

2022. Despite turbulent market conditions, Ray has quickly led Memeland to become a leader in Web3, creating Asia's No. 1 digital collectible brand, according to nftnow.com, by adopting a new paradigm of building blockchain-enabled social products that embrace internet culture and real-world utilities. Memeland has attracted major brand partnerships and, in turn, enhanced community engagement and fueled business growth. Ray's X account (account name 9GAGCEO) has 1.9 million followers. He has been selected as one of the 50 most influential people in crypto by CoinDesk in 2024. He has also been named NFT Now's NFT-100 in 2023, Prestige's 40 Under 40 in 2021, and Tatler's Gen.T Leaders of Tomorrow in 2018, among other accolades. He frequently shares his insights and experiences at universities and global conferences. Ray has been featured in top international media outlets, including CNN, CNBC, Forbes, and The Wall Street Journal. The City University of Hong Kong Press has recently published a book titled "Innovative Attitude: 6+ Trailblazing Startup Founders", which chronicles Ray's startup journey. Ray currently serves as an honorary advisor to the World Vision Hong Kong, a board member of the Hong Kong Genome Institute, and a member of the HKSAR Government's Steering Committee on Prevention and Control of Non-Communicable Diseases. Ray graduated from The University of Hong Kong with a Bachelor of Laws degree.

## 2.2 *Intentions of the Offeror in relation to the Group*

As stated in the Letter from Lego Securities, it is the intention of the Offeror to continue with the Group's existing principal business activities. In particular, the Offeror intends to expand the existing businesses of the Group through, among others, exploring business opportunities related to artificial intelligence, digital assets and Web3. The convergence of IoT (existing business) and nextgen technologies (i.e. artificial intelligence, digital assets, and Web3) would create Decentralized Physical Infrastructure Networks ("DePIN(s)") that could potentially unlock new economies and tap into new markets geographically, i.e. outside of the PRC. DePINs enhance the interconnectivity of physical infrastructures, such as IoT devices, internet networks and cloud computing, and can be used to automate processes, manage data and ensure secure peer-to-peer interactions. It is intended that the Offeror's expansion plan shall be achieved through seizing business opportunities including but not limited to the enablement of peer-to-peer applications that run on blockchain networks such as Ethereum, the integration of artificial intelligence and machine learning, and the expansion of decentralised networks. An imminent use case of DePIN is smart cities that are adopting a Web3 strategy. The Offeror is optimistic about the convergence of IoT and Web3, which paves the way for innovative real world use cases across various industries, enhancing security, efficiency, user control and scalability. As the Company has been engaged in the businesses of provision of data transmission and processing services for IoT applications for years, the Offeror is of the view that the Company has established an extensive network and reputation in the IoT industry, and that the Offeror will be able to grow the Company's business under its direction upon becoming the controlling Shareholder through the acquisition of the Sale Shares. In

addition, independent due diligence has been conducted prior to the acquisition of the Sale Shares, where no material issues were revealed by both financial and legal due diligence of the Company, and the Offeror has reasonably satisfied with the results.

Following the close of the Offers, the Offeror will conduct a review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. In view of the aforesaid, the Offeror is of the view that the Offers are in its long-term commercial interest.

Save for the Offeror's intention as set out above, as at the Latest Practicable Date, the Offeror had no intention (i) to make any significant changes to the employment of any key employees of the Group (except for the proposed changes, if any, to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as further disclosed in the paragraph headed "Proposed change to the Board composition of the Company" stated in the Letter from Lego Securities); (ii) to introduce any major changes to the existing operations and business of the Group; and (iii) to downsize, cease, or dispose of any of the existing businesses, operations and assets of the Group (including but not limited to the Group's fixed assets which are not in the ordinary and usual course of business of the Group) as a result of completion of the Offers. However, the Offeror reserved the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group. As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group, nor any business opportunities in relation to the injection of any assets or business into the Group were under consideration or negotiation.

#### *Our view*

While Mr. Ray Chan has a strong background in digital media, Web3, and community engagement, his experience does not directly align with the Group's core business in the provision of data transmission and processing for IoT applications and telecommunication equipment. His past success in scaling 9GAG and pioneering blockchain initiatives demonstrates entrepreneurial vision, but without a concrete business plan for the Group, it remains uncertain how his expertise would translate into driving the Group's growth or addressing its current challenges. While his presence may bring fresh perspectives and potential strategic opportunities, there is no clear evidence that he possesses the industry-specific knowledge or leadership



experience necessary to execute a turnaround for the Group. Therefore, we are of the view that the extent of his contribution to the Group's long-term success remains to be seen.

### 3 The Share Offer Price

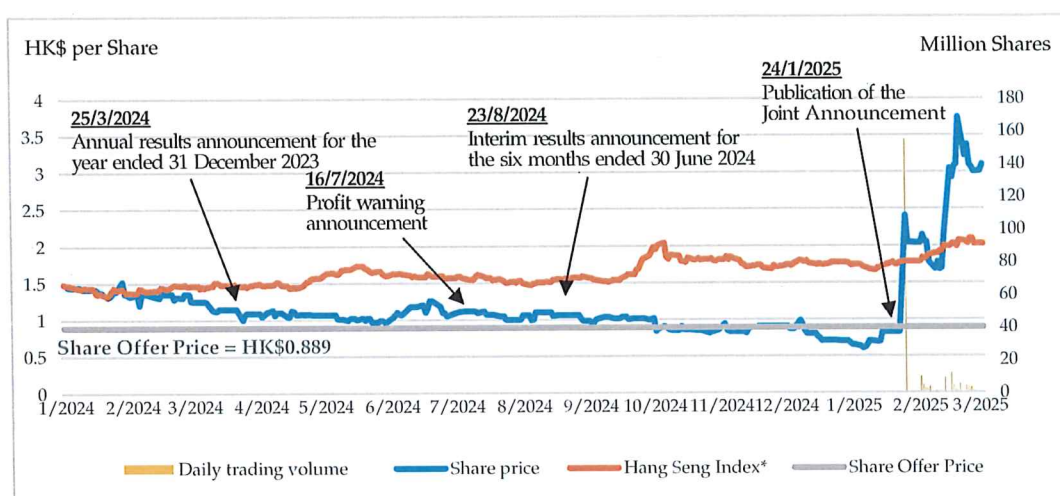
#### 3.1 *The Share Offer Price comparison*

The Share Offer Price of HK\$0.889 per Offer Share represents:

- (i) a discount of approximately 71.32% to the closing price of HK\$3.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 8.41% over the closing price of HK\$0.820 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 19.81% over the average closing price of HK\$0.742 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 28.84% over the average closing price of HK\$0.690 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 19.17% over the average closing price of approximately HK\$0.746 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 27.01% to the audited consolidated net asset value of the Company attributable to the Shareholders of approximately HK\$1.218 per Share as at 31 December 2023, calculated by dividing the audited consolidated net asset value of the Company attributable to the Shareholders of approximately RMB268,377,000 (equivalent to approximately HK\$285,043,212) as at 31 December 2023 by 233,974,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 19.03% to the unaudited consolidated net asset value of the Company attributable to the Shareholders of approximately HK\$1.098 per Share as at 30 June 2024, calculated by dividing the unaudited consolidated net asset value of the Company attributable to the Shareholders of approximately RMB241,830,000 (equivalent to approximately HK\$256,847,643) as at 30 June 2024 by 233,974,000 Shares in issue as at the date of the Latest Practicable Date.

### 3.2 Historical price performance of the Shares

The graph below illustrates the historical closing prices of the Shares as quoted on the Stock Exchange during the period from 1 January 2024 and up to and including the Latest Practicable Date (the “Review Period”), which covers an approximate one-year period prior to the Last Trading Day and the period up to the Latest Practicable Date, to illustrate the general trend and level of movement of the closing prices of the Shares. We consider that the duration of the Review Period of approximately one year period prior to the Last Trading Day would be a reasonable and sufficient period to illustrate the recent closing price movement of the Shares:



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

1. Trading in the Shares was halted from 20 January 2025 to 24 January 2025
2. Hang Seng Index is rebased to the closing price of the Shares as at 2 January 2024

As shown in the graph above, the closing prices of the Shares during the Review Period have fluctuated, ranging from the lowest closing price of approximately HK\$0.60 per Share recorded in January 2025 to the highest closing price of approximately HK\$3.74 per Share in February 2025. The average closing price during the Review Period was approximately HK\$1.17 per Share.

During the Review Period, the closing prices of the Shares were largely in a prolonged and sustained downward trend, continuing for an extended period from the start of the Review Period in January 2024 and reaching their lowest point in January 2025 at approximately HK\$0.60 and as confirmed by the Directors, the Directors were not aware of any happening which might have caused the prolonged downtrend in the closing prices of the Group. Notably, the closing price largely remained below HK\$1.0 since October 2024, which, based on discussions with Management, they were not aware of any matters which caused the closing price to dip below HK\$1.0.

Following the Joint Announcement on the Offers, we observed a sharp increase in trading, with the closing price of the Shares surging from HK\$0.82 on 17 January 2025 to HK\$2.40 on 27 January 2025. The closing prices remain above the Share Offer Price of HK\$0.889 as of the Latest Practicable Date. We attribute this price spike to market reactions and anticipation of favorable effects from the change in the controlling Shareholder. However, there is no guarantee that the closing price will remain above the Share Offer Price after the Latest Practicable Date or upon the close of the Share Offer. Aside from this brief spike, the overall performance of the closing prices was predominantly downward, even during periods when the Hang Seng Index was trending upwards.

As set out in the section headed “3.1 The Share Offer Price Comparison,” we also noted that the Share Offer Price represents (i) a 71.32% discount to the closing price on the Latest Practicable Date, (ii) a 27.01% discount to the audited consolidated net assets value of the Company attributable to Shareholders as of 31 December 2023, and (iii) a 19.03% discount to the unaudited consolidated net assets value of the Company attributable to Shareholders as of 30 June 2024. Nevertheless, in evaluating the fairness and reasonableness of the Share Offer Price and our recommendation to Offer Shareholders regarding the acceptance of the Share Offer, we believe it is important to consider several factors, including (i) the prolonged downward trend in the Share price since May 2023, (ii) the fact that the Share Offer Price represents a premium over the closing price on the Last Trading Day and the average closing prices for the five, 10, and 30 consecutive trading days immediately prior to and including the Last Trading Day, and (iii) the limited liquidity of the Shares prior to the Joint Announcement, which creates uncertainty regarding the sustainability of the recently elevated share price levels and trading volumes.

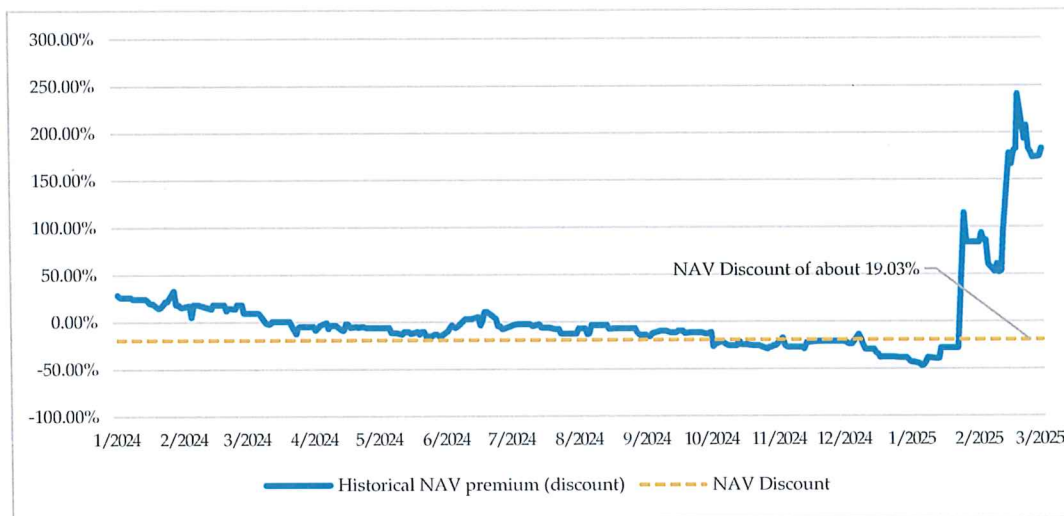
**Offer Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price after the Latest Practicable Date.**

**Offer Shareholders who wish to accept the Share Offer or realise their investments in the Group are reminded that they should carefully and closely monitor the trading price of Shares during the Offer Period.**



### 3.3 Historical trading price against net asset value per Share

As aforementioned, the Share Offer Price represented a discount of approximately 19.03% (i.e. the “NAV Discount”) to the unaudited consolidated net asset values attributable to the owner of the Company per Share as at 30 June 2024 (the “NAV”). Accordingly, we also reviewed the discounts of the closing prices of Shares to the latest prevailing NAV (the “Historical NAV Discounts”) during the Review Period as set out in the chart below:



As shown in the graph above, the closing prices of the Shares were at discounts to the NAV during the majority of Review Period and the Historical NAV Discounts ranged from a discount of approximately 1.01% to approximately 47.44% during the Review Period. Specifically, among the total 287 trading days during the Review Period, 199 trading days were trading at discounts to the NAV, representing approximately 69.34% of the total trading days in the Review Period. Given that the historical closing prices in the Review Period have largely been traded at discounts to the NAV during the Review Period, we consider the NAV Discount to be acceptable.

### 3.4 Historical trading liquidity of the Shares

Apart from the analysis on the closing price of the Shares above, we have also conducted a review on the trading liquidity of the Shares. The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by the public Shareholders:

Month	Total trading volume of the Shares	Number of trading days in the month	Average daily trading volume of the Shares	Percentage of average daily trading volume to total Shares (Note 1) Approximate %	Percentage of average daily trading volume to total number of Shares held by public Shareholders (Note 2) Approximate %
<b>2024</b>					
January	421,000	22	19,136	0.0085%	0.0184%
February	777,000	19	40,895	0.0182%	0.0394%
March	1,206,000	20	60,300	0.0268%	0.0581%
April	622,000	20	31,100	0.0138%	0.0299%
May	293,000	21	13,952	0.0062%	0.0134%
June	499,000	19	26,263	0.0117%	0.0253%
July	136,000	22	6,182	0.0027%	0.0060%
August	60,000	22	2,727	0.0012%	0.0026%
September	67,000	19	3,526	0.0016%	0.0034%
October	690,000	21	32,857	0.0146%	0.0316%
November	517,000	21	24,619	0.0109%	0.0237%
December	937,000	20	46,850	0.0208%	0.0451%
<b>2025</b>					
January	168,690,532	19	8,878,449	3.8391%	12.0786%
February	75,008,000	20	3,750,400	1.6029%	4.9206%
March	1,083,000	2	541,500	0.2314%	0.7105%

Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

1. The percentage of average daily trading volume to total Shares is calculated based on the average daily trading volume of Shares divided by the total issued Shares of the Company at the end of each month or as at the Latest Practicable Date, as applicable.
2. The total number of Shares held by the public Shareholders is calculated based on the number of total Shares excluding those held by the Offeror and parties acting in concert with it and the Controlling Selling Shareholder and parties acting in concert with it as at the end of each month/period or as at the Latest Practicable Date, as applicable.