
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Cybernaut International Holdings Company Limited (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 Cayman Islands with limited liability)

(Stock code: 1020)

**I. CONNECTED TRANSACTION INVOLVING ISSUE OF
CONVERTIBLE PREFERENCE SHARES;
II. PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE
CONVERTIBLE PREFERENCE SHARES;
AND
III. NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

AMASSE CAPITAL
寶積資本

Capitalised terms used on this cover page shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 34 of this circular.

A notice convening the EGM to be held at Unit 1002, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong on Friday, 22 July 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed revoked.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page i of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- compulsory body temperature checks;
- wearing of a surgical face mask by each attendee;
- maintaining the required social distance between attendees; and
- no distribution of corporate gift or refreshment.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company strongly recommends Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

1. Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of the EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue.
2. Every attendee will be required to wear a surgical face mask throughout the EGM and sit at a distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should wear their own masks.
3. No refreshments or drinks will be provided to attendees at the EGM.

Attendees who do not comply with the precautionary measures referred to in (1) and (2) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms before the prescribed time, instead of attending the EGM in person.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the websites of the Company (<http://www.cybernaut.com.hk/>) and the Stock Exchange (www.hkexnews.hk) for further announcements and updates on the EGM arrangements.

If Shareholders have any questions relating to the EGM, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Address: Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Telephone: 2980 1333
Fax: 2810 8185

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 May 2022 in respect of the Subscription Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) when banks are generally open in Hong Kong for normal business
“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)
“Completion”	completion of the Subscription and issue of the Convertible Preference Shares in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under 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 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

DEFINITIONS

“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
“Director(s)”	the director(s) of the Company
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Latest Practicable Date”	24 June 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	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 circular, 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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the holder(s) of the share(s) 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

DEFINITIONS

“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 Codes on Takeovers and Mergers and Share Buy-backs as in force and as amended from time to time
“%”	per cent

LETTER FROM THE BOARD



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 Cayman Islands with limited liability)

(Stock code: 1020)

Executive Directors:

Mr. Zhu Min (*Chairman*)

Dr. Chen Huabei

Mr. Lu Yongchao

Ms. Yip Sum Yu

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. Tong Yiu On

Mr. Li Yik Sang

Mr. Cao Ke

*Head office and principal place of
business in Hong Kong:*

Unit 1002, Capital Centre

151 Gloucester Road

Wanchai

Hong Kong

30 June 2022

To the Shareholders

Dear Sir/Madam,

**I. CONNECTED TRANSACTION INVOLVING ISSUE OF
CONVERTIBLE PREFERENCE SHARES;
II. PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE
CONVERTIBLE PREFERENCE SHARES;
AND
III. NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Company announced on 27 May 2022, among other things, that 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

LETTER FROM THE BOARD

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 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.

The purpose of this circular is to provide you with, among other things, (i) details of the issue of the Convertible Preference Shares; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the issue of the Convertible Preference Shares; and (iv) the notice of EGM.

THE SUBSCRIPTION AGREEMENT

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.

LETTER FROM THE BOARD

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

- (a) a premium of approximately 4.90% over the closing price of HK\$0.143 per Ordinary Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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.

LETTER FROM THE BOARD

- 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.

As at the Latest Practicable Date, none of the conditions have been fulfilled.

- 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 *pari passu* 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.

LETTER FROM THE BOARD

- (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 Latest Practicable Date, the Company has no convertible preference shares in issue.

LETTER FROM THE BOARD

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 Latest Practicable Date; 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):

	As at the		Immediately after	
	Latest Practicable Date		full conversion of	
	Preference Shares		all the Convertible	
	<i>No. of</i>	<i>Approximate</i>	<i>No. of</i>	<i>Approximate</i>
	<i>Ordinary</i>	<i>%</i>	<i>Ordinary</i>	<i>%</i>
	<i>Shares</i>		<i>Shares</i>	
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><u>3,975,448,005</u></u>	<u><u>100.00</u></u>	<u><u>4,908,781,005</u></u>	<u><u>100.00</u></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	2021
	<i>RMB'000</i>	<i>RMB'000</i>
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.

LETTER FROM THE BOARD

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 Promissory Note is interest-free and will mature on 1 October 2023. The Promissory Note was primarily originated from the promissory notes issued by the Company upon completion of a major transaction in relation to the acquisition of the entire issued share capital of Soaring International Holdings Limited on 9 November 2015, details of which are set out in the announcement of the Company dated 9 November 2015. Such promissory notes had been consolidated and extended by the Company throughout the years before being replaced by the Promissory Note.

As at the Latest Practicable Date, the total outstanding amount pursuant to the Promissory Note is HK\$208,208,000. Since the maturity date of the Promissory Note is more than one year from the Latest Practicable Date, the settlement of the remaining part of the Promissory Note in the amount of approximately HK\$68.2 million will be further negotiated with the Subscriber in light of the financial position of the Company and the market conditions as and when the Company considers appropriate.

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%.

LETTER FROM THE BOARD

Other than the issue of the Convertible Preference Shares, the Board has considered the following alternative means of fund raising and considered the issue of the Convertible Preference Shares is in the best interest of the Company and its shareholders as a whole.

- (a) Debt financing The Company had approached banks for loan facilities to refinance the Promissory Note but had not received favourable responses. Further, the Promissory Note is interest free. The Company will incur interest expenses on fresh loans obtained (if available) to redeem the Promissory Note but without improving the high gearing position of the Group.
- (b) Rights issue and open offer The Board considered that under the prevailing market conditions if the Company undertakes a rights issue or open offer on a fully underwritten basis, the Company would unlikely be able to procure underwriters on acceptable terms and would incur costs from payment of underwriting commission, which will result in the Company incurring higher costs than the issue of the Convertible Preference Shares. On the other hand, if the rights issue or open offer is conducted on a non-fully underwritten basis, it is uncertain that the Company would raise sufficient funds to redeem the amount of the Promissory Note contemplated under the proposed issue of the Convertible Preference Shares.
- (c) Placement of new shares The Board took into consideration that placement of shares is normally at a discount to prevailing market price while issue of the Convertible Preference Shares is at a premium to various referenced prices of the shares of the Company. Besides, the Company will incur placing fees to engage placing agent(s) to procure places.

Having considered that the Convertible Preference Shares to be issued by the Company is of equity in nature and will be accounted as equity on the financial statements of the Company, 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 (including the independent non-executive Directors, after having considered 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.

None of the Directors has any material interest in the Subscription Agreement and the transactions contemplated thereunder, including the issue of Convertible Preference Shares.

LETTER FROM THE BOARD

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 Latest Practicable Date.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, 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. The Subscriber and its associates will be required to abstain from voting in respect of the resolutions approving the Subscription Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established by the Company to advise the Independent Shareholders as to whether the Subscription Agreement was entered into in the ordinary and usual course business of the Group and whether the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms, and the issue of the Convertible Preference Shares is in the interests of the Company and the Shareholders as a whole. In addition, 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.

THE EGM

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed herewith. Whether or not you intend to be present at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee on pages 17 to 18 of this circular after taking into account the advice of the Independent Financial Adviser) consider that the connected transaction involving the issue of the Convertible Preference Shares pursuant to the Subscription Agreement and the transactions contemplated thereunder is not conducted in the ordinary and usual course of business of the Group on the basis that it shall be regarded as a corporate financing activity, instead of a usual operating activity, of the Group; but the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the issue of the Convertible Preference Shares is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the proposed grant of the specific mandate to the Board to issue the Convertible Preference Shares and the Conversion Shares).

CLOSURE OF REGISTER OF MEMBERS

Shareholders with a material interest in the Subscription Agreement and the transactions contemplated thereunder (including the proposed grant of the specific mandate to the Board to issue the Convertible Preference Shares and the Conversion Shares) shall abstain from voting at the EGM. The register of members of the Company will be closed from Tuesday, 19 July 2022 to Friday, 22 July 2022, both days inclusive, during which period no transfer of Ordinary Shares will be registered. The record date will be Friday, 22 July 2022. In order to determine the identity of Shareholders who are entitled to attend and vote at the EGM, all transfers of Ordinary Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Monday, 18 July 2022.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 17 to 18 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and the letter from the Independent Financial Adviser set out on pages 19 to 34 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Cybernaut International Holdings Company Limited
Zhu Min
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.



CYBERNAUT INTERNATIONAL HOLDINGS COMPANY LIMITED

賽伯樂國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1020)

30 June 2022

To the Independent Shareholders

Dear Sirs,

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

We refer to the circular of the Company dated 30 June 2022 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the Subscription Agreement and the transactions contemplated thereunder, to advise you as to whether the Subscription Agreement was entered into in the ordinary and usual course of business of the Group and whether the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms, and the issue of the Convertible Preference Shares is in the interests of the Company and the Shareholders as a whole, and to recommend whether or not the Independent Shareholders should approve the Subscription Agreement and the transactions contemplated thereunder. Amasse Capital Limited has been appointed as the Independent Financial Adviser to advise us and you in this regard.

We wish to draw your attention to the letter from the Board set out on pages 5 to 16 of the Circular and the letter from the Independent Financial Adviser set out on pages 19 to 34 of the Circular which contains its advice to us and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taking into account, among other things, the principal factors and reasons considered by and the recommendation, of the Independent Financial Adviser as stated in its letter of advice, we consider that the connected transaction involving the issue of the Convertible Preference Shares pursuant to the Subscription Agreement and the transactions contemplated thereunder is not conducted in the ordinary and usual course of business of the Group on the basis that it shall be regarded as a corporate financing activity, instead of a usual operating activity, of the Group; but the terms thereof are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions completed thereunder (including the proposed grant of specific mandate to the Board to issue the Convertible Preference Shares and the Conversion Shares).

Yours faithfully,
Independent Board Committee

Mr. Tong Yiu On

Mr. Li Yik Sang

Mr. Cao Ke

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Amasse Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Subscription Agreement, which has been prepared for the purpose of incorporation in this circular.

AMASSE CAPITAL

寶 積 資 本

30 June 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 30 June 2022 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise

Reference is made to the Announcement in respect of, among other things, the Subscription Agreement.

On 27 May 2022, 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 Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

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.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders for any transaction.

With regard to our independence from the Company, it is noted that, apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others, (i) the Announcement; (ii) the information contained or referred to in the Circular; (iii) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); and (iv) relevant public information. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Subscription Agreement. We have reviewed and discussed with the Company on the information provided as well as sought and received

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

confirmation from the Management that all information and representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and as at the Latest Practicable Date. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular 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 in the Circular or the Circular as a whole misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Subscription Agreement or their respective subsidiaries or associates (if any). We also have not considered the taxation implication on the Group or the Shareholders as a result of the Subscription Agreement. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Ordinary Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion, we have taken into consideration the following principal factors and reasons.

1. Background information of the Group

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 are the key financial results of the Group for the two years ended 31 December 2020 (“FY2020”) and 2021 (“FY2021”) as extracted from the 2021 Annual Report:

	For the year ended	
	31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	126,377	285,208
Gross profit	25,316	66,457
(Loss) before taxation	(266,124)	(103,081)
(Loss) for the year	(255,859)	(77,383)
	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Current assets	269,579	379,598
Total assets	349,681	736,941
Current liabilities	52,238	77,236
Total liabilities	295,927	424,957
Net current assets	217,341	302,362
Net assets attributable to owners of the Company	53,754	311,984
Bank balances and cash	44,596	87,175

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for FY2021

The revenue of the Group decreased from approximately RMB285.2 million for FY2020 to approximately RMB126.4 million for FY2021, representing a decrease of approximately 55.7%. Such decrease was mainly attributed to the decrease in revenue contributed by the eCommerce business due to (i) price and supply fluctuation on second hand iPhone from the USA; (ii) continuous logistics cost increase hits the margin; and (iii) unstable and delayed logistics time to European warehouse and hit the sales stability on marketplace.

The loss of the Group increased from approximately RMB77.4 million for FY2020 to approximately RMB255.9 million for FY2021, representing an increase of approximately 230.6%. Such increase was mainly attributed to the impairment loss of intangible assets of internet education services business of approximately RMB52.8 million for FY2021 (for FY2020: Nil) and the impairment loss of goodwill of eCommerce business and internet education service business of approximately RMB212.4 million for FY2021 (for FY2020: RMB92.5 million).

Financial position as at 31 December 2021

As at 31 December 2021, (i) the total assets of the Group was approximately RMB349.7 million, representing a decrease of 52.5% as compared to that of approximately RMB736.9 million as at 31 December 2020; (ii) the net assets attributable to owners of the Company was approximately RMB53.8 million, representing a decrease of 82.8% as compared to that of approximately RMB312.0 million as at 31 December 2020; and (iii) the bank balances and cash of the Group was approximately RMB44.6 million, representing a decrease of 48.9% as compared to that of approximately 87.2 million as at 31 December 2020.

As at 31 December 2021, the Group recorded net current assets of approximately RMB217.3 million and net assets of approximately RMB53.8 million, respectively. The total liabilities of the Group as at 31 December 2021 amounted to approximately RMB295.9 million which mainly comprised of the outstanding promissory notes of approximately RMB242.8 million, which accounted for approximately 82.1% of total liabilities of the Group.

As at 31 December 2021, the gearing ratio of the Group based on net debt to the shareholders' equity (i.e. calculated by the total liabilities of the Group minus cash and cash equivalents of the Group, then divided by the total equity of the Group) was approximately 4.7 as compared to approximately 1.1 as at 31 December 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of the Subscription

(a) *Reasons for the Subscription*

With reference to the Letter from the Board, 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.

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

In addition, we have enquired with the Management and also noted from the 2021 Annual Report that (i) total liabilities of the Group as at 31 December 2021 amounted to approximately RMB295.9 million which comprised of the outstanding Promissory Note of approximately RMB179.5 million, which accounted for approximately 60.7% of the total liabilities of the Group; (ii) the gearing ratio of the Group based on net debt to the shareholders' equity (i.e. calculated by the total liabilities of the Group minus cash and cash equivalents of the Group, then divided by the total equity of the Group) had increased to approximately 4.7 as at 31 December 2021 from approximately 1.1 as at 31 December 2020; (iii) the Group has recorded consecutive net losses for FY2020 and FY2021; (iv) the aggregate of the Group's selling and distribution expenses and administrative expenses amounted to approximately RMB73.7 million and RMB54.5 million for FY2020 and FY2021, respectively; and (v) amid the uncertainty under the pandemic of the Covid-19 variants, the global economy is projected to slow down in 2022 according to the World Economic Outlook released by the International Monetary Fund (IMF) in late January 2022, and the IMF's estimate shows that the World GDP is expected to moderate from 5.9 percent in 2021 to 4.4 percent in 2022. The IMF chief economist has also pointed out that there are numerous challenges facing the global economy in 2022, as the world is still remaining in the grip of the pandemic, while inflation is high in many countries and there are supply disruptions in many places.

After having considered the above, the Company proposed the Subscription with the intention to maintain an optimal capital structure and improve the Group's financial position of the Group by reducing the Group's liabilities and gearing ratio, while at the same time, increasing its net assets.

Pursuant to the Subscription Agreement, the Promissory Note in the outstanding amount of HK\$140,000,000 would be set off by the issue of the Convertible Preference Shares in total Consideration of HK\$140,000,000. The Subscription would allow the Company to set off a substantial outstanding amount of the Promissory Note, without immediate cash outlay nor immediate dilution effect on the Ordinary Shares by capitalizing a substantial part of the outstanding amount of the Promissory Note through the issue of the Convertible Preference Shares. Moreover, given that the Convertible Preference Shares are non-interest bearing, the Subscription would not incur any interest charges or burdens to the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Regarding the financial position of the Group, we are of the view that by entering into the Subscription Agreement, the total liabilities of the Group and the gearing position will be reduced as a result of the partial capitalization of the Promissory Note by the issue of the Convertible Preference Shares. In addition, by setting off part of the Promissory Note through the issue of the Convertible Preference Shares with no maturity term will help to remove the Group's repayment obligation in respect of the Promissory Note in the amount of HK\$140,000,000 which will fall due on 1 October 2023. Hence, the liquidity of the Group will improve accordingly.

It should be noted that the Promissory Note is recognized as liabilities of the Group, and each of the Convertible Preference Shares and the Conversion Shares will be recognized as equity of the Group upon issuance. In this connection, the Subscription will improve the financial position and liquidity level of the Group by reducing its liabilities and gearing ratio, and increasing its net assets.

(b) Financing alternatives of the Group

We are advised by the Management that they had considered alternative means of repaying the Promissory Note such as bank borrowings, share placement, rights issue or open offer to meet the financial obligations of the Group.

In respect of bank borrowing, it is considered that it (i) will incur additional interest burden on the Group and worsen its gearing ratio; and (ii) will depend on the financial performance and position of the Group. Considering the loss-making position of the Group in the past two financial years and the Group may not have sufficient assets acceptable to banks for securing bank financing, it may not be practicable for the Group to obtain debt financing at favourable terms and additional finance charges may be incurred.

With regards to the viability of equity financing by way of shares placement, rights issue and open offer exercises, we are advised by the Management that given the loss-making performance and the thin trading volume of the Ordinary Shares (as further discussed in the section headed "4. Evaluation of the terms of the Convertible Preference Shares" below), it would be uncertain for the Group to procure services from placing agents/underwriters with a reasonable commission fee. Moreover, there is no guarantee the Company can raise the required funding amount without a large discount to the prevailing market prices of the Ordinary Shares as compared with the Conversion Price which represents premium over recent closing prices of the Ordinary Shares. In addition, an extended time frame and extra administrative work and costs (including financial, legal, printing and other professional advisory fees) would be required by the Company for preparation of the requisite documents for rights issue and open offer exercises, including but not limited to prospectus and application forms for acceptance and unaudited pro forma financial information to be included in the prospectus.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In contrast to the financing alternatives, the Subscription (i) will not incur any interest expenses to the Group as compared to bank borrowings; (ii) will not incur costly underwriting/placing commission; (iii) the Subscription will not incur immediate dilution effect on the Ordinary Shares as compared with other equity fund raising exercises; and (iv) provides certainty to the Company to settle a substantial part of the outstanding Promissory Note without cash outlay. Moreover, after considering the loss-making performance of the Group and the thin trading liquidity of the Ordinary Shares (which is further discussed below), we are of the view and concur with the Management that the Subscription is a preferred way to settle a substantial part of the outstanding Promissory Note based on the circumstances of the Company.

3. Principle terms of the Subscription Agreement

Pursuant to the Subscription Agreement, the Company has conditionally agreed to 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 to be settled 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 of HK\$0.15, represents:

- (i) 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 Subscription Agreement;
- (ii) a premium of approximately 2.04% over the average closing price of approximately HK\$0.147 per Ordinary Share for the 5 consecutive trading days immediately preceding the date of the Subscription Agreement;
- (iii) 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;
- (iv) 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;
- (v) a premium of approximately 4.90% over the closing price of HK\$0.143 per Ordinary Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a premium of approximately 837.50% over the audited consolidated net assets attributable to owners of the Company of approximately HK\$0.016 per Ordinary Share as at 31 December 2021 (calculated based on the audited consolidated net assets attributable to owners of the Company of approximately RMB53,754,000 (equivalent to approximately HK\$62,354,640) as at 31 December 2021 as disclosed in the 2021 Annual Report and 3,975,448,005 Ordinary Shares in issue as at 31 December 2021).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, the Conversion Price has been arrived at after arm's length negotiations between the Company and the Subscriber, with reference to, among other things, the prevailing market price of the Ordinary Shares and the financial position of the Group.

Assuming all the Convertible Preference Shares are converted in full at the Conversion Price of HK\$0.15 per Convertible Preference Share, a total of 933,333,000 Conversion Shares will be issued, which represent:

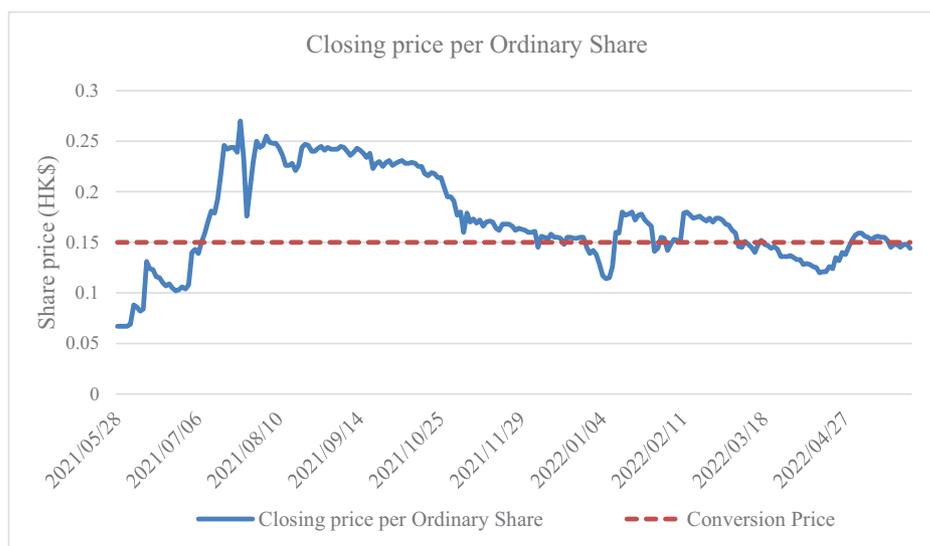
- (i) approximately 23.48% of the total issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 19.01% of the total issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Please refer to the section headed "TERMS OF THE CONVERTIBLE PREFERENCE SHARES" in the Letter from the Board for further details on the terms of the Convertible Preference Shares.

4. Evaluation of the terms of the Convertible Preference Shares

In order to further assess the fairness and reasonableness of terms of the Convertible Preference Shares, we have reviewed (i) the daily closing price of the Ordinary Shares as quoted on the Stock Exchange from 28 May 2021 up to and including the date of the Subscription Agreement (the "**Review Period**"), being a period of twelve months up to and including the date of the Subscription Agreement; (ii) the trading volume of the Ordinary Shares during the Review Period; and (iii) the comparison on the issuance of convertible preference shares by companies listed on the Stock Exchange.

(a) *Historical Share price performance*



Source: website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the chart above, during the Review Period, the closing prices of the Ordinary Shares ranged from HK\$0.067 per Ordinary Share recorded on 28 May 2021, 31 May 2021, 1 June 2021 and 2 June 2021, respectively (the “**Lowest Closing Price**”) to HK\$0.27 per Ordinary Share recorded on 23 July 2021 (the “**Highest Closing Price**”) with an average closing price per Ordinary Share of approximately HK\$0.17 (the “**Average Closing Price**”).

We observe that there was a general downward trend for the closing price of the Ordinary Shares throughout most of the time during the Review Period (i.e. from around mid of July 2021 to May 2022). The closing prices of the Ordinary Shares declined from the Highest Closing Price of HK\$0.27 per Ordinary Share on 23 July 2021 to HK\$0.144 per Ordinary Share on 27 May 2022 (being the date of the Subscription Agreement), representing a drop of approximately 46.7%.

While the Conversion Price is within the range of the closing prices of the Ordinary Shares during the Review Period, we note that the Conversion Price of HK\$0.15 represents a premium of approximately 123.9% over the Lowest Closing Price, a discount of approximately 44.4% to the Highest Closing Price, and a discount of approximately 11.8% to the Average Closing Price during the Review Period.

Despite the discount represented by the Conversion Price to the Average Closing Price, we note that the average closing price of the Ordinary Shares during 28 February 2022 to 27 May 2022, being a three-month period up to and including the date of the Subscription Agreement, was approximately HK\$0.145 per Ordinary Share (the “**Prevailing Three-Month Average Price**”). As such, the Conversion Price represents a premium of approximately 3.5% over the Prevailing Three-Month Average Price.

(b) Historical trading liquidity of the Ordinary Shares

We have also reviewed the trading volume of the Ordinary Shares during the Review Period. We note that during the Review Period, (i) the highest average daily volume per month of the Ordinary Shares was approximately 20,751,443 Ordinary Shares in July 2021, representing approximately 0.52% of the total number of Ordinary Shares at the relevant time; and (ii) the lowest average daily volume per month of the Ordinary Shares was approximately 1,011,565 Ordinary Shares in December 2021, representing approximately 0.03% of the total number of Ordinary Shares at the relevant time.

We also observe that the average daily trading liquidity of the Ordinary Shares was very thin during the Review Period, with 9 out of 12 months less than 0.1% of the then total number of issued Ordinary Shares at each of the relevant time. As such, the relatively low trading volume suggests that it would be difficult for the Company to pursue sizeable equity financing alternatives in the stock market, such as placement of new Ordinary Shares to independent investors, rights issue and open offer, without providing considerable discount and/or underwriting fees as an incentive in order to raise additional fund for the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Comparison with issues of convertible preference shares by other listed issuers

In order to assess the fairness and reasonableness of the terms of the Convertible Preference Shares, we have, on a best effort basis, conducted a search of all connected transactions announced by the companies which involved the issues of convertible preference share(s) (excluding (i) the issuance for acquisition; (ii) issues which involved application of whitewash waiver; and (iii) issues which involved capital reorganisation) for the Review Period (being a twelve-month period up to and including the date of the Subscription Agreement) through published information on the Stock Exchange's website. Based on such selection criteria, no transaction was identified. Accordingly, we extended our research to those issue of convertible preference share(s) to both connected persons and independent third parties. However, only one transaction was identified. Therefore, we have further extended our research period from 1 May 2018 up to and including the date of the Subscription Agreement (being an approximately four-year period up to and including the date of the Subscription Agreement). Based on such criteria, we have identified seven transactions which met the said criteria (the "Comparables").

To the best of our knowledge, effort and endeavour and based on our search conducted according to the aforesaid criteria, the Comparables is an exhaustive list of issues of convertible preference share(s) meeting the aforesaid criteria. Shareholders should note that the size, business nature, scale of operations and prospects of the Company are not exactly the same as the Comparables and we have not conducted any in-depth investigation into the size, business nature, scale of operations and prospects of the Comparables. Nevertheless, given that this analysis is aiming at taking a general reference to the market practice in relation to similar type of transactions, we consider that our comparable analysis on the terms of the Convertible Preference Shares without limiting to companies that are with similar size, business nature and scale of operations as that of the Group is fair and reasonable and useful for the Independent Shareholders' reference. We set out our findings in the table below:

No.	Date of announcement	Stock code	Company name	Preferential dividend rate per annum %	Premium/(discount) of conversion price over/(to)	
					closing price per share on the last trading day prior to/on the date of the announcement %	average closing price per share for the last five consecutive trading days up to and including the date of the announcement %
1	28 October 2021	1359	China Cinda Asset Management Co., Ltd.	4.40	253.13	243.99
2	17 September 2020	1398	Industrial and Commercial Bank of China Limited	3.58	35.14	34.13

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No.	Date of announcement	Stock code	Company name	Preferential dividend rate per annum %	Premium/(discount) of conversion price over/(to) average closing price per share for the last five consecutive trading days up to and including the date of the announcement	
					closing price per share on the last trading day prior to/on the date of the announcement %	consecutive trading days up to and including the date of the announcement %
3	27 February 2020	3988	Bank of China Limited	3.60	4.75	5.28
4	13 June 2019	1551	Guangzhou Rural Commercial Bank Co., Ltd.	5.90	20.39	21.46
5	22 November 2018	1101	China Huarong Energy Company Limited	N/A	190.70	198.69
6	14 November 2018	1216	Zhongyuan Bank Co., Ltd.	5.60	7.39	7.30
7	28 August 2018	8131	abc Multiactive Limited	N/A	16.44	14.56
			Maximum	5.90	253.13	243.99
			Minimum	3.58	4.75	5.28
			Median	4.40	20.39	21.46
	27 May 2022	1020	The Company	N/A	4.17	2.04

Source: website of the Stock Exchange (www.hkex.com.hk)

Analysis on the Conversion Price

As illustrated in the table above, the conversion prices of the Comparables ranged from (i) a premium of approximately 4.75% to a premium of approximately 253.13% over the respective closing prices of the shares on the last trading day prior to/on the date of the relevant announcements (the “**LTD Range**”), with a median premium of approximately 20.39% (the “**LTD Median**”); and (ii) a premium of approximately 5.28% to a premium of approximately 243.99% over the respective average closing prices of the shares on the last five consecutive trading days up to and including the date of the relevant announcements (the “**5-Days Range**”), with a median premium of approximately 21.46% (the “**5-Days Median**”).

We note that (i) the premium of the Conversion Price of approximately 4.17% over the closing price per Ordinary Share on the date of the Subscription Agreement falls slightly outside of the LTD Range and is lower than the LTD Median; and (ii) the premium of the Conversion Price of approximately 2.04% over the average closing price for last five consecutive trading days up to and including the date of the Subscription Agreement also falls slightly outside of the 5-Days Range and is lower than the 5-Days Median.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Analysis on the preferential dividend rate

The preferential dividend rate of the Comparables ranged from 3.58% to 5.90% per annum with a median preferential dividend rate of approximately 4.40% per annum, whilst holders of the Convertible Preference Shares have no entitlement to any preferential dividend. As such, the absence of preferential dividend entitlement of the Convertible Preference Shares falls outside the said market range and is lower than the minimum preferential dividend rate of the Comparables at 3.58% per annum.

Conclusion

Despite that (i) the premium of the Conversion Price on the date of the Subscription Agreement falls outside of the LTD Range and is lower than the LTD Median; and (ii) the premium of the Conversion Price over the average closing price for last five consecutive trading days up to and including the date of the Subscription Agreement falls outside of the 5-Days Range and is lower than the 5-Days Median, after having considered:

- (i) the Conversion Price is within the range of the closing prices of the Ordinary Shares during the Review Period;
- (ii) the Conversion Price represents a premium of approximately 3.5% over the Prevailing Three-Month Average Price;
- (iii) the average daily trading liquidity of the Ordinary Shares was very thin during the Review Period, with 9 out of 12 months less than 0.1% of the then total number of issued Ordinary Shares at each of the relevant time;
- (iv) the absence of preferential dividend entitlement of the Convertible Preference Shares; and
- (v) the reasons for and benefits of the Subscription as set out in the paragraph headed “2. Reasons for and benefits of the Subscription” in this letter,

we are of the view that the terms of the Convertible Preference Shares are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Group and the Shareholders as a whole.

5. Financial effects of the Subscription

It should be noted that the below analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Subscription.

(a) Effects on net assets

As disclosed in the 2021 Annual Report, the Group had audited consolidated net assets of approximately RMB53.8 million as at 31 December 2021. Upon completion of the Subscription, part of the Promissory Note in the amount of HK\$140,000,000 will be set off by the issuance of the Convertible Preference Shares, hence the liabilities of the Group will be significantly reduced and the financial position of the Group will be considerably enhanced.

In addition, the Convertible Preference Shares will be recognized as equity of the Company. As such, we consider that the Subscription will have a positive impact on the net asset value of the Group.

(b) Effects on gearing ratio

As at 31 December 2021, the gearing ratio of the Group based on net debt to the shareholders' equity (i.e. calculated by the total liabilities of the Group minus cash and cash equivalents of the Group, then divided by the total equity of the Group) was approximately 4.7.

We consider that upon completion of the Subscription, the liabilities of the Group will be reduced as part of the Promissory Note (which is classified as the Group's liability) will be set off by the issue of the Convertible Preference Shares which will be recognized as equity of the Company. In view of the reduction of liabilities, the Group's gearing level will be improved.

(c) Effects on liquidity and working capital

Pursuant to the Subscription Agreement, a substantial part of the Promissory Note in the amount of HK\$140,000,000 shall be set off by the issue of the Convertible Preference Shares.

As such, it is expected that upon completion of the Subscription, the Subscription will help to avoid substantial future cash outlay of the Group when the Promissory Note falls due on 1 October 2023. As such, the working capital position of the Group will be improved and more cash can be reserved for future operation of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Possible dilution effect on the shareholding interests of the public Shareholders

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; 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 the Latest Practicable Date		Immediately after full conversion of all the Convertible Preference Shares	
	Number of		Number of	
	Ordinary Shares	Approximate %	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><u>3,975,448,005</u></u>	<u><u>100.00</u></u>	<u><u>4,908,781,005</u></u>	<u><u>100.00</u></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.

As illustrated in the table above, the shareholding in the Company held by existing public Shareholders would be diluted from approximately 75.09% as at the Latest Practicable Date to approximately 60.81% immediately upon completion of the Subscription and exercise in full of the conversion rights attaching to the Convertible Preference Shares.

Notwithstanding that the Subscription will incur dilution effect on the shareholding of the existing public Shareholders upon conversion, after taking into account;

- (i) a substantial part of the outstanding amount of the Promissory Note will be settled without immediate cash outlay;
- (ii) the Group's gearing level and financial position will be improved;
- (iii) by issuing the Convertible Preference Shares, the Subscription would not cause any immediate dilution on the shareholding of the existing public Shareholders; and
- (iv) the reasons for and benefits of the Subscription, including but not limited to the view that the Subscription, as compared with alternative means of financings, is a preferred way to settle a substantial part of the outstanding Promissory Note based on the circumstances of the Company,

we are of the view that the potential dilution effect on the shareholding of existing public Shareholders as a result of Subscription is acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the opinion that (i) the Subscription is not in the ordinary and usual course of business of the Company; (ii) the Subscription Agreement is on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) the Subscription is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
Keith Chan
Associate Director

Mr. Keith Chan is a licensed person registered with the Securities and Future Commission of Hong Kong and regards as a responsible officer of Amasse Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 6 years of experience in corporate finance industry.

For the purpose of this letter and for the purpose of illustration only, RMB amounts have been translated into HK\$ at the exchange rate of RMB1.00 : 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.

In the case of inconsistency, the English text of this letter shall prevail over the Chinese text.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 circular 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 circular misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares or underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares of the Company

As at the Latest Practicable Date, the interests of the Directors in the shares of the Company were as follow:

Name of Directors	Capacity	Number of shares in the Company (Note 1)	Approximate percentage of interest in the issue share capital of the Company as at the Latest Practicable Date
Mr. Zhu Min	Beneficial owner	356,000,000 (L)	8.96%
	Interest of controlled corporation	634,284,000 (L) (Note 2)	15.95%
	Total:	990,284,000 (L)	24.91%

Notes:

- The letter "L" denotes a long position in the shares of the Company.
- The 634,284,000 Ordinary Shares are held by Cybernaut International Limited, which is wholly owned by Mr. Zhu Min.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company was aware of any other person (other than a Director or chief executive of the Company) or corporation which had interests or short positions in the Ordinary Shares and/or underlying Ordinary Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following is the qualifications of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualifications
Amasse Capital Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the SFO, which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders

As at the Latest Practicable Date, the Independent Financial Adviser (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

10. GENERAL

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company is Unit 1002, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Sin Kwok Wai Ronald, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the CPA Australia.
- (e) In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the Hong Kong Stock Exchange's website and the Company's own website for a period of 14 days from the date of this circular:

- (a) the Subscription Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 17 to 18 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 34 of this circular;
- (d) the written consent of the expert referred to in paragraph headed "Expert and consent" in this appendix; and
- (e) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 Cayman Islands with limited liability)

(Stock code: 1020)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of Cybernaut International Holdings Company Limited (the “**Company**”) will be held at Unit 1002, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong on Friday, 22 July 2022 at 11:00 a.m. to consider and, if thought fit, pass the following resolution (with or without amendments) as ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the subscription agreement dated 27 May 2022 (the “**Subscription Agreement**”) entered into between the Company and Wide Select Investments Limited (the “**Subscriber**”) in relation to the subscription by the Subscriber of a total of 933,333,000 new non-voting and non-redeemable convertible preference shares in the share capital of the Company (the “**Convertible Preference Share(s)**”) at a subscription price of approximately HK\$0.15 per Convertible Preference Share (a copy of which has been produced to the Meeting marked “A” and initialed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue of the 933,333,000 Convertible Preference Shares to the Subscriber pursuant to the terms and conditions of the Subscription Agreement be and is hereby approved and the directors of the Company be and are hereby authorised to take all steps necessary to allot and issue the Convertible Preference Shares, and to allot and issue the new ordinary shares of the Company which may fall to be allotted and issued upon the exercise of the conversion rights attached to the 933,333,000 Convertible Preference Shares, in accordance with the articles of association of the Company; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the directors of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Subscription Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 30 June 2022

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of business
in Hong Kong:*

Unit 1002, Capital Centre
151 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting may appoint a proxy or, if holding two or more shares, more than one proxy to attend, and speak and vote at, the Meeting or any adjournment thereof (as the case may be) on his behalf. If a member appoints more than one proxy, he must specify the number of shares each proxy is appointed to represent. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.
3. Completion and return of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.
4. In order to determine the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, 19 July 2022 to Friday, 22 July 2022 (both days inclusive) during which period no transfer of Share will be registered. In order to qualify for attending the Meeting, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 18 July 2022 for such purpose.
5. Where there are joint registered holders of any share, any one of such persons may vote at any Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the directors of the Company are as follow:

Executive Directors:

Mr. Zhu Min (*Chairman*)
Dr. Chen Huabei
Mr. Lu Yongchao
Ms. Yip Sum Yu

Independent Non-executive Directors:

Mr. Tong Yiu On
Mr. Li Yik Sang
Mr. Cao Ke

This notice, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 notice 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 notice misleading.