Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

MBV INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1957)

(1) DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE SALE SHARES AND (2) CHANGE IN THE USE OF PROCEEDS FROM THE INITIAL LISTING

THE ACQUISITION

Reference is made to the FA Announcement dated 1 September 2023 in relation to the Framework Agreement.

On 6 November 2023 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Share Purchase Agreement, pursuant to which, the Company conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares at the Consideration of HK$57,218,250. Upon Completion, the Company will hold 40% of the issued share capital of the Target Company.

The Target Company is an investment holding company which holds all issued shares in the HK Company. Upon completion of registration of the WFOE as a wholly foreign-owned enterprise in the PRC, the HK Company will hold the entire registered capital of the WFOE. Through the VIE Contracts, the WFOE will have effective control over the OPCO VIE Companies, and will enjoy the economic benefits generated by the OPCO VIE Companies.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed(s) 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CHANGE IN USE OF PROCEEDS OF THE INITIAL LISTING

Reference is made to (a) the section headed "Future Plans and Use of Proceeds" of the Prospectus; (b) the section headed "Net Proceeds from the Global Offering" in the announcement of final offer price and allotment result dated 7 July 2020 published by the Company; and (c) the section headed "Use of Proceeds from the Initial Listing" of the Interim Report.

The Board has considered and approved the proposed change in the use of the portion of the Net Proceeds which remains unutilised as of the date of this announcement, amounting to approximately HK$46.5 million, from the Original Purposes to funding the settlement of the Consideration.

Reference is made to the FA Announcement dated 1 September 2023 in relation to the Framework Agreement.

THE ACQUISITION

On 6 November 2023 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Share Purchase Agreement, the principal terms of which are set out as follows:

Date

6 November 2023

Parties

Purchaser:	China MBV Holdings Limited (a wholly-owned subsidiary of the Company)
Vendor:	Belcher Ventures Investment Ltd.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Asset to be acquired

Pursuant to the Share Purchase Agreement, the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares, representing 40% of the issued share capital of the Target Company.

Consideration

The Consideration of HK$57,218,250 shall be settled by the Purchaser in cash in the following manner:

(a) the Purchaser shall pay HK$5,000,000 (the "**First Payment**") to the Vendor at Completion;

(b) if the 2023 Audited Accounts shows the OPCO Group attains the 2023 Revenue Target, then the Purchaser shall pay HK$52,218,250 (being the balance of the Consideration, the "**Second Payment**") to the Vendor on or before 30 April 2024.

If the 2023 Audited Accounts shows the OPCO Group fails to attain the 2023 Revenue Target, then the Purchaser shall not be liable to pay the Second Payment to the Vendor, but the Vendor shall, within 10 Business Days after receiving a notice in writing from the Purchaser, refund the First Payment in full to the Purchaser, and the Purchaser shall upon full receipt of such refund transfer to the Vendor all of the Sale Shares then held by the Purchaser.

The Consideration was arrived at after arm's length negotiations between the Vendors and the Company by taking into consideration, among others, (i) the valuation of 40% of the equity interest in the OPCO Group at RMB53,475,000 (equivalent to HK$57,218,250) as assessed by Peak Vision Appraisals Limited, an independent valuer, adopting the market approach; (ii) the historical results of the OPCO Group as set out in the section headed "Financial information of the OPCO Group" in this announcement, in particular the growth rate of approximately 40.34% in revenue of the OPCO Group for the 9 months ended 30 September 2023 compared to the financial year ended 31 December 2022; and (iii) the benefits to be derived by the Group from the Acquisition as described in the section headed "Reasons for and Benefits of the Acquisition" in this announcement.

Valuation methodology and basis

In applying the market approach, the valuer has employed the price to sales ("**P/S**") ratio. The valuer considered P/S ratio as more representative than other commonly adopted multiples due to the following reasons:

(a) P/S ratio is commonly adopted in valuing early stage and growing companies;

(b) the OPCO Group is currently loss making and earning multiples cannot be adopted in valuation analysis;

(c) book value of equity fails to reflect the income generating potential and value of the OPCO Group; and

(d) sales is only affected by revenue recognition which makes it less affected by accounting manipulation.

According to the valuation, a total of 5 guideline public companies are adopted. Selection criteria of guideline public companies are listed as follows:

a. Companies that are actively traded and publicly listed in Hong Kong and the PRC;

b. Companies that are mainly engaged in the provision of online services, software and advertising and marketing services;

c. Companies that are loss making;

d. Over 70% of the revenue are derived from the provision of e-commerce services and solutions to merchants;

e. Over 70% of the revenue are derived in the PRC and Hong Kong; and

f. Shares of the comparable companies are listed for more than 1 year.

According to the exhaustive search of the Refinitiv database using the criteria above, the 5 guideline public companies, and the respective business description, unadjusted and adjusted multiples are set out below:

Chanjet Information Technology Company Limited ("**Chanjet**") is engaged in the provision of financial and management service to MSEs (medium and small enterprises) via internet technology. Through its subsidiaries, Chanjet is also engaged in the sales of computer software and hardware, technical development of computer software and internet payment. According to Refinitiv database, approximately 99.7% of the revenue was derived from sale of software or rendering of cloud services during the year ended 31 December 2022. Accordingly, most revenue was generated in the PRC during the year ended 31 December 2022.

Weimob Inc. ("**Weimob**") is a China-based company principally engaged in the provision of cloud-based commerce and marketing solutions for small and medium businesses. Weimob provides a variety of commerce and marketing solutions to customers through its SaaS products offerings and targeted marketing services. Weimob's SaaS products are primarily categorized into three cloud service offerings, namely Commerce Cloud, Marketing Cloud and Sales Cloud. Commerce Cloud primarily comprises Wei Mall, Ke Lai Dian and Smart Restaurant. Marketing Cloud primarily comprises Wei Station (and its predecessors), Wei Forms and Marketing Assistant. Sales Cloud primarily comprises Sales Pusher. According to Refinitiv database, 100% of the revenue was derived from subscription merchants and provision of merchant solutions during the year ended 31 December 2022. Accordingly, all revenue was generated in the PRC during the year ended 31 December 2022.

China Youzan Ltd ("**Youzan**") is an investment holding company principally engaged in the merchant service business. Youzan operates through five business segments. The Merchant Service segment engages in the provision of e-commerce platform with software as a service (SaaS) products and comprehensive services through Youzan WeiMall, Youzan Retail, Youzan Beauty and other SaaS products. The Third-party Payment Services segment is involved in the provision of third-party payment services and related consultancy services. The General Trading segment is engaged in the trading of watches and other goods. The Onecomm segment is engaged in the provision of third-party payment management services and sales of integrated smart point of sales (POS) devices. The Others segment provides products and services. According to Refinitiv database, approximately 78% of the revenue was derived from merchant services during the year ended 31 December 2022. Accordingly, all revenue was generated in the PRC during the year ended 31 December 2022.

Lionhead Technology Development Co Ltd ("**Lionhead**"), formerly Taiyuan Lionhead Cement Co Ltd, is a China-based company that mainly provides e-commerce services. Lionhead's main business is to provide one-stop e-commerce agency operations and product distribution services. Lionhead is also engaged in the manufacture of water purification faucets and accessories and the comprehensive treatment of water environment. According to Refinitiv database, approximately 92% of the revenue was derived from E-commerce services during the year ended 31 December 2022. Accordingly, approximately 97% of the revenue was generated in the PRC during the year ended 31 December 2022.

Hangzhou Raycloud Technology Co Ltd ("**Raycloud**") is a China-based company mainly engaged in the research, development and sales of software and service (SaaS) products. Raycloud provides customers with SaaS products based on e-commerce platforms, as well as value-added services such as supporting hardware, operational services and customer relationship management (CRM) short message service. Its SaaS products include super store manager, courier assistant, Kuaimai ERP, deep drawing detail page robot. The sales channels of this product are divided into online channels and offline channels, including the service market and telemarketing of various e-commerce platforms. Its supporting hardware includes Kuaimai electronic surface order printer. Its operation service is mainly based on Kuaimai e-commerce and it conducts marketing by providing customers with customized operation solutions. According to Refinitiv database, all revenue was derived from SaaS products and respective value added services during the year ended 31 December 2022. Accordingly, approximately 98% of the revenue was generated in the PRC during the year ended 31 December 2022.

The market capitalization as at 30 September 2023 and revenue (trailing twelve months) of the comparable companies are set out below:

Refinitiv Ticker	**Company Name**	**Market Capitalization** *(HK$'000)*	**Revenue** *(HK$'000)*	**P/S Ratio**
1588.HK	Chanjet Information Technology Co Ltd	1,048,987	812,941	1.29
2013.HK	Weimob Inc	9,475,371	2,424,243	3.91
8083.HK	China Youzan Ltd	2,118,868	1,683,133	1.26
600539.SS	Lionhead Technology Development Co Ltd	1,679,918	612,314	2.74
688365.SS	Hangzhou Raycloud Technology Co Ltd	5,292,427	537,606	9.84

* *Extracted from Refinitiv Database*

Refinitiv Ticker	**Company Name**	**P/S Ratio**	**Cost of Equity**	**Adjustment**[(1)]	**Adjusted P/S Ratio**
1588.HK	Chanjet Information Technology Co Ltd	1.29	15.6%	65%	0.84
2013.HK	Weimob Inc	3.91	17.9%	75%	2.93
8083.HK	China Youzan Ltd	1.26	19.5%	82%	1.03
600539.SS	Lionhead Technology Development Co Ltd	2.74	16.1%	67%	1.85
688365.SS[(2)]	Hangzhou Raycloud Technology Co Ltd	9.84	14.8%	62%	6.08[(2)]
	Mean				2.54
	Median				1.85
	Standard deviation				2.14
	Mean excluding outliers[(2)]				1.66

(1) *Different companies are exposed to different levels of risk, in terms of country risk, business risk, size premium, and other relevant specific risk, etc. Therefore, the multiples of comparable companies should be adjusted so that they reflect the risk of the OPCO Group. According to the valuation, the valuer has adjusted the multiples based on the differences in cost of equity of the OPCO Group and the comparable companies.*

(2) *Sample values outside one standard deviation of the mean are determined as outliers. Accordingly, 688365.SS has been identified as an outlier, and its P/S Ratio has been excluded in deriving the mean excluding outliers.*

The valuer has adopted the mean excluding outliers as our multiple due to the following reasons: (1) mean is commonly adopted and takes into account of all the values of the comparable companies; (2) unlike mean, median is not taking into account of the value of each observation (i.e. not all values derived from comparable companies are reflected in median), hence it is less representative when compared to mean excluding outliers; and (3) mean excluding outliers is not influenced by extreme values. The valuer then applied the multiple to the corresponding measurement base, which is based on the latest available financial information of the OPCO Group.

Based on the financial information of the OPCO Group, revenue of the OPCO Group for the year ended 31 December 2022 was approximately RMB60,813,000 and nine months ended 30 September 2023 was approximately RMB85,346,000. Based on three months revenue by apportioning the annual revenue for the year ended 31 December 2022 plus the revenue for the nine months ended 30 September 2023, the trailing twelve months revenue for the Business Enterprise was approximately RMB100,549,000.

The valuer further adopted a lack of marketability discount of approximately 20% as ownership interest in closely held companies are typically not readily marketable compared to similar interest in publicly listed companies. The discount of 20% was determined with reference to Stout Restricted Stock Study Companion Guide (2022 Edition).

Based on the forgoing, the valuation of the 40% equity interest in the OPCO Group is summarized below:

	(RMB)
Applied P/S ratio	1.66x
Multiplication factor (trailing twelve months revenue)	100,549,000
	167,109,000
Adjustments:	
Less: Lack of marketability discount	(33,422,000)
Indicated Value of 100% Equity Interest of the Business Enterprise	133,687,000
Market Value of 40% Equity Interest of the Business Enterprise	**53,475,000**

* *Figures above are subject to rounding*

Conditions

Completion shall be subject to the fulfillment on or before the Long Stop Date, or waiver (where applicable) by the Company, of the following Conditions:

(a) the Purchaser, in its absolute discretion, being satisfied with the results of the due diligence review on, the legal status, businesses and financial condition of the Target Group;

(b) the Target Group having obtained necessary approval, permission, business licence, registration or filing of the relevant governmental or regulatory authorities, agencies or bodies for the operation of all businesses (including but not limited to the Main Business and the Licensed Operations) in accordance with the laws of its applicable jurisdiction, and such approval, permission, business licence, registration or filing being legal and valid;

(c) the Target Group having completed the corporate reorganisation (the "**Reorganisation**") to the satisfaction of the Purchaser, which includes without limitation (i) the Target Group having obtained necessary valid approval, permission, registration or filing of the relevant governmental or regulatory authorities, agencies or bodies in relation to the Reorganisation in accordance with the laws of any of its applicable jurisdictions; and (ii) WFOE having entered into legal and valid VIE Contracts with the OPCO Group Companies and Mr. Jiang in accordance with the laws of their applicable jurisdictions, in order to effectively control the Licensed Operations and enjoy all economic benefits generated from the Licensed Operations;

(d) no material adverse change in the equity interest (save any transfer of equity interest contemplated under the Share Purchase Agreement), operation, financial or trading conditions of the Target Group Companies; and

(e) the Vendor Warranties remaining true, accurate, complete and not misleading in all material respects at all times throughout the period from the date of the Share Purchase Agreement to the Completion Date.

Other than Conditions (b) and (c), the Company may at any time waive in writing the abovementioned Conditions. If any of the Conditions has not been fulfilled or waived (where applicable) on or before the Long Stop Date, then the Share Purchase Agreement and any matters thereunder, and rights and obligations of the Parties shall lapse, without prejudice to any Party's right to claim against other Parties' antecedent breach of any obligations under the Share Purchase Agreement.

Completion

Subject to the fulfilment or waiver (as the case may be) of the Conditions, the Completion shall take place on the Completion Date.

Upon Completion, the Company will hold 40% of the issued share capital of the Target Company. The Target Company shall become an associate of the Group. The financial results of the Target Group will not be consolidated into the financial results of the Group.

REASONS AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the sale of imprintable apparel and gift products in Malaysia and Singapore. With the re-opening of global economy after the COVID-19 pandemic, the Company observes that digitalisation of physical retail businesses and global online sales are the current trends in the sector. The Group has been vigilant to changes in business environment and continuously explore new business opportunities in Asian countries such as the PRC in order to achieve sustained success for our business under the present circumstances.

The Board considers that the Acquisition, if materialised, would help broaden the Group's scope of business with OPCO's already established software as a service (SaaS) business, introduce a new source of revenue and growth to the Group, enhance the Group's competitive advantage in the e-commerce sector, expand the Group's business into the PRC market and, despite the fact that the OPCO Group is currently loss making, maximise return to the Company and its Shareholders as a whole in the long run.

Based on the above, the Board therefore considers the terms of the Share Purchase Agreement and the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PURCHASER AND THE GROUP

The Purchaser

The Purchaser is a BVI business company incorporated in the British Virgin Islands and is an investment holding company. It is a wholly-owned subsidiary of the Company.

The Group

The Group is principally engaged in the sale of imprintable apparel and gift products in Malaysia and Singapore.

INFORMATION OF THE VENDOR

The Vendor is a BVI business company incorporated in the British Virgin Islands with limited liability. It is an investment holding company and, as at the date of this announcement, the legal and beneficial owner of 100% of all issued shares in the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Vendor and Mr. Jiang, the Vendor's sole shareholder and ultimate beneficial owner, are independent of and not connected with the Company and its connected persons as at the date of this announcement.

INFORMATION OF THE TARGET GROUP

The Target Company

The Target Company is an exempted company incorporated in the Cayman Islands with limited liability. It is an investment holding company. As at the date of this announcement, it is a wholly-owned subsidiary of the Vendor.

The HK Company

The HK Company is a private company incorporated in Hong Kong with limited liability. It is an investment holding company and a wholly-owned subsidiary of the Target Company.

The WFOE

The WFOE is, as at the date of this announcement, in the process of registration as a wholly foreign-owned enterprise in the PRC. Upon completion of its registration, it shall be an investment holding company and a wholly-owned subsidiary of the HK Company.

Information of the OPCO Group

OPCO

OPCO is a company established in the PRC on 4 May 2018 with limited liability. As at the date of this announcement, OPCO is wholly-owned by the OPCO Registered Shareholders.

As at the date of this announcement, the OPCO Group is principally engaged in the business of provision of services in digitalisation and e-commerce transformation of physical businesses in the PRC, covering major cities in the PRC such as Beijing, Hangzhou, Xiamen and Guangzhou, as well as sectors such as local lifestyle services and comprehensive healthcare. By providing sector-specific software as a service (SaaS), technical development, supply chain management, advertisement placing and directing services, the OPCO Group helps physical businesses establish and operate online shops in major e-commerce platforms in the PRC such as Alibaba, Tencent, Baidu and Douyin, and boost sales revenue by focusing on converting visitors of these online shops to customers.

As at the date of this announcement, OPCO holds the following licences, permits, registrations and accreditations:

(a) Value-added Telecommunications Business Licence (ICP, SP)# (增值電信經營業務許可證(ICP、SP)) issued by Beijing Communications Administration (北京市通信管理局), which is effective and authorises the licensee to operate the businesses of internet communications and internet services;

(b) Travel Agency Business Licence# (旅行社業務經營許可證) issued by Beijing Municipal Bureau of Culture and Tourism (北京市文化旅遊局), which is effective and authorises the licencee to operate the businesses of domestic and cross-border travel agencies;

(c) Food Distribution Licence# (食品經營許可證) issued by Market Supervision Bureau of Chaoyang District of Beijing City# (北京市朝陽區市場監督管理局), which is effective and authorises the licensee to operate a business of distribution of pre-packaged food including frozen and refrigerated food;

(d) Quality Management System Certification (質量管理體系認證證書) issued by Beijing Head International Certification Co., Ltd.# (北京海德國際認證有限公司); and

(e) New and Advanced Technology Enterprise Certificate# (高新技術企業證書) issued by Beijing Municipal Science & Technology Commission (北京市科學技術委員會), Beijing Municipal Finance Bureau (北京市財政局) and Beijing Municipal Tax Service, State Taxation Administration (國家稅務總局北京市稅務局) which accredited OPCO as a "new and advanced technology enterprise".

Jile Huyu

Jile Huyu is a company established in the PRC on 22 December 2016 with limited liability. It was acquired by OPCO in January 2023. As at the date of the acquisition of Jile Huyu by OPCO and the date of this announcement, Jile Huyu does not have any operations; it is contemplated that in the financial year 2024, it will engage in the business of technical development, technical services, e-commerce and online marketing services for offline retailers engaged in the cosmetics, hospitality and tourism sectors in the PRC. As at the date of this announcement, Jile Huyu is wholly-owned by OPCO.

As at the date of this announcement, Jile Huyu holds the following licences, permits, registrations and accreditations:

(a) Value-added Telecommunications Business Licence (ICP, EDI)# (增值電信經營業務許可證(ICP、EDI)) issued by Beijing Communications Administration (北京市通信管理局), which is effective and authorises the licensee to operate the businesses of internet communications and internet commerce;

(b) List of Registered Operators Selling Pre-packaged Food# (僅銷售預包裝食品經營者備案資訊表) issued by the Market Supervision Bureau of Changping District of Beijing City# (北京市昌平區市場監督管理局), which is effective and authorises the licensee to operate the business of online sale of pre-packaged food;

(c) Radio and Television Programme Production Business Licence# (廣播電視節目製作經營許可證) issued by National Radio and Television Administration (國家廣播電視總局), which is effective and authorises the licensee to operate the business of production and distribution of radio and television programmes and presentation of online video data; and

(d) Qualification Certificate for Operation of Medical Product Information Services over the Internet# (互聯網藥品資訊服務資格證書(經營性)) issued by Beijing Municipal Medical Products Administration (北京市藥品監督管理局), which is effective and authorises the licensee to operate the business of online presentation of information of medical products and the addition of buttons for placing of orders and consultation on the relevant website.

Shouke Xunda

Shouke Xunda is a company established in the PRC on 7 July 2022 with limited liability. As at the date of this announcement, Shouke Xunda does not have any operations; it is contemplated that in the financial year 2024, it will engage in the business of technical development, technical services, e-commerce, supply chain and online marketing services for clients engaged in the upstream supply chain sector in the PRC. As at the date of this announcement, Shouke Xunda is wholly-owned by OPCO.

As at the date of this announcement, Shouke Xunda holds the following licences, permits, registrations and accreditations:

(a) Value-added Telecommunications Business Licence (ICP, EDI)# (增值電信經營業務許可證(ICP、EDI)) issued by Beijing Communications Administration (北京市通信管理局), which is effective and authorises the licensee to operate the businesses of internet communications and internet commerce;

(b) List of Registered Operators Selling Pre-packaged Food# (僅銷售預包裝食品經營者備案資訊表) issued by the Market Supervision Bureau of Daxing District of Beijing City# (北京市大興區市場監督管理局), which is effective and authorises the licensee to operate the business of online sale of pre-packaged food;

(c) Filing Certificate for the Business Operations of Class II Medical Devices# (第二類醫療器械經營備案憑證) issued by Market Supervision Bureau of Fengtai District of Beijing City# (北京市豐台區市場監督管理局), which is effective and authorises the licensee to operate the business of sale of Class II medical devices specified in its scope of business; and

(d) Permit for the Business Operations of Class III Medical Devices# (醫療器械經營許可證(三類)) issued by Market Supervision Bureau of Huaiyou District of Beijing City# (北京市懷柔區市場監督管理局), which is effective and authorises the licensee to operate the business of sale of Class III medical devices specified in its scope of business, including 6840 in-vitro diagnostic reagents such as antigens.

Financial information of the OPCO Group

Set out below is the financial information of the OPCO Group based on the unaudited consolidated management accounts for the two years ended 31 December 2021 and 2022 and for the 9 months ended 30 September 2023:

	For the year ended 31 December 2021 (unaudited) *RMB'000* (approximately)	**For the year ended 31 December 2022** (unaudited) *RMB'000* (approximately)	**For the 9 months ended 30 September 2023** (unaudited) *RMB'000* (approximately)
Revenue			
– OPCO	9,043	60,813	85,346
– Jile Huyu *(Note 1)*	N/A	N/A	0
– Shouke Xunda *(Note 2)*	N/A	0	0
– consolidated	9,043	60,813	85,346
Net profit/(loss) before taxation and extraordinary items (consolidated)	4,938	(2,411)	(14,601)
Net profit/(loss) after taxation and extraordinary items (consolidated)	4,938	(2,411)	(14,601)

Notes:

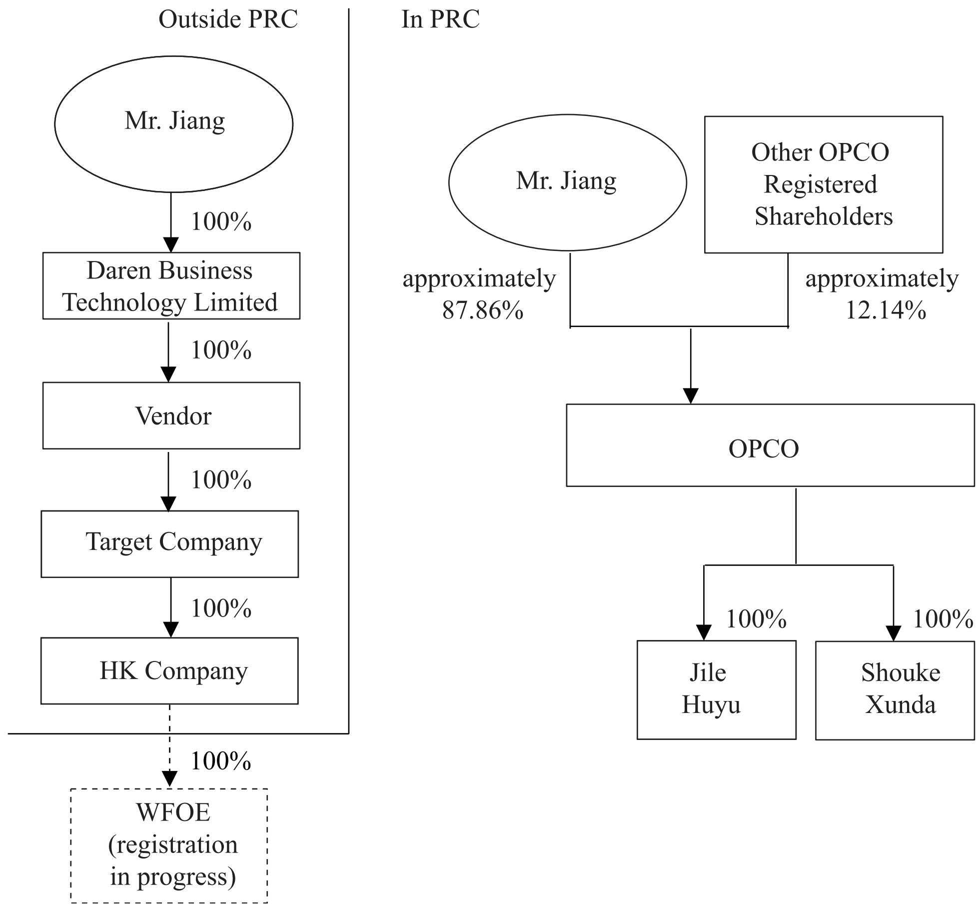
(1) Jile Huyu was acquired by OPCO in January 2023. OPCO did not acquire the retained earnings of Jile Huyu, and had not been provided with the financial information of Jile Huyu prior to the date of the acquisition. Jile Huyu has not generated revenue since its acquisition by OPCO.

(2) Shouke Xunda has not generated revenue since its establishment on 7 July 2022.

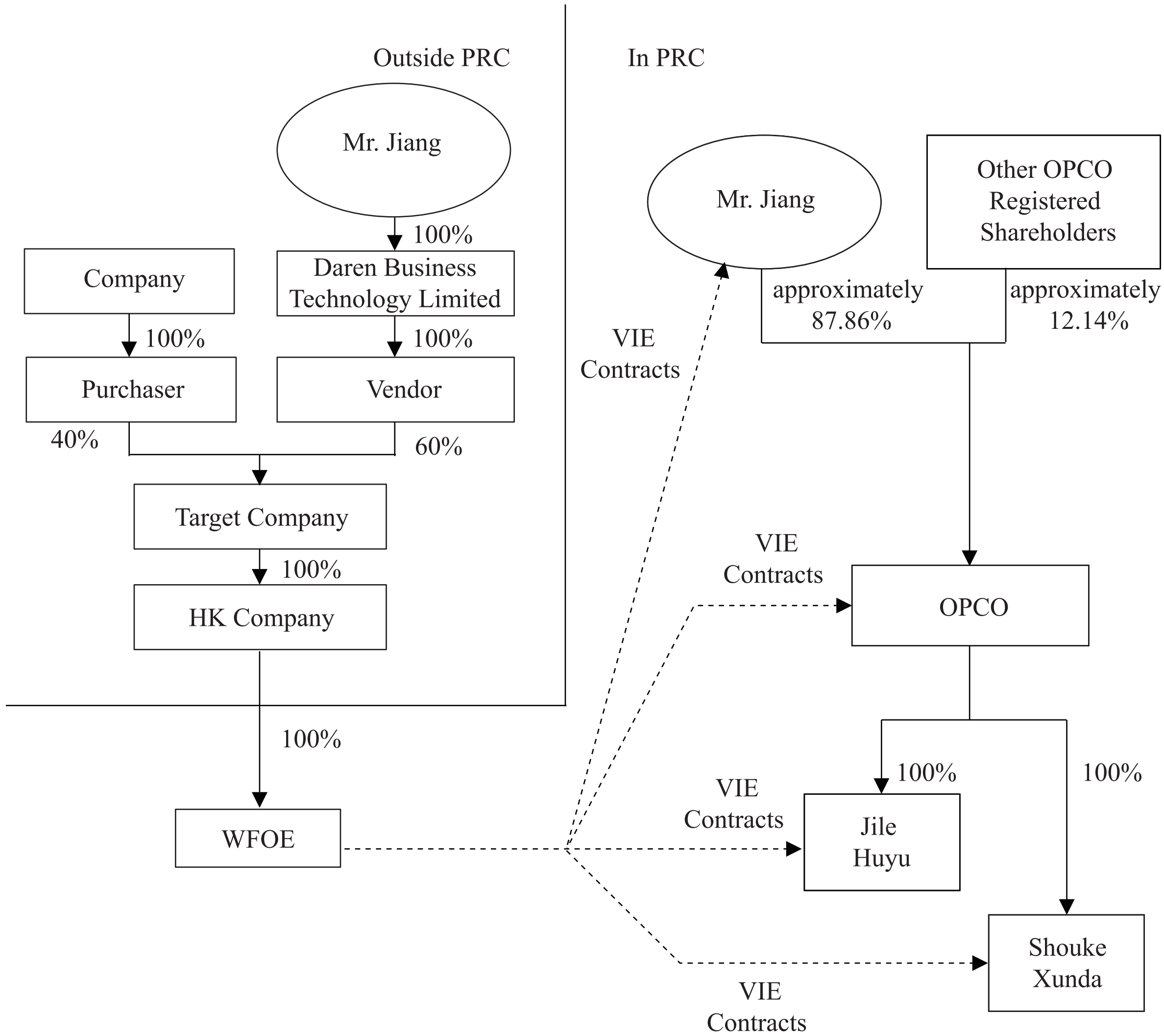
As at 30 September 2023, the unaudited consolidated net asset value of the OPCO Group was RMB2,474,710.

Shareholding structure

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the proposed shareholding structure of the Target Group as at immediately after the Completion:



Pursuant to the VIE Contracts, the WFOE will have effective control over the OPCO Group and enjoy the economic benefits generated by the OPCO Group. The Directors have discussed with the reporting accountants and confirmed that under the prevailing accounting principles, after completion of the registration of the WFOE as a wholly foreign-owned enterprise in the PRC and the execution of the VIE Contracts, the Target Company has the right to consolidate the financial results of the OPCO Group in its consolidated accounts as if they were subsidiaries of the Target Company.

Information of the OPCO Registered Shareholders

As at the date of this announcement, the OPCO Registered Shareholders and their respective shareholdings in OPCO are as follows:

Name	**Approximate % of interest held** *(Note)*
Mr. Jiang	87.86%
Beiai (Beijing) Enterprise Management Co., Ltd# (彼愛(北京)企業管理有限公司)	4.64%
Shi Yanlai# (史燕來)	1.99%
Liu Chunhua# (劉春華)	0.99%
Hangzhou Xinshan Investment Management Co., Ltd.# (杭州新珊投資管理有限公司)	0.99%
Civil Aviation Investment Fund Management Co., LTD. (航投私募基金管理有限公司)	0.99%
Beijing Weiyun Science and Information Technology Co., Ltd.# (北京微雲科訊技術有限公司)	0.99%
Wang Xuefeng# (王雪峰)	0.99%
Khorgas Aosheng Equity Investment Partnership Enterprise (Limited Partnership)# (霍爾果斯奧聖股權投資合夥企業(有限合夥))	0.34%
Yang Chong# (楊翀)	0.2%

Note: Certain percentage figures included in the above list have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, all the OPCO Registered Shareholders and (in the cases of non-individuals) their ultimate beneficial owners are independent of and not connected with the Company and its connected persons as at the date of this announcement.

INFORMATION OF THE VIE CONTRACTS

Reasons for use of the VIE Contracts

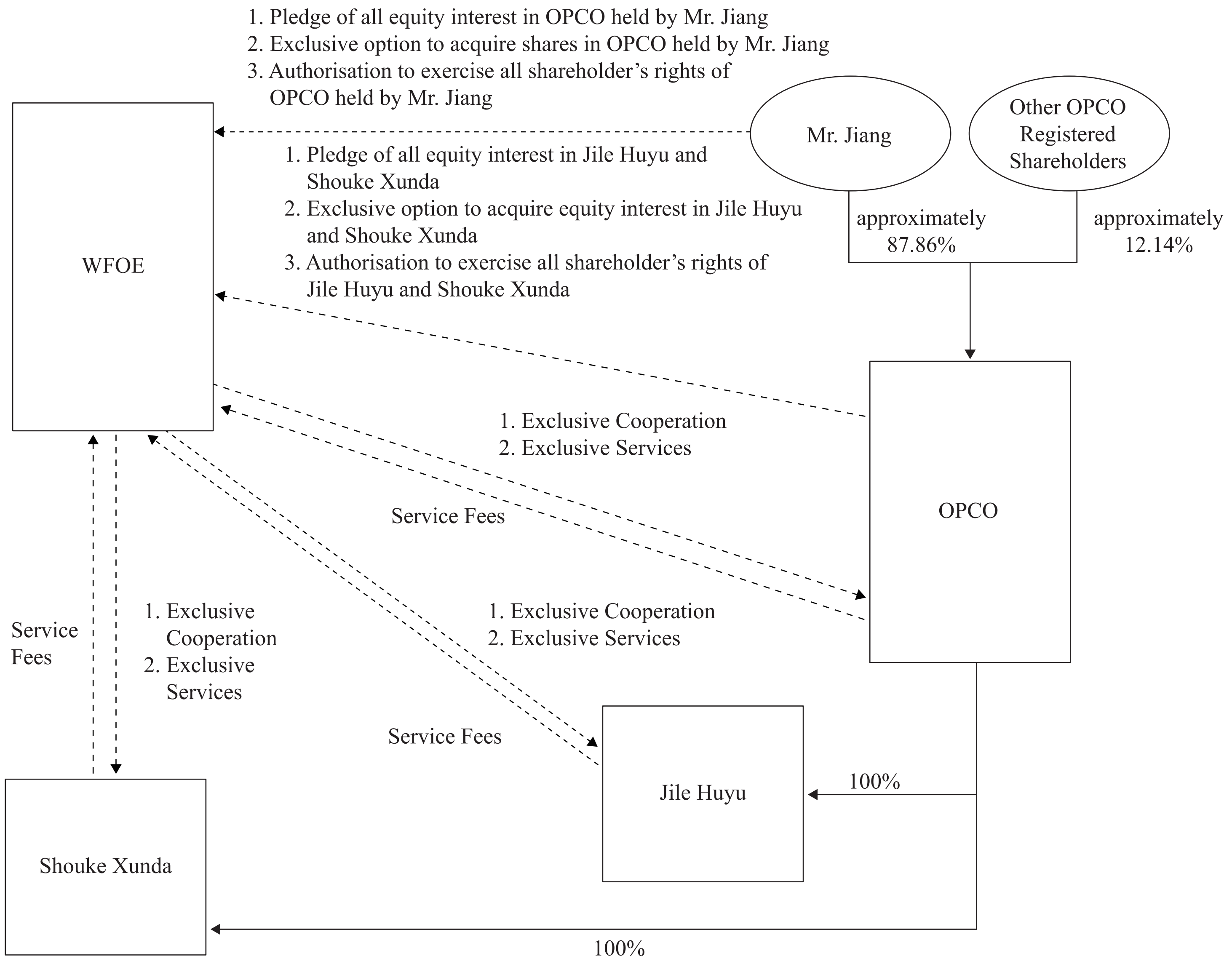
The OPCO Group Companies are principally engaged in the business of provision of services in digitalisation and e-commerce transformation of physical businesses in the PRC, covering major cities in the PRC such as Beijing, Hangzhou, Xiamen and Guangzhou, as well as sectors such as local lifestyle services and comprehensive healthcare. The OPCO Group has been licensed to operate and is engaged in the businesses of internet communications, internet services and internet commerce, and Jile Huyu has been licensed to operate the business of production and distribution of radio and television programmes and presentation of online video data. As elaborated in the section headed "Information of the Target Group – Information of the OPCO Group" above, at the date of this announcement, the OPCO Group holds certain licences and permits that are essential to the aforesaid businesses of the OPCO Group, including without limitation (a) Value-added Telecommunications Business Licences#（增值電信經營業務許可證）; and (b) Radio and Television Programme Production Business Licence#（廣播電視節目製作經營許可證）.

Investment activities in the PRC by foreign investors are primarily regulated by Catalogue of Industries for Encouraging Foreign Investment (2022 Version)# (《鼓勵外商投資產業目錄（2022年版）》) (the "**Catalogue**"), which were promulgated and are amended from time to time jointly by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the National Development and Reform Commission of the PRC (the "**NDRC**"), and the Special Administrative Measures for Foreign Investment Access (Edition 2021)# (《外商投資准入特別管理措施（負面清單）（2021年版）》) (the "**Negative List**") as promulgated and are amended from time to time jointly by the MOFCOM and the NDRC. According to the Negative List and other PRC Laws, foreign investors are restricted or prohibited to (i) conduct value-added telecommunications services (except e-commerce, domestic conferencing, store-and-forward, and call center services) and (ii) conduct in radio and television program production and operation business. In light of the above, as both the Company and the Target Company are foreign-owned, there are limitations or restrictions on foreign ownership in the OPCO Group Companies.

Therefore, WFOE, the OPCO Group Companies and Mr. Jiang will enter into the VIE Contracts prior to the Completion to enable the financial results, the entire economic benefits and the risks of the businesses of OPCO Group Companies to flow into WFOE and to enable WFOE to gain control over the OPCO Group Companies.

The VIE Contracts

The following simplified diagram illustrates the flow of economic benefits from the OPCO Group Companies to WFOE stipulated under the VIE Contracts:



The VIE structure will be implemented prior to the Completion. As the OPCO Group Companies will not become subsidiaries of the Company upon Completion, the VIE Contracts will not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The principal terms of each of the VIE Contracts are set out as follows:

(1) Business Cooperation Agreement

Date	To be signed before the Completion
Parties	(a) WFOE (b) Mr. Jiang (c) the OPCO Group Companies
Subject	The parties to the Business Cooperation Agreement confirm that WFOE and the OPCO Group Companies have established business relationships through the entering into of the VIE Contracts, under which WFOE shall provide to the OPCO Group Companies full-scope operational support, technical and consultancy services, and such services as determined by the WFOE within the scope of the business licences of the OPCO Group Companies (the "**Exclusive Cooperation**"). During the term of the Business Cooperation Agreement, without the prior written consent of WFOE, the OPCO Group Companies are not allowed to enter into cooperation with any third party which competes or conflicts with the Exclusive Cooperation. Mr. Jiang shall procure personnel nominated by WFOE to be appointed as directors, managing director or chairman of the board of directors (if there is such a position), supervisor and legal representative of each of the OPCO Group Companies, and personnel nominated or accepted by WFOE to be appointed as managers, financial controllers, and other executives of the OPCO Group Companies.
Term	The Business Cooperation Agreement shall take effect from the date of its execution and shall remain effective until WFOE and/or the Company's nominee(s) has exercised its call option under the Exclusive Call Option Agreement (defined below) and acquired all equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang and become duly registered as the shareholder(s) of the OPCO Group Companies. WFOE may unilaterally terminate the Business Cooperation Agreement at its sole discretion by giving 30 days' prior notice.

(2) Exclusive Technical Services and Management Consultancy Agreement

Date	To be signed before the Completion
Parties	(a) WFOE (b) the OPCO Group Companies
Subject	The OPCO Group Companies agree to engage WFOE as the exclusive service provider to provide the OPCO Group Companies with technical development and support, management and consultancy services, including without limitation software as a service (SaaS), digital marketing and solutions services, technical consultancy and training, and consultancy services covering human resources, public relations, strategic development and planning, financial management, internal control, project management, online and offline sales and marketing (collectively the "**Exclusive Services**"). During the term of the Exclusive Technical Services and Management Consultancy Agreement, without the prior written consent of WFOE, the OPCO Group Companies are not allowed to engage or cooperate with any third party for the provision of the Exclusive Services. Each of the OPCO Group Companies agree to pay 100% of its net income from each financial year to WFOE as the fees for the Exclusive Services on an annual basis.
Term	The Exclusive Technical Services and Management Consultancy Agreement shall take effect from the date of its execution and shall remain effective until WFOE and/or the Company's nominee(s) has exercised its call option under the Exclusive Call Option Agreement (defined below) and acquired all equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang and become duly registered as the shareholder(s) of the OPCO Group Companies. WFOE may unilaterally terminate the Exclusive Technical Services and Management Consultancy Agreement at its sole discretion by giving 30 days' prior notice.

The Exclusive Technical Services and Management Consultancy Agreement may also terminate upon the occurrence of any of the following circumstances:

(a) the OPCO Group Companies having become bankrupt, liquidated, terminated or dissolved by the operation of law; or

(b) the transactions under the Exclusive Technical Services and Management Consultancy Agreement constituting continuing connected transactions under the Listing Rules and being unable to comply with the relevant requirements under the Listing Rules.

(3) Shareholder's Rights Entrustment Agreement

Date	To be signed before the Completion
Parties	(a) WFOE (b) Mr. Jiang (c) the OPCO Group Companies
Subject	Mr. Jiang irrevocably agrees to entrust to WFOE and the Company's directors (including their respective successors and any liquidator replacing them) or nominee(s) (other than Mr. Jiang) all his rights as shareholder in OPCO, and OPCO irrevocably agrees to entrust to WFOE all its rights as shareholder in each of Jile Huyu and Shouke Xunda, including but not limited to:

(a) as the agent of Mr. Jiang and/or OPCO (as the case may be), to convene and attend the shareholders' meetings of the OPCO Group Companies in accordance with their respective articles of association;

(b) to make and sign shareholder's resolutions of the OPCO Group Companies, and to sign the minutes of shareholders' meetings, shareholder's written resolutions and other legal documents of the OPCO Group Companies on behalf of Mr. Jiang and/or OPCO (as the case may be);

(c) to exercise all voting rights on behalf of Mr. Jiang and/or OPCO (as the case may be) on all matters and resolutions discussed or resolved, or to be discussed or resolved, in shareholders' meetings of the OPCO Group Companies;

(d) to requisition for extraordinary shareholders' meetings of the OPCO Group Companies;

(e) to sign the minutes of shareholders' meetings, shareholder's written resolutions and other legal documents which Mr. Jiang and/or OPCO (as the case may be) is entitled to sign as shareholder(s) of the OPCO Group Companies;

(f) to instruct the respective directors and legal representatives of the OPCO Group Companies to act in accordance with WFOE's instructions;

(g) to exercise all shareholder's rights Mr. Jiang and/or OPCO (as the case may be) is entitled to under the PRC laws and the respective articles of association of the OPCO Group Companies;

(h) to conduct any legal procedure, relating to (including without limitation) company registrations, approvals, licences and filings of the OPCO Group Companies with governmental authorities;

(i) to transfer or otherwise dispose of Mr. Jiang and/or OPCO (as the case may be)'s equity interest in the OPCO Group Companies; and

(j) to exercise all other rights of shareholders under PRC Laws, the respective articles of association and shareholders' agreements (if any) relating to the OPCO Group Companies.

At the time of execution of the Shareholder's Rights Entrustment Agreement, each of Mr. Jiang and OPCO shall also execute power(s) of attorney in favour of the WFOE to give effect to the entrustment to WFOE and the Company's directors (including their respective successors and any liquidator replacing them) or nominee(s) (other than Mr. Jiang) of the shareholder's rights over the OPCO Group Companies.

Term

The Shareholder's Rights Entrustment Agreement shall take effect from the date of its execution and shall remain effective until WFOE and/or the Company's nominee(s) has exercised its call option under the Exclusive Call Option Agreement (defined below) and acquired all equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang and become duly registered as the shareholder(s) of the OPCO Group Companies.

WFOE may unilaterally terminate the Shareholder's Rights Entrustment Agreement at its sole discretion by giving 30 days' prior notice.

(4) Exclusive Call Option Agreement

Date	To be signed before the Completion
Parties	(a) WFOE (b) Mr. Jiang (c) the OPCO Group Companies
Subject	Mr. Jiang irrevocably and unconditionally agrees to grant an exclusive option to WFOE and the Company's nominee(s) to acquire from Mr. Jiang his direct and/or indirect equity interest in the OPCO Group Companies in whole or in part at a consideration of the minimum price permitted by the PRC laws. The Exclusive Call Option Agreement also sets out detailed provisions that prohibit Mr. Jiang and the OPCO Group Companies from performing certain acts without the prior written approval from WFOE. For example, Mr. Jiang undertakes not to sell, transfer, pledge or dispose of any legal or beneficial interest in the equity interest in the OPCO Group Companies directly and/or indirectly held by Mr. Jiang save with the prior written consent of WFOE, and the OPCO Group Companies undertake not to sell, transfer, pledge or dispose of their respective assets.
Term	Mr. Jiang further undertakes that any proceeds he receives from the exercise of the call option by WFOE or the Company's nominee(s), shall be returned in full to the entity acquiring the equity interest in the OPCO Group Company(ies). The Exclusive Call Option Agreement shall take effect from the date of its execution and shall remain effective until WFOE and/or the Company's nominee(s) has exercised its call option under the Exclusive Call Option Agreement and acquired all equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang and become duly registered as the shareholder(s) of the OPCO Group Companies. WFOE may unilaterally terminate the Exclusive Call Option Agreement at its sole discretion by giving 30 days' prior notice.

(5) OPCO Equity Interest Pledge Agreement

Date	To be signed before the Completion
Parties	(a) WFOE (b) Mr. Jiang (c) OPCO
Subject	Mr. Jiang agrees to pledge all of the equity interest he holds in OPCO to WFOE to secure the performance of the obligations of Mr. Jiang and the OPCO Group Companies under the VIE Contracts, Mr. Jiang's payment obligations owed to WFOE under the VIE Contracts, and any losses suffered by WFOE due to any breach of any VIE Contract by Mr. Jiang or any OPCO Group Company. If Mr. Jiang and/or any OPCO Group Company are in breach of any of their respective obligations under the VIE Contracts, WFOE shall have the rights to, among others, dispose of the pledged equity interests.
Term	The OPCO Equity Interest Pledge Agreement shall become effective upon the registration of the equity pledge and shall remain effective until the occurrence of any of the following circumstances: (a) the full repayment and performance of Mr. Jiang's payment obligations owed to WFOE under the VIE Contracts and also the obligations of Mr. Jiang and the OPCO Group Companies under the VIE Contracts; or (b) WFOE may unilaterally terminate the OPCO Equity Pledge Agreement at its sole discretion by giving 30 days' prior notice to Mr. Jiang and OPCO.

(6) Jile Huyu Equity Interest Pledge Agreement

Date	To be signed before the Completion
Parties	(a) WFOE (b) OPCO (c) Jile Huyu
Subject	OPCO agrees to pledge all of the equity interest it holds in Jile Huyu to WFOE to secure the performance of the obligations of Mr. Jiang and the OPCO Group Companies under the VIE Contracts, OPCO's payment obligations owed to WFOE under the VIE Contracts, and any losses suffered by WFOE due to any breach of any VIE Contract by Mr. jiang or any OPCO Group Company. If Mr. Jiang and/or any OPCO Group Company is in breach of any of its obligations under the VIE Contracts, WFOE shall have the rights to, among others, dispose of the pledged equity interests.
Term	The Jile Huyu Equity Interest Pledge Agreement shall become effective upon the registration of the equity pledge and shall remain effective until the occurrence of any of the following circumstances: (a) the full repayment and performance of OPCO's payment obligations owed to WFOE under the VIE Contracts and also the obligations of Mr. Jiang and the OPCO Group Companies under the VIE Contracts; or (b) WFOE may unilaterally terminate the Jile Huyu Equity Pledge Agreement at its sole discretion by giving 30 days' prior notice to OPCO and Jile Huyu.

(7) Shouke Xunda Equity Interest Pledge Agreement

Date	To be signed before the Completion
Parties	(a) WFOE (b) OPCO (c) Shouke Xunda
Subject	OPCO agrees to pledge all of the equity interest it holds in Shouke Xunda to WFOE to secure the performance of the obligations of Mr. Jiang and the OPCO Group Companies under the VIE Contracts, OPCO's payment obligations owed to WFOE under the VIE Contracts, and any losses suffered by WFOE due to any breach of any VIE Contract by Mr. Jiang any OPCO Group Company. If Mr. Jiang or any OPCO Group Company is in breach of any of its obligations under the VIE Contracts, WFOE shall have the rights to, among others, dispose of the pledged equity interests.
Term	The Shouke Xunda Equity Interest Pledge Agreement shall become effective upon the registration of the equity pledge and shall remain effective until the occurrence of any of the following circumstances: (a) the full repayment and performance of OPCO's payment obligations owed to WFOE under the VIE Contracts and also the obligations of Mr. Jiang and the OPCO Group Companies under the VIE Contracts; or (b) WFOE may unilaterally terminate the Shouke Xunda Equity Pledge Agreement at its sole discretion by giving 30 days' prior notice to OPCO and Shouke Xunda.

Internal Control measures to be Implemented by the Target Group

The VIE Contracts contain certain provisions in order to exercise effective control by WFOE over and to safeguard the assets of the OPCO Group Companies, including but not limited to that, without the prior written consent of WFOE, Mr. Jiang shall not at any time sell, transfer, pledge, or otherwise dispose or create any encumbrances over the legal or beneficial interests of the OPCO Group Companies. Each of the OPCO Group Companies shall conduct its business in ordinary and usual course to preserve the asset value of the OPCO Group Companies and shall not engage in any action (or inaction) which may have any adverse effect on the business, operations and asset value of the OPCO Group Companies. In addition, each OPCO Group Companies' directors, legal representative, supervisors, general manager, and other executives may be appointed under WFOE's recommendations and such senior management will have the physical possession of all of the OPCO Group Companies' common seals, company chops and books and records.

Compliance of the VIE Contracts with PRC Laws

As advised by the PRC Legal Adviser, the VIE Contracts upon signing comply with the PRC Laws including those applicable to the business of WFOE and the OPCO Group Companies (including the Catalogue and the Negative List), do not contravene the articles of WFOE and the OPCO Group Companies, and would not be deemed as "concealing illegal intentions with a lawful form" and void under the PRC Civil Code. The VIE Contracts upon signing are valid and enforceable against the parties to the VIE Contracts. The PRC Legal Adviser also confirms that all necessary actions or steps have been taken to enable it to reach its legal conclusions, provided that WFOE's right to deal with the pledged equity interest in the OPCO Group Companies pursuant to the Equity Interest Pledge Agreements and its option to acquire the relevant equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang under the Exclusive Call Option Agreement are confined to be carried out in a manner as permitted by the relevant PRC Laws, and provided further that, the pledges created under the Equity Interest Pledge Agreements shall only become effective upon its due registration with the relevant Administration for Market Regulation of the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of the announcement, WFOE and the OPCO Group Companies have not encountered any interference or encumbrance from any governing bodies in operating its business through the Contractual Arrangements.

Based on the above, the Board is of the view that the VIE Contracts are narrowly tailored to achieve OPCO's business purpose and to minimise the potential conflict with and are enforceable under the relevant PRC Laws. The VIE Contracts enable WFOE to gain control over the financing and business operations of the OPCO Group, and is entitled to the economic interest and benefits of the OPCO Group. The VIE Contracts also provide that WFOE may unwind the VIE Contracts as soon as relevant PRC rules and regulations governing foreign investment in the operation of the OPCO Group Companies are issued which allow WFOE to register itself and/or the Company's nominee(s) as shareholder(s) of the OPCO Group Companies, upon which Mr. Jiang and OPCO (as the case may be) must return to WFOE any consideration he or it receives in the event that WFOE and/or the Company's nominee(s) acquires OPCO's shares when terminating the Contractual Arrangements.

However, as advised by the PRC Legal Adviser, there are substantial uncertainties regarding the interpretation and application of current and future PRC Laws. Accordingly, relevant PRC governmental or judicial authorities may take a view that is contrary to the opinion of the PRC Legal Adviser. It is uncertain whether any new PRC Laws relating to the VIE Contracts will be adopted, or if adopted, what the laws would provide. If the Target Group is found to be in violation of existing or future PRC Laws, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC governmental or judicial authorities may take action in dealing with the violation or failure, in which case, the Target Group could be subject to severe penalties, including being prohibited from continuing the OPCO Group's operations or unwinding the Contractual Arrangements.

Manner of settlement of disputes which may arise from the VIE Contracts

Dispute Resolution

The VIE Contracts contain a dispute resolution clause. Pursuant to such clause, in the event of any dispute between the parties to the VIE Contracts regarding the interpretation and performance of the agreement, the parties to the dispute shall settle the dispute through amicable negotiation. If an agreement to settle the dispute has not been reached within thirty (30) days after a party has requested for a settlement of the dispute through negotiation, then either party may submit the dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing and the language for arbitration shall be Chinese. The decision of the arbitration shall be final and binding on the parties. The arbitral tribunal may award compensation over the OPCO Group Companies' shares, assets or property rights for any loss caused to WFOE arising from other parties' breach, provide mandatory relief (such as for the conduct of business or to compel the transfer of assets) or order the winding up of OPCO. If necessary, before final decision is made by the arbitral tribunal, the arbitral tribunal has the power to grant injunctive relief. In addition, the courts of Hong Kong, Cayman Islands and other competent jurisdictions (the courts of the places where the OPCO Group Companies locates or where the Company's or the OPCO Group Companies' principal assets are located should be deemed as having jurisdiction) have the power to grant or enforce the decision of the arbitral tribunal, and to grant or enforce interim relief over the OPCO Group Companies' shares or property rights, and to grant or enforce interim relief in support of the arbitration pending formation of the arbitral tribunal or in appropriate situation.

Succession

The VIE Contracts to which Mr. Jiang is a party contain provision to the effect that, in the event of death, incapability, marriage, divorce, bankruptcy of Mr. Jiang or the occurrence of any other circumstances which may affect the direct and/or indirect equity interests in any OPCO Group Company held by Mr. Jiang, the successor(s) or assignee(s) of Mr. Jiang shall be deemed signing parties to the VIE Contracts to which Mr. Jiang is a party, and shall inherit or take up the rights and obligations of Mr. Jiang under the VIE Contracts.

Liquidation

Pursuant to the Exclusive Call Option Agreement, in the event of dissolution or liquidation of any OPCO Group Company, WFOE shall be entitled to exercise all the shareholder's rights on behalf of Mr. Jiang, including without limitation to appoint a liquidator for the OPCO Group Company and to manage the assets of the OPCO Group Company. The OPCO Group Company shall, to the extent permitted by PRC Laws, dispose all its assets to WFOE or any person(s) designated by WFOE or the Company, at an aggregate consideration of the minimum purchase price permitted by PRC Laws.

RISK FACTORS IN RELATION TO THE VIE CONTRACTS

Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the VIE Contracts, corporate governance and business operations of the Target Group

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

The VIE structure has been adopted by many PRC-based companies to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in the PRC. While the 2019 PRC Foreign Investment Law and its implementation regulations which took effect on 1 January 2020, do not define the Contractual Arrangements as a form of foreign investment explicitly, it cannot be guaranteed that future laws and regulations will not provide for the Contractual Arrangements as a form of foreign investment. Therefore, there can be no assurance that the Target Group's control over the OPCO Group through the Contractual Arrangements will not be deemed as a foreign investment in the future.

In the event that any possible future laws, administrative regulations or provisions deem the Contractual Arrangements as a way of foreign investment, or if any of the OPCO Group Companies' operations through the Contractual Arrangements is classified in the "restricted" or "prohibited" industry, the VIE Contracts may be deemed as invalid and illegal, and the Target Group may be required to unwind the Contractual Arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing contractual arrangements, the Target Group may face substantial uncertainties as to whether it can complete such actions in a timely manner, or at all.

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

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

Due to legal restrictions on foreign investment in companies established in the PRC providing value-added telecommunications services and the production and operation of radio and television program, the Target Group will operate the OPCO Group Companies through the Contractual Arrangements with OPCO and/or Mr. Jiang. The Contractual Arrangements enable WFOE to: (i) hold effective control over the OPCO Group Companies; (ii) receive substantially all of the economic benefits of the OPCO Group Companies; and (iii) have an exclusive option to purchase all or part of the equity interests in the OPCO Group Companies directly or indirectly held by Mr. Jiang when and to the extent permitted by PRC Laws or requires Mr. Jiang to transfer any or part of such equity interest in OPCO directly or indirectly held by him to another PRC person or entity designated by WFOE at any time of its discretion. Because of the Contractual Arrangements, WFOE will be the primary beneficiary of the equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang and consolidate the results of operations of the OPCO Group into the Target Group's. The OPCO Group Companies hold the licenses, approvals and key assets that are essential to its business operations.

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

(a) revoking the OPCO Group Companies' business and operating licenses;

(b) discontinuing or restricting the OPCO Group Companies' operations;

(c) imposing fines or confiscating any of the OPCO Group Companies' income that they deem to have been obtained through illegal operations;

(d) imposing conditions or requirements with which the OPCO Group Companies may not be able to comply;

(e) requiring the OPCO Group Companies to restructure the relevant ownership structure or operations;

(f) restricting the OPCO Group Companies' financing activities to finance the business and operations of the OPCO Group Companies; or

(g) taking other regulatory or enforcement actions that could be harmful to the OPCO Group Companies' business.

Any of these actions could cause significant disruption to the Target Group's business operations, and may materially and adversely affect the Target Group's business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on the Target Group and the Target Group's ability to consolidate the financial results of the OPCO Group in the Target Group's consolidated financial statements, if the PRC governmental authorities find the Target Group's legal structure and the Contractual Arrangements to be in violation of PRC Laws. If any of these penalties results in the Target Group's inability to direct the activities of the OPCO Group Companies that most significantly impact their economic performance and/or the Target Group's failure to receive the economic benefits from the OPCO Group Companies, the Target Group may not be able to consolidate the OPCO Group Companies into the Target Group's consolidated financial statements.

The VIE Contracts may not be as effective as direct ownership in providing the Target Company with control over OPCO

The Target Group relies on the Contractual Arrangements to operate the OPCO Group Companies in the PRC. The Contractual Arrangements may not be as effective in providing the Group with control over OPCO as direct ownership. If OPCO and Mr. Jiang fail to perform their respective obligations under the VIE Agreements, the Target Group may incur substantial costs and expend substantial resources to enforce its rights. All the agreements under the VIE Contracts are governed by PRC Laws. As a result, the continued updates and amendments in the PRC legal system could limit the Target Group's ability to enforce the VIE Contracts. In the event that the Target Group is unable to enforce the VIE Contracts, or if the Target Group suffers significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the OPCO Group Companies, and the Target Group's ability to conduct its business and its financial condition and results of operations may be materially and adversely affected.

Mr. Jiang may have potential conflicts of interest with the Group

The Target Group's control over OPCO is based on the VIE Contracts, and the Group shall not hold a majority interest in the Target Company upon Completion. Therefore, conflict of interests of Mr. Jiang will adversely affect the interests of the Group. Pursuant to the Shareholder's Rights Entrustment Agreement and the powers of attorney to be executed thereunder, each of Mr. Jiang and OPCO shall irrevocably appoint WFOE and the Company's directors (including their respective successors and any liquidator replacing them) or nominee(s) (other than Mr. Jiang) as his/its attorney-in-fact to act for all matters pertaining to the OPCO Group Companies and to exercise all of his/its rights as shareholder of the OPCO Group Companies. Therefore, it is unlikely that there will be potential conflict of interests between the Group and Mr. Jiang. However, in the unlikely event that conflicts of interest arise between Mr. Jiang and the Group and such conflicts cannot be resolved, the Group will consider to attempt to remove and replace Mr. Jiang under the VIE Contracts.

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

The Target Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Contracts was not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Target Group's financial position by increasing the relevant tax liability without reducing the tax liabilities of the OPCO Group Companies, and this could further result in late payment fees and other penalties to the OPCO Group Companies for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Target Group's financial position and results of operations.

Certain provisions in the VIE Contracts may not be enforceable under PRC Laws

The VIE Contracts provides for dispute resolution by way of arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission. The VIE Contracts contain provisions to the effect that the arbitrators may award remedies over the shares and/or assets of the OPCO Group Companies or provide mandatory remedies to WFOE (such as mandatory transfer of asset). In addition, the parties to the VIE Contracts may also by itself/himself or through the China International Economic and Trade Arbitration Commission to apply for interim remedies in the place of incorporation of WFOE in appropriate cases. Under PRC Laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in OPCO in case of disputes. Therefore, such remedies may not be available, notwithstanding the relevant contractual provisions contained in the VIE Contracts.

A substantial amount of costs and time may be involved in transferring the ownership of OPCO to the Target Group under the Exclusive Call Option Agreements

The Exclusive Call Option Agreement grants WFOE a right to acquire part or all of the equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang at the lowest price permitted by PRC Laws, under which WFOE or its designee is entitled to acquire from Mr. Jiang all or part of the equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang. The Exclusive Call Option Agreement grants WFOE a right to purchase all of the assets of any OPCO Group Company at the lowest price permitted by PRC Laws when it is dissolved or liquidated, under which WFOE or its nominee is entitled to acquire its assets.

Nevertheless, such rights can only be exercised by WFOE as and when permitted by the relevant PRC Laws, in particular, when there are no limitations on foreign ownership in PRC companies that provide value-added telecommunications and the production and operation of radio and television program.

In addition, a substantial amount of costs and time may be involved in transferring the equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang to WFOE if it chooses to exercise the exclusive right to acquire all or part of the equity interest in the OPCO Group Companies directly or indirectly held by Mr. Jiang under the Exclusive Call Option Agreement, which may have a material adverse impact on the Target Group's business, prospects and results of operation.

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

The insurance of the Group does not cover the risks relating to the VIE Contracts and the transactions contemplated thereunder and the Company has no intention to purchase any insurance in this regard. If any risk arises from the VIE Contracts in the future, such as those affecting the enforceability of the VIE Contracts and the operation of the OPCO Group, the returns the Group may receive from its holding of the Sale Shares, hence the financial results and financial position of the Group, may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations.

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

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed(s) 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CHANGE IN USE OF PROCEEDS OF THE INITIAL LISTING

Reference is made to (a) the section headed "Future Plans and Use of Proceeds" of the Prospectus; (b) the section headed "Net Proceeds from the Global Offering" in the announcement of final offer price and allotment result dated 7 July 2020 published by the Company; and (c) the section headed "Use of Proceeds from the Initial Listing" of the Interim Report in relation to the use of the net proceeds from the Global Offering as of 30 June 2023.

On 8 July 2020 (the "**Listing Date**"), the Shares were listed on the Main Board of the Stock Exchange. After deducting share issuance expense and professional fee regarding to the Global Offering, the net proceeds amounted to approximately HK$60.3 million (the "**Net Proceeds**"). The Interim Report originally indicated that Net Proceeds would be utilised in (i) increase and enhancement to existing warehouse capabilities; (ii) strengthening the sales and marketing efforts; (iii) establishment of two new distribution centers; (iv) investment in information systems; (v) development in e-commerce sales platform; and (vi) general working capital purposes (collectively the "**Original Purposes**"). As at the date of this announcement, approximately HK$46.5 million of the Net Proceeds remains unutilised.

The Company intends to apply all the unutilised Net Proceeds to funding the settlement of the Consideration.

Since the Listing Date, the COVID-19 pandemic and the government-imposed lockdown and restrictions on social gatherings dealt a significant blow to the consumer apparel and gift products market in Singapore and Malaysia in the first two years, resulting in the Group rather slow utilisation of the Net Proceeds to the Original Purposes. As the market slowly recovered after the uplifting of pandemic-related restrictions, the Group has been exploring expansion opportunities in Asian countries such as Indonesia, Thailand and the PRC. After having considered a number of investment and expansion opportunities in these countries, the Board eventually resolved that the Acquisition, due to the expansion opportunities and comparative advantages expected to be brought by it to the Group disclosed in the section headed "Reasons and Benefits of the Acquisition" above, was the most feasible option for the Group.

Also taking into account (A) as the OPCO Group specialises in the e-commerce sector in the PRC, the Acquisition would fulfill the Original Purposes of strengthening the sales and marketing efforts, improving the Group's information systems and developing in e-commerce sales platform; and (B) the Group is generating significant net cash from its operations and therefore in a position to continuously fund its operating capital needs with such cash inflow, the Board is of the view that the proposed change in use of the Net Proceeds will not have any material adverse effect on the existing business and operations of Group and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Based on the above, the Board has confirmed there is no change in the business nature of Group as set out in the Prospectus, and it has considered and approved the proposed change in the use of the portion of the Net Proceeds which remains unutilised as of the date of this announcement, amounting to approximately HK$46.5 million, from the Original Purposes to funding the settlement of the Consideration.

DEFINITIONS

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

"2023 Audited Accounts"	the audited consolidated financial statements of the OPCO Group for the year ended 31 December 2023
"2023 Revenue Target"	the consolidated revenue of the OPCO Group for the year ending on 31 December 2023 being no less than RMB100,000,000
"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Share Purchase Agreement
"Board"	the board of Directors
"Business Cooperation Agreement"	the business cooperation agreement to be entered into between WFOE, Mr. Jiang and the OPCO Group Companies, the details of which are set out in the section headed "Information of the VIE Contracts – The VIE Contracts" of this announcement
"Business Day"	any day, other than a Saturday or a Sunday, on which licensed banks are open for business in Hong Kong
"Completion"	completion of the Acquisition in accordance with the terms of the Share Purchase Agreement

"Completion Date"	the twenty-first (21st) Business Day (or such other date as may be agreed in writing by the Parties) after the date on which all the Conditions have been satisfied or otherwise waived in accordance with the Share Purchase Agreement, being the day on which the Completion shall take place
"Company"	MBV International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1957)
"Conditions"	the conditions as set out in the section headed "The Acquisition – Conditions" of this announcement to which the Acquisition is subject
"connected person(s)"	has the meaning as ascribed thereto in the Listing Rules
"Consideration"	HK$57,218,250, being the total consideration for the Acquisition payable by the Purchaser to the Vendor under the Share Purchase Agreement
"Contractual Arrangements"	the contractual arrangements under the VIE Contracts
"Director(s)"	director(s) of the Company
"Equity Interest Pledge Agreements"	collectively the OPCO Equity Interest Pledge Agreement, the Jile Huyu Equity Interest Pledge Agreement and the Shouke Xunda Equity Interest Pledge Agreement
"Exclusive Call Option Agreement"	the exclusive call option agreement to be entered into between WFOE, Mr. Jiang and the OPCO Group Companies, the details which are set out in the section headed "Information of the VIE Contracts – The VIE Contracts" of this announcement
"Exclusive Technical Services and Management Consultancy Agreement"	the exclusive technical services and management consultancy agreement to be entered into between WFOE and the OPCO Group Companies, the details of which are set out in the section headed "Information of the VIE Contracts – The VIE Contracts" of this announcement
"FA Announcement"	the announcement of the Company dated 1 September 2023
"Framework Agreement"	the non-legally binding framework agreement dated 1 September 2023 as defined in the FA Announcement

"Global Offering"	the issuance of 157,000,000 Shares by the Company pursuant to the Prospectus at the offer price of HK$0.80 per Share
"Group"	the Company and its subsidiaries
"HK Company"	China Daren Group Limited (中國大人集團有限公司), a private company limited by shares incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Target Company
"HK$"	Hong Kong dollars, the lawful currency of the PRC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Interim Report"	the interim report of Company for the 6 months ended 30 June 2023
"Jile Huyu"	Beijing Jile Interactive Entertainment Technology Co., Ltd.# (北京極樂互娛科技有限公司), a company incorporated in the PRC with limited liability which is a wholly owned subsidiary of OPCO
"Jile Huyu Equity Interest Pledge Agreement"	the equity interest pledge agreement to be entered into among WFOE, OPCO and Jile Huyu, the details of which are set out in the section headed "Information of the VIE Contracts – The VIE Contracts" of this announcement
"Licences"	the licences, permits, registrations and accreditations respectively held by the OPCO Group Companies, the details of which are set out in the section headed "Information of the Target Group – Information of the OPCO Group" above
"Licensed Operations"	the businesses and operations covered by the scope of the Licences
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time)
"Long Stop Date"	6 February 2024 (being the date falling three (3) months after the date of the Share Purchase Agreement) or such other date as the Purchaser and the Vendor may agree in writing
"Main Business"	the business of provision of services in digitalisation and e-commerce transformation of physical businesses in the PRC operated by the OPCO Group

"Mr. Jiang"	Mr. Jiang Shelei# (姜社雷)
"OPCO"	Daren Digital Science (Beijing) Technology Co., Ltd.# (大人數科(北京)科技集團有限公司), a company incorporated in the PRC with limited liability
"OPCO Equity Interest Pledge Agreement"	the equity interest pledge agreement to be entered into among WFOE, Mr. Jiang and OPCO, the details of which are set out in the section headed "Information of the VIE Contracts – The VIE Contracts" of this announcement
"OPCO Group"	OPCO and its subsidiaries, including (a) Jile Huyu; and (b) Shouke Xunda
"OPCO Group Company(ies)"	any member company(ies) of the OPCO Group
"OPCO Registered Shareholders"	the registered holders of all the issued shares of OPCO for the time being, including Mr. Jiang and other persons listed in the section headed "Information of the Target Group – Information of the OPCO Registered Shareholders" above
"Party(ies)"	party(-ies) to the Share Purchase Agreement
"PRC"	the People's Republic of China, which for the sole purpose of this announcement excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
"PRC Laws"	any laws, regulations, rules, notices, interpretation or other binding documents issued by any central or local legislative, executive or judicial authorities in the PRC
"PRC Legal Adviser"	the legal adviser of the Company in relation as to the laws of the PRC in relation to the Acquisition and the VIE Contracts
"Prospectus"	the prospects of the Company dated 18 June 2020 in relation to the Global Offering
"Purchaser"	China MBV Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"RMB"	renminbi, the lawful currency of the PRC

"Sale Shares"	20,000 shares in the Target Company held by the Vendor, representing 40% of the issued share capital of the Target Company
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Share Purchase Agreement"	the conditional share purchase agreement dated 6 November 2023 entered into between the Purchaser and the Vendor in relation to the Acquisition
"Shareholder(s)"	holder(s) of Share(s)
"Shareholder's Rights Entrustment Agreement"	the shareholder's rights entrustment agreement and the powers of attorney to be executed thereunder, to be entered into between the WFOE, Mr. Jiang and the OPCO Group Companies, the details of which are set out in the section headed "Information of the VIE Contracts – The VIE Contracts" in this announcement
"Shouke Xunda"	Beijing Shouke Xunda Technology Co., Ltd.# (北京首科迅達科技有限公司), a company incorporated in the PRC with limited liability which is a wholly owned subsidiary of OPCO
"Shouke Xunda Equity Interest Pledge Agreement"	the equity interest pledge agreement to be entered into among WFOE, OPCO and Shouke Xunda, the details of which are set out in the section headed "Information of the VIE Contracts – The VIE Contracts" of this announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Lordan Group Ltd., an exempted company incorporated in the Cayman Islands with limited liability, which is a wholly-owned subsidiary of the Vendor as at the date of this announcement
"Target Group"	collectively, (i) the Target Company; (ii) the HK Company; (iii) the WFOE (from the date of completion of its registration as a wholly foreign-owned enterprise in the PRC, inclusive); and (iv) the OPCO Group Companies, which shall be controlled by the WFOE through the VIE Contracts

"Target Group Company(ies)"	any member company(ies) of the Target Group
"Vendor"	Belcher Ventures Investment Ltd., a BVI business company incorporated in the British Virgin Islands with limited liability
"Vendor Warranties"	the representations, warranties and undertakings provided by the Vendor under the Share Purchase Agreement
"VIE"	variable interest entity
"VIE Contracts"	collectively, (i) the Business Cooperation Agreement; (ii) the Exclusive Technical Services and Management Consultancy Agreement; (iii) the Shareholder's Rights Entrustment Agreement; (iv) the Exclusive Call Option Agreement; and (v) the Equity Interest Pledge Agreements
"WFOE"	a wholly foreign-owned enterprise which will be established in the PRC with limited liability before Completion, the registration of which is in progress as at the date of this announcement, and the entire equity interest in which will, upon completion of its registration, be held by the HK Company
"%"	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK$ in this announcement is based on the exchange rate of RMB1 to HK$1.07. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By order of the Board
MBV International Limited
Dato' Tan Meng Seng
Chairman and Executive Director

Hong Kong, 6 November 2023

As at the date of this announcement, the executive Directors are Dato' Tan Meng Seng, Dato' Tan Mein Kwang, Mr. Tan Beng Sen and Ms. Hou Yanli; and the independent non-executive Directors are Ms. Chui Sin Heng, Mr. Au Wing Yuen and Mr. Yu Cheeric.

The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.