarterly basis; and

- all seals, chops, incorporation documents and other legal documents of the PRC Operating Company shall, to the extent permitted by the PRC laws, be kept at the office of the Target WFOE.

Financial controls

- the financial controller of the PRC Operating Company shall be nominated by the Company. The finance team of the Company shall collect monthly management accounts, bank statements and cash balances and major operational data of the PRC Operating Company for review after the end of each month. The finance team shall seek explanation on any material fluctuations of the collected items from the senior management of the PRC Operating Company. Upon discovery of any suspicious matters, the finance team must report to the Board;

- if the payment of the Service Fee by the PRC Operating Company to the Target WFOE is delayed, the CFO must meet with the Opco Registered Shareholders to investigate, and should report any suspicious matters to the Board;

- the PRC Operating Company shall submit copies of its latest bank statements for every bank accounts after the end of each month; and

- the PRC Operating Company shall assist and facilitate the Group or the Target WFOE to conduct all on-site internal audit on the PRC Operating Company if so required by the Company.

Legal review

- the Board Representatives shall consult with the PRC Legal Adviser from time to time to check if there are any legal developments in the PRC affecting the arrangements contemplated under the VIE Agreements, and should report to the Board immediately to enable the Board to determine if any amendment or modification is required to be made.

BOARD'S VIEW ON THE VIE AGREEMENTS

By entering into the VIE Agreements, the Target WFOE will enjoy the entire economic interests and benefits generated by the PRC Operating Company, since:

(i) the amount of annual service fee payable by the PRC Operating Company to Target WFOE under the Exclusive Consultancy and Services Agreement shall be determined at the sole discretion of Target WFOE having taken into account, among others, the actual services and the commercial value of the services provided by Target WFOE and the financial results of the PRC Operating Company;

(ii) in practice, following the entering into of the VIE Agreements, Target WFOE will be responsible for the overall business operation, thus the financial performance, of the PRC Operating Company, therefore, the net profits of the PRC Operating Company shall translate to the commercial value of the services provided by Target WFOE;

(iii) in the event that any profits are reserved for distribution, (a) under the Equity Pledge Agreement, Target WFOE shall be entitled to the distribution generated by the pledged equity interests in the PRC Operating Company; and (b) under the Exclusive Call Option Agreement, the Opco Registered Shareholders and the PRC Operating Company have jointly and severally undertaken to Target WFOE that without the prior written consent of Target WFOE, they shall not distribute dividends of any kind; and

(iv) pursuant to the Power of Attorney, each of the Opco Registered Shareholders has unconditionally and irrevocably authorised Target WFOE to exercise all of their rights as shareholders of the PRC Operating Company, including but not limited to exercising full rights to control and manage the finance, accounting and daily operation of the PRC Operating Company.

Based on the above, the Board is of the view that the VIE Agreements, when viewed in totality, are specifically structured to achieve the PRC Operating Company's business purpose and to minimise the potential conflicts with and are enforceable under the relevant PRC laws and regulations. The Board considers that the VIE Agreements are an effective mechanism which enables the Target WFOE to gain control over the PRC Operating Company, and to be entitled to the economic interests and benefits of the PRC Operating Company. The Exclusive Call Option Agreement also provides that as soon as relevant PRC rules and regulations governing foreign investment in and/or local ownership of businesses engaged in patent agency services changed which allow the Target WFOE to register itself as the shareholder of the PRC Operating Company, the Target WFOE is entitled to exercise the option and terminate the VIE Agreements upon completion of the acquisition of the equity interest in the PRC Operating Company by the Target WFOE. The Directors further believe that save for disclosed in the sub-paragraph headed "Risk Factors in Relation to The VIE Agreements – Certain terms of the VIE Agreements may not be enforceable under PRC laws" in this announcement, the VIE Agreements are enforceable under the relevant PRC laws, and that the VIE Agreements will provide a mechanism that enables Target WFOE to exercise effective control over the PRC Operating Company based on the following reasons:

(i) The Directors have consulted with the PRC Legal Adviser in respect of the enforceability of the VIE Agreements, and the PRC Legal Adviser is of the view that the VIE Agreements do not violate any mandatory requirements under PRC laws and administrative regulations applicable to the business of the PRC Operating Company, would not be deemed void under the PRC Civil Rights Code (中華人民共和國民法典) and the PRC Contract Law (中華人民共和國合同法), and do not violate the provisions of the articles of associations (or partnership agreements) of the Target WFOE and the PRC Operating Company.

(ii) The Directors undertake that they shall consult the PRC legal advisers from time to time to check if there are any legal developments in the PRC affecting the Contractual Arrangement contemplated under the VIE Agreements, and shall, where necessary, immediately report to the Board and provide it with appropriate advice and recommendations to enable it to timely determine if any modification or amendment needs be made in compliance with the updated legal requirements.

The Board, based on the advice of the PRC Legal Adviser, consider that the use of VIE Agreements is in compliance with the relevant PRC laws and regulations currently in effect and are legally binding and enforceable. As a result of the Contractual Arrangement, the Enlarged Group is able to exert effective control over the PRC Operating Company as it has rights to exercise power over the PRC Operating Company (as entitled by its equity holders), receive variable returns from its arrangements with the PRC Operating Company, and has the ability to affect those returns through its power over the PRC Operating Company upon the completion of the Acquisition. Consequently, the Enlarged Group will treat the PRC Operating Company and/or any of its subsidiaries (if any) as controlled entities and consolidate the financial position and results of operations of these entities in the consolidated financial statements of the Group in accordance with HKFRS 10 – Consolidated Financial Statements upon the completion of the Acquisition. The Company has discussed with its auditors and confirmed the above assessment.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of the announcement, the Directors are not aware of any factors that has led or would lead to any interference or encumbrance from any governing bodies in the Group's operating the business of the Target Group through the Contractual Arrangement under the VIE Agreements.

RISK FACTORS IN RELATION TO THE VIE AGREEMENTS

The PRC government may determine that the VIE Agreements do not comply with the applicable laws and regulations

There can be no assurance that the VIE Agreements will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Agreements will be deemed to be in compliance with the PRC laws and regulations.

Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and/or the Patent Agents Manual and how it may impact the viability of the VIE Agreements, corporate governance and business operations of the Target Group

On 15 March 2019, the Standing Committee of National People's Congress promulgated the 2019 PRC Foreign Investment Law, which became effective on 1 January 2020. The 2019 PRC Foreign Investment Law replaces the trio of existing laws regulating foreign investment in China, namely, the Wholly Foreign-owned Enterprises Law, the Sino-foreign Equity Joint Ventures Law, and the Sino-foreign Cooperative Joint Ventures Law, together with their implementation rules and ancillary regulations, and embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, uncertainties still exist in relation to interpretation and implementation of the 2019 PRC Foreign Investment Law and any potential effect thereof on the interpretation and implementation of the Patent Agents Manual, especially in regard to, including, among other things, the nature of Contractual Arrangement. In case there would be material and adverse effect on the Target Group or the business of the PRC Operating Company arising from the 2019 PRC Foreign Investment Law and/or the interpretation and implementation of the Patent Agents Manual, the Company will timely announce (i) any updates or material changes to the 2019 PRC Foreign Investment Law and any potential effect thereof on the interpretation and implementation of the Patent Agents Manual; (ii) if any updates or material changes to the 2019 PRC Foreign Investment Law and/or the Patent Agents Manual are implemented, a clear description and analysis of the law, specific measures taken by the Company and/or the Target Group to be in compliance with the 2019 PRC Foreign Investment Law and/or the Patent Agents Manual with the support of a PRC legal opinion; and (iii) any material impact of the 2019 PRC Foreign Investment Law and/or the Patent Agents Manual on the Target Group's operations and financial position (if any).

The Contractual Arrangement has been adopted by many PRC-based companies to obtain necessary licenses and permits in the industries that are currently subject to ownership and/or foreign investment restrictions in the PRC. While neither the 2019 PRC Foreign Investment Law and its implementation regulations which took effect on 1 January 2020 nor the Patent Agents Manual has defined the Contractual Arrangement as a form of foreign investment explicitly, it cannot be guaranteed that future laws and regulations will not provide for the Contractual Arrangement as a form of foreign investment. Therefore, there can be no assurance that the Target Group's control over the PRC Operating Company through the Contractual Arrangement will not be deemed as a foreign investment under the PRC's laws governing foreign investment and/or ownership of businesses engaged in provision of patent agency services in the future.

In the event that any possible future laws, administrative regulations or provisions deem the Contractual Arrangement as a way of foreign investment under the PRC's laws governing foreign investment and/or foreign ownership of businesses engaged in provision of patent agency services, or if any of the PRC Operating Company's operations through the Contractual Arrangement is classified in the "restricted" or "prohibited" industry, the VIE Agreements may be deemed as invalid and illegal, and the Target Group may be required to unwind the Contractual Arrangement and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to the existing Contractual Arrangement, the Target Group may face substantial uncertainties as to whether it can complete such actions in a timely manner, or at all.

The PRC government may determine that the VIE Agreements do not comply with the applicable PRC law, or if these regulations or their interpretations change in the future, the Target Group may be subject to penalties or be forced to relinquish its interests in those operations.

There can be no assurance that the VIE Agreements will be deemed by the relevant PRC governmental or judicial authorities to be in compliance with the existing or future applicable PRC law, or the PRC relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Agreements will be deemed to be in compliance of the PRC law.

Due to legal restrictions on ownership in companies engaging in the business of patent agency practice, the Target Group will operate the PRC Operating Company through the Contractual Arrangement with the PRC Operating Company and/or the Opco Registered Shareholders. The Contractual Arrangement enable the Target WFOE to: (i) hold effective control over the PRC Operating Company; (ii) receive substantially all of the economic benefits of the PRC Operating Company; and (iii) have an exclusive option to purchase all or any part of the equity interests in the PRC Operating Company held by the Opco Registered Shareholders when and to the extent permitted by applicable PRC laws or require the Opco Registered Shareholders to transfer any or part of such equity interest in the PRC Operating Company directly or indirectly held by them to another PRC person or entity designated by the Target WFOE at any time of its discretion. Because of the Contractual Arrangement, the Target WFOE will be the primary beneficiary of the equity interest in the PRC Operating Company held by the Opco Registered Shareholders and consolidate the results of operations of the PRC Operating Company into the Target Group's. The PRC Operating Company hold the licenses, approvals and key assets that are essential to its business operations.

If the PRC government finds that the Contractual Arrangement do not comply with the existing or future restrictions on foreign investment, or if the PRC government otherwise finds that the Target WFOE or any of the PRC Operating Company are in violation of the existing or future PRC law or lack the necessary permits or licenses to operate its business, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, including, without limitation:

(a) revoking the PRC Operating Company's business and operating licenses;

(b) discontinuing or restricting the PRC Operating Company's operations;

(c) imposing fines or confiscating the PRC Operating Company's income that they deem to have been obtained through illegal operations;

(d) imposing conditions or requirements with which the PRC Operating Company may not be able to comply;

(e) requiring the PRC Operating Company to restructure the relevant ownership structure or operations;

(f) restricting the PRC Operating Company's financing activities to finance the business and operations of the PRC Operating Company; or

(g) taking other regulatory or enforcement actions that could be harmful to the PRC Operating Company's business.

The VIE Agreements may not be as effective as direct ownership in providing control over the PRC Operating Company

The Group will not have equity ownership interests in the PRC Operating Company and relies on the Contractual Arrangement under the VIE Agreements with the PRC Operating Company to operate the Business in the PRC. The VIE Agreements may not be as effective as direct ownership in providing the Group with control over the PRC Operating Company. For example, if the Target WFOE has direct ownership of the PRC Operating Company, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of the PRC Operating Company. However, under the VIE Agreements, the Group relies on the performance by the Opco Registered Shareholders of their obligations under the VIE Agreements to exercise control over the PRC Operating Company.

In addition, if the Opco Registered Shareholders or the PRC Operating Company fail to perform their respective obligations under the VIE Agreements or otherwise have disputes with the Group, the Group may have to initiate arbitration or other legal proceedings and rely on legal remedies under PRC laws which may be limited and involve significant uncertainty. There can be no assurance that the outcome will be in the Group's favour and it may adversely affect the Group's ability to control the PRC Operating Company.

The Opco Registered Shareholders may potentially have a conflict of interests with the Group

The Group's control over the PRC Operating Company is based on the Contractual Arrangement under the VIE Agreements with, among others, the Opco Registered Shareholder(s). Therefore, conflict of interests of the Opco Registered Shareholders will adversely affect the interests of the Company. Pursuant to the Powers of Attorney, the Opco Registered Shareholders will irrevocably appoint the Target WFOE as their exclusive agent and authorised person to exercise his/her/their rights as the shareholders of the PRC Operating Company. Therefore, it is unlikely that there will be potential conflict of interests between the Group and the Opco Registered Shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Group will consider removing and replacing the Opco Registered Shareholder(s) through procuring the Target WFOE to exercise its option under the Exclusive Call Option Agreement.

The VIE Agreements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group may face material adverse tax consequence if the PRC tax authorities determine that the arrangement under the VIE Agreements was not entered into on an arm's length basis. If the PRC tax authorities determine that the VIE Agreements were not entered into on an arm's length basis, they may adjust income and expenses of the Target WFOE and/or the PRC Operating Company for PRC tax purposes, which could result in higher tax liabilities on the Target WFOE and/or the PRC Operating Company.

The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of the Target WFOE or the PRC Operating Company increase significantly or if they are required to pay interest on late payments and other penalties.

Certain terms of the VIE Agreements may not be enforceable under PRC laws

The VIE Agreements are governed by the PRC laws and all disputes which cannot be resolved by negotiations will be submitted for arbitration, whose ruling will be final and binding. Accordingly, the VIE Agreements would be interpreted in accordance with the PRC laws and disputes would be resolved in accordance with PRC legal procedures. The uncertainties in the PRC legal system could limit the Group's ability to enforce the VIE Agreements. In the event that the Group is unable to enforce the VIE Agreements, or if the Group suffers significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert control over the PRC Operating Company.

The VIE Agreements provide that the arbitral tribunal of the PRC may award remedies over the equity interests or assets of the PRC Operating Company or injunctive relief (such as for the conduct of business and mandatory transfer of equity interest or assets) or order the winding up of the PRC Operating Company. The VIE Agreements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitral tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, the Cayman Islands, the PRC and the locations where the principal assets of the PRC Operating Company are located.

However, the PRC Legal Adviser is of the view that pursuant to the PRC laws, the arbitral tribunal may have no power to grant the aforementioned remedies or injunctive relief or to issue a provisional or final liquidation order. In addition, even though the VIE Agreements provide that overseas courts (e.g. courts in Hong Kong and the Cayman Islands) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that the PRC Operating Company or any of the Opco Registered Shareholder(s) breaches the terms of the VIE Agreements, the Group may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the PRC Operating Company could be materially and adversely affected.

Furthermore, notwithstanding the relevant contractual provisions contained in the VIE Agreements, courts of competent jurisdiction may grant interim remedies only to the extent permitted under the PRC laws.

A substantial amount of costs and time may be involved in transferring the ownership of the PRC Operating Company to the Group under the Exclusive Call Option Agreement

The Exclusive Call Option Agreement grants the Target WFOE an exclusive right to purchase all or any part of the equity interests in the PRC Operating Company at the lowest price permitted by applicable PRC laws, under which the Target WFOE or its designated individual(s) and/or entity(ies) is entitled to purchase the equity interest in the PRC Operating Company from the Opco Registered Shareholders through a single or a series of transaction(s).

In case the Target WFOE exercises its option to acquire all or any part of the equity interests in the PRC Operating Company under the Exclusive Call Option Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under the PRC laws. In addition, such acquisition may be subject to a minimum price limitation (such as an appraised value for the equity interests in the PRC Operating Company) or other price limitations as imposed by the applicable PRC laws. Further, a substantial amount of costs and time may be involved in transferring the ownership of the PRC Operating Company to the Target WFOE or its designated individual(s) and/or entity(ies), which may have a material adverse impact on the Group's business, prospects and results of operation.

The Company does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the VIE Agreements and the transactions contemplated thereunder. The Company has made inquiry with its insurance provider whose feedback is it does not offer any insurance product to cover such risks and accordingly, the Company in not in a position to purchase any new insurance in this regard. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the operation of the PRC Operating Company, the financial results and financial position of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk. The Group will continue evaluating the feasibility, the cost and the benefit of insuring the transactions under the VIE Agreements.

Economic risks the Target WFOE bears as the primary beneficiary of the PRC Operating Company, financial support to the PRC Operating Company and potential exposure of the Group to losses

As the primary beneficiary of the PRC Operating Company, the Target WFOE will share both profit and loss of the PRC Operating Company and bears economic risks which may arise from difficulties in the operation of the PRC Operating Company's business. The Target WFOE may have to provide financial support in the event of financial difficulty of the PRC Operating Company. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the PRC Operating Company and the need to provide financial support to it.

COMMERCIAL BENEFITS OF THE VIE AGREEMENTS

As outlined in the section headed "Background and Reasons for Use of the VIE Agreements" in this announcement, the Target WFOE needs to adopt the Contractual Arrangement through the entering into of the VIE Agreements so that it can engage in the business of patent agency services in the PRC covered by the Licence.

Apart from the regulatory benefits, adopting the Contractual Arrangement allows the Group to have effective control over the finance and operation of the PRC Operating Company and to enjoy the entire economic interests and benefits granted by the PRC Operating Company. The Group can also benefit from the use of the licences and permits held by the PRC Operating Company as well as the clientele developed by the PRC Operating Company at present and in the future. It also enables the Group to provide additional IP registration and management services which create synergies with the customers and/or suppliers of the Group's existing e-commerce business by serving their potential demand for such services, and leverage the technological and human capital of the PRC Operating Company to facilitate the development of the Group's existing e-commerce platform to cover a wide range of products and further expansion in the online retail sector in the PRC.

On the above basis, the Board is of the view that the terms of the VIE Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SUPPLEMENTAL INFORMATION ON THE CONSIDERATION AND THE VALUATION

Valuation

The fair value of the entire equity interest in the Target Group was estimated to be approximately RMB111.6 million (the "**Valuation**") as at 31 October 2024 (the "**Valuation Date**") after taking into account the following factors:

(a) the unaudited net profit after tax of the PRC Operating Company for the trailing twelve months period ended 31 October 2024, being the period between 1 November 2023 and 31 October 2024, in the amount of approximately RMB8.2 million, available by the time of signing of the Sale and Purchase Agreement; and

(b) the average of the price-to-earnings multiples of comparable companies calculated with reference to the market capitalisation and the net profit of the comparable companies as at the Valuation Date.

Selection of the comparable ratio

For valuation analysis for the Target Group, the price to earnings ("**P/E**") ratio has been adopted by the Directors. The Directors considered that the P/E ratio was appropriate to be multiple in valuing the Target Group rather than the price to sale ("**P/S**") ratio or price to book ("**P/B**") ratio mainly due to: (i) earnings was the primary determinant of the appraised value; and (ii) P/S ratio and P/B ratio do not account for the profitability of the business and fail to reflect the true profitability and value of the business of the Target Group.

Selection basis of the comparables

In the course of the Valuation, the Directors began a market comparable selection process by consulting the management of the Target Group to identify companies they considered similar to its main business. The Directors found that there is only one of the companies on their list, 超凡知識產權服務股份有限公司 (stock code: 833183), is listed in the National Equities Exchange and Quotations (NEEQ) whose pertinent information such as market capitalization, historical profit, etc. used in the Valuation are available in the public domain. In addition, by using the Bloomberg, the Directors applied specific selection criteria focused on companies that (i) provide intellectual property (IP) services within the PRC; (ii) are listed on the Hong Kong stock exchange; (iii) have not less than two years of relevant operational history; and (iv) has financial information and relevant valuation multiple are available to the public (the "**Bloomberg Search**"). However, the Bloomberg Search did not find any suitable companies that met all these criteria. Consequently, the Directors relaxed the criteria regarding the geographic focus and the requirement for companies to be listed on the Hong Kong stock exchange and broadened the scope to include listed companies on other international markets. This adjustment was necessary due to the limited number of comparable options in the PRC market with financial information and relevant valuation multiples available to the public. After reviewing each of these companies, the Directors selected the appropriate ones by (a) excluding those that do not align with the Target Group's business line, such as law firms and human resources management companies, to ensure a focus solely on relevant peers, and (b) eliminating any companies that have been delisted, as the market capitalisation data as at the Valuation Date for these firms is unavailable, which is crucial for accurate valuation comparisons. Ultimately, the Directors identified two comparable companies: (i) IPH Ltd (IPH.AX), a company listed in Australia; and (ii) 超凡知識產權服務股份有限公司 (stock code: 833183), a company listed on NEEQ (the "**Comparables Companies**").

The Directors are of the view that the Comparables Companies constitute a fair and representative sample of comparables in the niche industry that the Target Group is in, being the service providers in relation to patent, trademark and copyright and other IP-related services. The Directors have considered numerous companies whose main business operations are principally engaged in IP solutions in the world and reached the conclusion that the two comparable companies are the most relevant as comparables to the Target Group in terms of lines of business, products and other criteria.

Based on the above, the Directors are of the view that taking into account of the parameters above, the selection of the Comparables Companies is exhaustive and sufficient in the context of the acquisition of the Target Group and for valuation purpose, and the Board considered that the Comparables Companies are fair and reasonable.

The table below set forth the details of the Comparables Companies:

Company name	Listing venue	Stock code	Principal business	P/E ratio as at the Valuation Date	Source
超凡知識產權服務股份有限公司	The National Equities Exchange and Quotations (NEEQ)	833183	Provision of intellectual property (IP) solutions	8.0	Annual Report and NEEQ
IPH Limited ("**IPH**")	Australian Securities Exchange (ASX)	IPH.AX	IPH offers IP services related to the provision of filing, prosecution, enforcement, and management of patents, designs, trademarks, legal services, and other IP. It also engages in patent attorney, lawyers, support, and data analysis and software businesses.	24.3	Bloomberg
			Average	16.2	

SUPPLEMENTAL INFORMATION ON THE BUSINESS OF THE PRC OPERATING COMPANY

Principal business of the PRC Operating Company

The PRC Operating Company is a limited company established in the PRC on 9 February 2023, holds the Licence and principally operates the Business through its website/online platform which covers (i) patent agency services covered by the Licence; (ii) trademark and copyright agency services, including trademark and/or copyright application preparation, filing, IP management and maintenance; and (iii) other IP related services. From a customer's perspective, the comprehensive IP-related services offered under the online platform are available through one-off purchases. The PRC Operating Company has over 50 staff with more than one-third of them possessing the relevant qualification in IP agency.

Set out below are the types of service/product offering:

(1) As an intermediary, the online platform facilitates the buying and selling of IP assets, including patents, trademarks, and copyrights, allowing sellers to list their IP for sale while enabling buyers to browse and purchase desired assets. Revenue for this service comprises of an agency fee and a profit sharing on the seller's profit margin and is recognised upon receipt of notification on official authorization.

(2) The online platform, serving as an intermediary, provides IP rights authentication services for trademarks, patents and copyrights. After authentication of IP rights, the online platform provides management services that include changes, renewals, licensing, disputes, assessments, and responses to invalidation applications. Revenue for management services is recognised upon delivery of documentation to the relevant authority. The patent agency practice license* (專利代理機構執業許可證) is required for patent-related services, while no license is needed for other IP types, such as trademarks.

(3) Utilising technologies such as big data analytics, artificial intelligence, etc., the online platform offers robust IP protection services that combat infringement through analysis and monitoring by employing the aforementioned technologies to detect unauthorised use of IP and provide legal support to uphold rights holders' claims by acting as their agents in rights protection, litigation, anti-counterfeiting actions, etc. Revenue for these services is recognised upon completion of provision of the relevant services. The patent agency practice license* (專利代理機構執業許可證) is required for patent-related services, while no license is needed for other IP types, such as trademarks, and if such services involve litigation, appropriately licensed legal professionals from a third party will be engaged to provide the necessary legal services.

(4) The online platform is dedicated to empowering users with knowledge through strategic IP consultation services. It offers insights and analysis on the client's position and competitive edge of their IP portfolios compared to industry peers. The platform is equipped to devise both short term and long term strategies for client's IP assets, such as aggressive applications for new patents to occupy higher technological grounds or a defensive strategy by way of building a patent pool to inhibit encroachment of IP rights. Revenue for consultation services is recognised upon completion of the delivery of the consultation services.

(5) The online platform supports IP holders with financing options by offering IP pledge financing services and intermediary service in arranging bank financing, enabling them to leverage their patents and trademarks for capital. In addition, insurance on IP assets is also offered. Revenue from IP pledge financing services is recognised upon completion of delivery of the relevant service. This service is provided in collaboration with third party(ies) that holds the necessary license.

(6) The online platform offers valuation service for IP and digital IP to assess the market value of users' IP assets through identification and grading of such assets, providing critical information that can guide transactions and financing decisions. Revenue from valuation services is recognised upon issuance of the relevant report. This service is provided in collaboration with third-party professional appraisal companies that hold the necessary licenses.

Although the Board does not have direct expertise in the management of the PRC Operating Company, it does have extensive experience in the management of the Group's existing eCommerce business which together with the PRC Operating Company, will form the "online business division" within the Group for operational management purposes.

SUPPLEMENTAL INFORMATION ON THE REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in eCommerce, money lending and internet education services. Among which, the Group's eCommerce business is currently focused on the sale of refurbished mobile phones via its own eCommerce platforms, with plans to potentially relaunch and expand its presence on overseas eCommerce platforms such as Back Market, Amazon and eBay, as well as the range of products offered on the Group's own eCommerce platform and other eCommerce platforms once the Acquisition is materialised. The refurbished phones sold by the Group undergo appearance grading, full functional testing with diagnostics software checks, and thorough cleansing before being sold to the customers. The Board recognises the current growth trajectory of eCommerce and sees an opportunity to enhance the platform to host e-shops operated by third parties, thereby offering a wider range of products. The Company currently has no plan to acquire any business or company conducting in similar business in the next twelve months. Should the Acquisition become materialised, the Company will further review the then market conditions and devise an eCommerce expansion strategy that best utilises the additional resources provided by the Target Group.

The Group's current suppliers and customers in the refurbished mobile phone business could significantly benefit from IP registration and management agency services. To the best knowledge of the Directors, many of these stakeholders, including those selling mobile phone parts and accessories, may not fully realise the importance of protecting their trademarks and brand names. By offering IP agency services, the Group can assist these businesses in securing their technological advantages and a differentiator in an otherwise crowded marketplace, which can enhance brand recognition and competitive positioning in the market, and thereby lead to stronger relationships with suppliers and customers, fostering loyalty and further engagement with the Company's eCommerce platform.

Should the Acquisition become materialised, the Group plans to offer bundled services to its existing customers under the online platform. These bundled services could include not only refurbished mobile phones but also consultancy on IP rights, providing a comprehensive solution to resellers. The Company at present has not yet conducted formal feasibility studies regarding the diversification and the option to offer bundled services which is expected to be conducted after Completion. However, the Directors believe that such diversification could attract a broader customer base and enhance overall value. The potential to offer these bundled services will be explored in detail once the Acquisition is finalised, allowing for a more strategic approach to implementation.

The Group's existing online platform currently serves as a marketplace primarily for users to purchase refurbished mobile phones. The Target Group is expected to bring valuable technological advancements to the Group's existing online platform that improve both functionality and user experience due to its specialised expertise in technology and digital solutions, coupled with a strong track record of innovation in the online business. By integrating advanced technologies such as artificial intelligence and machine learning, the platform can become more responsive and personalised, tailoring recommendations to individual users based on their browsing and purchasing behavior. Additionally, the Target Group's expertise in digital solutions can lead to the creation of a more intuitive user interface, making navigation seamless and enjoyable for customers. Streamlining operations through automation tools can significantly reduce the time and resources spent on inventory management and customer service, allowing for faster order fulfillment and improved customer satisfaction. Furthermore, the incorporation of sophisticated data analytics tools will provide valuable insights into market trends and customer preferences, enabling the Group to make informed decisions and optimise marketing strategies. Enhanced security features will also ensure the protection of user data, thereby fostering trust and loyalty among customers.

By order of the Board of Directors
Cybernaut International Holdings Company Limited
Mr. Zhu Min
Chairman

Hong Kong, 7 March 2025

* *For Identification purposes only*

As at the date of this announcement, the executive Directors are Mr. Zhu Min and Ms. Yip Sum Yu and the independent non-executive Directors are Mr. Tong Yiu On, Mr. Li Yik Sang and Mr. Cao Ke.