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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)

**I. CONNECTED TRANSACTION INVOLVING ISSUE OF CONVERTIBLE PREFERENCE SHARES; AND
II. PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERTIBLE PREFERENCE SHARES**

**Independent Financial Adviser to
the Independent Board Committee and
the Independent Shareholders**

AMASSE CAPITAL
實 積 資 本

THE SUBSCRIPTION AGREEMENT AND PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERTIBLE PREFERENCE SHARES AND CONVERSION SHARES

On 27 May 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 933,333,000 Convertible Preference Shares for an aggregated Consideration of HK\$140,000,000, representing the Subscription Price of approximately HK\$0.15 per Convertible Preference Share. The aggregated Subscription Price shall be satisfied in full by setting off against the Company's obligation to repay part of the Promissory Note in the amount of HK\$140,000,000.

The Conversion Price at which Conversion Shares will be issued upon exercise of the Conversion Right attaching to the Convertible Preference Shares is the Subscription Price, i.e. approximately HK\$0.15, subject to adjustments. For the avoidance of doubt, the Subscriber is not required to pay any additional money upon conversion of the Convertible Preference Share(s) to Ordinary Share(s), other than taxes and stamp, issue and registration duties (if any) arising on conversion.

No application will be made for the listing of, or permission to deal in, the Convertible Preference Shares on the Stock Exchange or any other stock exchange. The Company will apply to the Stock Exchange for the listing of, or permission to deal in, the Conversion Shares.

The Company will seek the grant of specific mandate from the Independent Shareholders at the EGM to allot and issue the 933,333,000 Convertible Preference Shares to the Subscriber and all the Conversion Shares issuable to the Subscriber upon full conversion of the Convertible Preference Shares.

GENERAL

The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, entering into the Subscription Agreement and the Specific Mandate.

A circular containing, among other things, details of the Subscription Agreement, the recommendation from the Independent Board Committee, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice to convene the EGM is expected to be despatched to the Shareholders. In order to allow sufficient time for the Company to prepare the circular, the circular will be despatched at a date on which will be more than 15 business days after the date of this announcement. It is currently expected that the circular will be despatched to the Shareholders on or before 30 June 2022.

Completion is subject to the fulfillment of the respective conditions under the Subscription Agreement. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Ordinary Shares.

THE SUBSCRIPTION AGREEMENT

On 27 May 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 933,333,000 Convertible Preference Shares for an aggregated Consideration of HK\$140,000,000, representing the Subscription Price of approximately HK\$0.15 per Convertible Preference Share. The aggregated Consideration shall be satisfied in full by setting off against the Company's obligation to repay part of the Promissory Note in the amount of HK\$140,000,000. The principal terms of the Subscription Agreement are set out below:–

Date: 27 May 2022

Parties: (a) Cybernaut International Holdings Company Limited (as the issuer); and
(b) Wide Select Investments Limited (as the subscriber).

Subject matter: Subject to the fulfilment of the conditions precedent as mentioned below, the Company will allot and issue 933,333,000 Convertible Preference Shares to the Subscriber with an aggregated Consideration of HK\$140,000,000, representing the Subscription Price of approximately HK\$0.15 per Convertible Preference Share. The aggregated Consideration shall be satisfied in full by setting off against the Company obligation to repay part of the Promissory Note in the amount of HK\$140,000,000.

Subscription Price:

The Subscription Price of approximately HK\$0.15 per Convertible Preference Share represents:–

- (a) a premium of approximately 4.17% over the closing price of HK\$0.144 per Ordinary Share as quoted on the Stock Exchange on 27 May 2022, being the date of the Subscription Agreement;
- (b) a premium of approximately 2.04% over the average of the closing prices of approximately HK\$0.147 per Ordinary Share for the 5 consecutive trading days immediately preceding the date of the Subscription Agreement;
- (c) a premium of approximately 4.90% over the average of the closing price of approximately HK\$0.143 per Ordinary Share for the 30 consecutive trading days immediately preceding the date of the Subscription Agreement;
- (d) a premium of approximately 3.45% over the average of the closing price of approximately HK\$0.145 per Ordinary Share for the 60 consecutive trading days immediately preceding the date of the Subscription Agreement;
- (e) a premium of approximately 837.50% over the net asset value attributable to equity holders of the Company of approximately HK\$0.016 per Ordinary Share as at 31 December 2021 (based on the audited net assets attributable to the Company's equity holders of approximately RMB53,754,000 (equivalent to approximately HK\$62,354,640) as at 31 December 2021 and 3,975,448,005 Ordinary Shares then in issue as set out in the annual report of the Company for the period ended 31 December 2021).

The total Consideration payable for the Convertible Preference Shares is HK\$140,000,000.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber after taking into account the prevailing market price of the Ordinary Shares and the financial position of the Group.

Conditions Precedent: Completion of the Subscription Agreement is conditional upon the occurrence of the following by no later than 5:00 p.m. (Hong Kong time) on the Long Stop Date:–

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM approving by way of a poll to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Preference Shares and the issue of the Conversion Shares upon conversion of the relevant Convertible Preference Shares;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, all of the Conversion Shares that fall to be issued upon conversion of the Convertible Preference Shares; and
- (c) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities (including Stock Exchange) in Hong Kong, with respect to the Company, for the Subscription Agreement and the transactions contemplated therein having been obtained and fulfilled.

If the conditions precedent of the Subscription Agreement are not fulfilled by 5:00 p.m. (Hong Kong time) on the Long Stop Date, the Subscription Agreement shall cease to have any force and effect and the Subscriber and the Company shall be released from all rights and obligations relating to the Subscription Agreement, save for any antecedent breach thereof.

Completion: Completion of the subscription of the Convertible Preference Shares shall take place on the fifth (5th) Business Day (or such other date and time as may be agreed by the Company and the Subscriber) following the satisfaction of the conditions precedent of the Subscription Agreement.

The Company will seek the grant of specific mandate from the Independent Shareholders at the EGM to allot and issue the 933,333,000 Convertible Preference Shares to the Subscriber and all the Conversion Shares issuable to the Subscriber upon full conversion of the Convertible Preference Shares.

TERMS OF THE CONVERTIBLE PREFERENCE SHARES

The principal terms of the Convertible Preference Shares are set out below:–

Issuer:	The Company
Par value:	HK\$0.10 each
Subscription Price:	Approximately HK\$0.15 per Convertible Preference Share
Consideration of conversion:	No payment of additional consideration is required for the conversion of the Convertible Preference Shares.
Conversion period:	Conversion can be made at any time after the issuance of the Convertible Preference Shares.
Conversion ratio:	One Convertible Preference Share is convertible into one Ordinary Share. If and whenever the Ordinary Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or sub-division shall be effected on the Convertible Preference Shares, such that the Conversion Ratio shall remain as one Convertible Preference Share for one Ordinary Share (as consolidated or sub-divided, as the case may be).
Restriction on conversion:	No conversion shall take place if to the extent that following such exercise of the Conversion Right, it will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Convertible Preference Shareholder exercising such Conversion Right and parties acting in concert with it in relation to the securities of the Company.
Interest:	The Convertible Preference Shares shall be non-interest-bearing.
Dividends:	Each Convertible Preference Share shall confer on the Subscriber the right to receive any dividends <i>pari passu</i> with the holders of the Ordinary Shares on the basis of the number of Conversion Share(s) into which each Convertible Preference Share may be converted and on an as converted basis.
Distribution of assets:	On a distribution of assets on liquidation or winding up of the Company (but not on conversion of the Convertible Preference Shares or any repurchase by the Company of the Convertible Preference Shares or Ordinary Shares), the assets and funds of the Company available for distribution shall first be paid to the Subscriber in respect of the aggregate nominal amounts paid up on the Convertible Preference Shares held by the Subscriber, and the remaining shall be distributed <i>pari passu</i> to the holders of Ordinary Shares.

- Voting rights:**
- (a) The Convertible Preference Shares shall not confer on the Subscriber the right to receive notice of, or to attend and vote at, a general meeting of the Company, unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights or privileges of the Subscriber as a holder of the Convertible Preference Shares or vary the restrictions to which the Convertible Preference Shares are subject, in which event the Convertible Preference Shares shall confer on the Subscriber the rights to receive notice of, and to attend and vote at, that general meeting, save that the Subscriber may not vote upon any business dealt with at such general meeting except the election of a Chairman, any motion for adjournment and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) so vary or abrogate the right and privileges of the Subscriber as a holder of the Convertible Preference Shares or vary the restrictions to which the Convertible Preference Shares are subject.
 - (b) Where the Subscriber as a holder of the Convertible Preference Shares is entitled to vote on any resolution then, at the relevant general meeting or class meeting, on a show of hands the Subscriber as a holder of the Convertible Preference Shares who is present in person or by proxy or (being a corporation) by a representative shall have one vote and on a poll the Subscriber as a holder of the Convertible Preference Shares who is present in person or by proxy or (being a corporation) by a representative shall have one vote for each Ordinary Share into which each Convertible Preference Share held by it would be converted.
- Redemption:** The Convertible Preference Shares shall be non-redeemable by the Company or their holders.
- Transferability:** All Convertible Preference Shares are transferable, except where any Convertible Preference Share is intended to be transferred to a connected person of the Company (other than the associate of the Subscriber), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any).
- Listing:** No listing will be sought for the Convertible Preference Shares on the Stock Exchange or any other stock exchange. However, an application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

As at the date of this announcement, the Company has no convertible preference shares in issue.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon full conversion of all the Convertible Preference Shares (assuming there are no other changes in the issued share capital of the Company):

Name of Shareholders	As at the date of this announcement		Immediately after full conversion of the all the Convertible Preference Shares	
	Number of Ordinary Shares	Approximate %	Number of Ordinary Shares	Approximate %
Mr. Zhu Min (<i>Note</i>)	990,284,000	24.91	990,284,000	20.17
The Subscriber	–	–	933,333,000	19.01
Public Shareholders	<u>2,985,164,005</u>	<u>75.09</u>	<u>2,985,164,005</u>	<u>60.81</u>
Total:	<u>3,975,448,005</u>	<u>100.00</u>	<u>4,908,781,005</u>	<u>100.00</u>

Note: Mr. Zhu Min's interests in the Company comprise 356,000,000 Ordinary Shares directly held by him and 634,284,000 Ordinary Shares held by Cybernaut International Limited, which is wholly owned by Mr. Zhu Min.

INFORMATION OF THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability. The Group primarily engages in eCommerce business, internet education services and money lending business.

Set out below is the audited consolidated financial information of the Group prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2020 RMB' 000	2021 RMB' 000
Loss before tax	(103,081)	(266,124)
Loss after tax	(77,383)	(255,859)

As at 31 December 2021, the audited consolidated net asset value of the Group was approximately RMB53.754 million.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Lee. The Subscriber is principally engaged in investment holding.

REASONS AND BENEFITS FOR THE ISSUE OF CONVERTIBLE PREFERENCE SHARES

The development and expansion of the Group's businesses require working capital and investment from time to time. The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure and reduce the cost of capital, while maximizing the return to the Shareholders through improving the debt and equity balance.

Set out below are certain financial figures as extracted from the Company's annual report for the year ended 31 December 2021:

As at 31 December 2021	
Total liabilities	Approximately RMB295.93 million
Total non-current liabilities	Approximately RMB243.69 million
Gearing ratio	468%
Total cash and bank balances	Approximately RMB44.60 million

Given the Group's high gearing ratio of 468% and a cash to non-current liabilities ratio of less than one as set out above, the Directors consider that it is to the benefit of the Company to reduce its liabilities and gearing ratio. The gearing ratio of the Company is calculated based on the total liabilities minus the bank balances and cash of the Company as at 31 December 2021 divided by total equity as at 31 December 2021 multiplied by 100%.

Other than the issue of the Convertible Preference Shares, the Board has considered other alternative means to raise funds. Having considered that the Convertible Preference Shares to be issued by the Company is of equity in nature, the issue of which will improve the Group's gearing position and the cost of funding associated with the issue of the Convertible Preference Shares is relatively low compared with other means, the Board is of the view that the issue of the Convertible Preference Shares is the most appropriate way to raise funds in the current market conditions. The Board considers that the issue of the Convertible Preference Shares will strengthen the financial position of the Group, which will consequently lower the cost of funding associated with debt financing for any future investment opportunities.

Based on the above, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and on normal commercial terms, and the issue of the Convertible Preference Shares is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

As the aggregated Consideration for the Convertible Preference Shares will be satisfied by setting off against the Company's obligation to repay part of the Promissory Note in the amount of HK\$140,000,000, there will be no cash proceeds from the Subscription.

The related professional fees and all related expenses of about HK\$230,000 will be borne by the Company. The net Consideration (calculated as the aggregated Consideration (after deducting related professional fees and all related expenses) divided by the number of Convertible Preference Shares) is approximately HK\$0.15 per Convertible Preference Share.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities in the past 12 months immediately before the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Lee, the sole shareholder of the Subscriber, is the legal representative of an indirect wholly-owned subsidiary of the Company incorporated in the PRC, and therefore the Subscriber may be a deemed connected person of the Company at the subsidiary level under the Listing Rules. The issue of the Convertible Preference Shares under the Subscription Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Amasse Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription.

GENERAL

A circular containing, among other things, details of the Subscription Agreement, the recommendation from the Independent Board Committee, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice to convene the EGM is expected to be despatched to the Shareholders. In order to allow sufficient time for the Company to prepare the circular, the circular will be despatched at a date on which will be more than 15 business days after the date of this announcement. It is currently expected that the circular will be despatched to the Shareholders on or before 30 June 2022.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (excluding a Saturday) on which banks in Hong Kong are open for business in Hong Kong throughout their normal business hours
“Company”	Cybernaut International Holdings Company Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1020)
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$140,000,000, i.e. the amount equal to the number of the Convertible Preference Shares multiplied by the Subscription Price
“Conversion Price”	the price at which each Ordinary Share is to be issued upon exercise of the Conversion Right, being approximately HK\$0.15 (subject to adjustments)
“Conversion Right”	the right to convert any Convertible Preference Share into Ordinary Share
“Conversion Share(s)”	the Ordinary Share(s) to be allotted and issued upon exercise of the Conversion Right
“Convertible Preference Shareholder(s)”	a person or persons who is or are registered in the register required to be maintained by the Company as a holder or joint-holders of the Convertible Preference Shares
“Convertible Preference Share(s)”	the 933,333,000 new non-voting and non-redeemable convertible preference shares in the capital of the Company to be subscribed by the Subscriber under the Subscription Agreement
“Director(s)”	the directors of the Company from time to time
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the grant of specific mandate to issue the Convertible Preference Shares and the Conversion Shares
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising all three independent non-executive Directors, namely Mr. Tong Yiu On, Mr. Li Yik Sang and Mr. Cao Ke, which has been established by the Company to make recommendation to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Amasse Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than those who are required to abstain from voting at the EGM pursuant to the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 31 August 2022 (or such later date as the Company and the Subscriber may agree)
“Mr. Lee”	Mr. Lee Yim, the sole shareholder of the Subscriber
“Ordinary Share(s)”	the ordinary share(s) in the share capital of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the outstanding promissory note in the principal amount of HK\$208,208,000 issued by the Company to the Subscriber which will be matured on 1 October 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for the allotment and issuance of the Convertible Preference Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Wide Select Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription by the Subscriber for the Convertible Preference Shares pursuant to and in accordance with the terms under the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 27 May 2022 entered into between the Company and the Subscriber in relation to the subscription of 933,333,000 Convertible Preference Shares
“Subscription Price”	the subscription price of approximately HK\$0.15 per Convertible Preference Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers as in force and as amended from time to time
“%”	per cent

For the purpose of this announcement and for the purpose of illustration only, RMB amounts have been translated into HK\$ at the exchange rate of RMB1=HK\$1.16. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

By Order of the Board
Cybernaut International Holdings Company Limited
Zhu Min
Chairman

Hong Kong, 27 May 2022

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