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INTERNATIONAL GENIUS COMPANY

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 22 January 2024 (after trading hours), the Purchaser, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

Subject to the possible adjustment to the Consideration as set out in the section headed “The Sale and Purchase Agreement - Profit Guarantee” in this announcement, the Consideration of HK\$620,520,000 shall be satisfied by (i) cash in the sum of HK\$30,000,000 upon Completion; and (ii) the allotment and issuance of 105,000,000 Consideration Shares by the Company at the Issue Price of HK\$5.624 per Consideration Share to the Vendor (or his nominee(s)) upon Completion. The Consideration Shares will be allotted and issued pursuant to the General Mandate and shall rank *pari passu* with the Shares in issue. The Consideration Shares shall be subject to the escrow arrangement as set out in the section headed “The Sale and Purchase Agreement - Consideration” in this announcement. The Consideration Shares represent approximately 19.54% of the issued share capital of the Company as at the date of this announcement and approximately 16.35% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming there being no other change to the issued share capital of the Company).

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Group will be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the satisfaction of the conditions precedent under the Sale and Purchase Agreement. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 22 January 2024 (after trading hours), the Purchaser, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarized as follows.

Date

22 January 2024 (after trading hours)

Parties

- (1) the Vendor;
- (2) the Purchaser; and
- (3) the Company

To the best of the knowledge, information and belief of the Board and after making all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its connected persons.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company. The Sale Shares will be sold free from all encumbrances together with all rights attaching thereto including all dividends or other distributions which may be paid, declared, or made in respect thereof at any time on or after the Completion Date.

Consideration

The Consideration for the Sale Shares in the aggregate sum of HK\$620,520,000 is subject to the possible adjustment to the Consideration as set out in the section headed “Profit Guarantee” below. The Consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement shall be satisfied in the following manner:

- (1) a sum of HK\$30,000,000 shall be settled by the Purchaser in cash upon Completion;
- (2) a sum of HK\$118,104,000 shall be satisfied by the allotment and issuance of 21,000,000 Consideration Shares by the Company to the Vendor (or his nominee(s)) at the Issue Price of HK\$5.624 per Consideration Share upon Completion; and
- (3) a sum of HK\$472,416,000 shall be settled by the allotment and issuance of 84,000,000 Consideration Shares by the Company to the Vendor (or his nominee(s))(the “**Escrow Shares**”) at the Issue Price of HK\$5.624 per Consideration Share upon Completion, which shall be delivered to and held by the Escrow Agent. The Escrow Agent shall only release the share certificates and any other specified title documents of the Escrow Shares, together with all rights or distributions which may be declared or made in respect thereof, to the Vendor (or his nominee(s)) in the manner as prescribed below:
 - (a) subject to the fulfillment of and adjustment pursuant to the Profit Guarantee (as defined below) by the Target Company, the Escrow Agent shall, upon the instructions of the Purchaser, release the share certificate(s) and other specified title documents for a maximum of 78,750,000 Consideration Shares (the “**PG-linked Consideration Shares**”), together with all rights or distributions which may be declared or made in respect thereof, to the Vendor (or his nominee(s)). Such release shall be made annually by a date falling not more than one (1) month after the audited account of the Target Group for the preceding financial year during the PG Period (as defined below) is issued; and
 - (b) subject to the satisfactory performance of the specific undertaking of the Vendor in relation to the Management Lock-up Period (as defined below), the Escrow Agent shall release the share certificate(s) and other specified title documents for 5,250,000 Consideration Shares, together with all rights or distributions which may be declared or made in respect thereof, to the Vendor (or his nominee(s)) upon the expiration of the Management Lock-up Period.

The Consideration was arrived at after arm's length negotiations among the parties to the Sale and Purchase Agreement and was determined with reference to, including but not limited to: (i) the preliminary valuation of the Target Company of approximately HK\$669.6 million using income approach conducted by an independent professional valuer in relation to the fair value of the entire equity interest of the Target Company (the "**Valuation**"); (ii) the Profit Guarantee (as defined below); and (iii) the future business prospects of the Target Group as further detailed in the section headed "Reasons for and benefits of the Acquisition" below.

Any entitlements of dividend in respect of the Consideration Shares shall be held in escrow by the Company, which shall be released to the Vendor (or his nominee(s)), upon the instruction of the Purchaser, in proportion to the number of Consideration Shares in respect of which the share certificate(s) and other specified title documents have been released by the Escrow Agent to the Vendor.

In the event the share certificate(s) and other specified title documents of any Consideration Share(s) held by the Escrow Agent is/are not eligible to be released (the "**Outstanding Consideration Shares**") to the Vendor (or his nominee(s)) upon the expiration of the PG Period (as defined below) or the expiration of the Management Lock-up Period (as defined below), as applicable, (i) the Vendor shall be deemed to have unconditionally and irrevocably surrendered such Outstanding Consideration Share(s) to the Company and the Company shall, subject to any necessary regulatory approval(s) and compliance with the Listing Rules, repurchase and cancel such Outstanding Consideration Shares(s) at nil consideration; (ii) the Escrow Agent shall return all rights or distributions declared or made in respect of the Outstanding Consideration Shares to the Company; and (iii) the Company shall retain and forfeit any dividend entitlements in respect of the Outstanding Consideration Shares.

The Vendor undertakes that as long as the share certificate(s) and other specified title documents of the Consideration Shares are held under the possession of the Escrow Agent, the Vendor (or his nominee(s)) shall not (i) sell, transfer, dispose of, or otherwise deal with, either directly or indirectly any of the Consideration Shares or any interest therein, including but not limited to the creation of any option in relation to the Consideration Shares; or (ii) create or allow to create any encumbrances over the Consideration Shares; or (iii) claim himself as the beneficial owner of the Consideration Shares; or (iv) exercise the rights of dividend and/or rights issue accruing to such Consideration Shares.

Profit Guarantee

The Vendor guarantees to the Purchaser that the aggregate actual net profit before taxation generated by the Target Group (the "**Actual Profit**") for the three years ending 31 December 2026 (the "**PG Period**") shall not be less than HK\$270,000,000 in aggregate (the "**Profit Guarantee**").

Subject to the incentive arrangement set forth in the following paragraph, the PG-linked Consideration Shares to be released to the Vendor for each of the financial year ending 31 December 2024, 2025 and 2026 during the PG Period shall be calculated based on the following formula:

(Actual Profit for each financial year ÷ HK\$270,000,000) x the number of original PG-linked Consideration Shares (i.e. 78,750,000 Consideration Shares)

As an incentive for the management of the Target Group to develop the business, in the event (i) the Actual Profit for the year ending 31 December 2024 exceeds HK\$190,000,000, all the PG-linked Consideration Shares under escrow shall be outright released to the Vendor; or (ii) in the event the Actual Profit for the two years ending 31 December 2025, in aggregate, exceeds HK\$230,000,000, all remaining PG-linked Consideration Shares (after deducting any PG-linked Consideration Shares released in respect of the Profit Guarantee for the financial year ending 31 December 2024) shall be outright released to the Vendor.

In the event the aggregate Actual Profit for the three years ending 31 December 2026 falls below the guaranteed profit before taxation of HK\$270,000,000 pursuant to the Profit Guarantee (the “**Shortfall**”), the number of PG-linked Consideration Shares to be released by the Escrow Agent to the Vendor shall be reduced based on the following formula:

(HK\$270,000,000 – aggregate Actual Profit for the three years ending 31 December 2026) ÷ HK\$270,000,000 x the number of original PG-linked Consideration Shares (i.e. 78,750,000 Consideration Shares)

In the event the share certificate(s) and other specified title documents of any Consideration Share(s) held by the Escrow Agent is/are not eligible to be released (the “**Outstanding Consideration Shares**”) to the Vendor (or his nominee(s)) upon the expiration of the PG Period, (i) the Vendor shall be deemed to have unconditionally and irrevocably surrendered such Outstanding Consideration Share(s) to the Company and the Company shall, subject to any necessary regulatory approval(s) and compliance with the Listing Rules, repurchase and cancel such Outstanding Consideration Shares(s) at nil consideration.

In assessing the fairness and reasonableness of the Profit Guarantee arrangement, the Board has taken into account, among other things, the following:

- (i) the Profit Guarantee provided by the Vendor in favour of the Purchaser serves as an additional protection to the Shareholders’ interests under the Acquisition without having to incur any extra costs on the part of the Group; and
- (ii) pursuant to the Sale and Purchase Agreement, part of the Consideration of approximately HK\$442,890,000 shall be settled by way of the allotment and issuance of the Consideration Shares by the Company to the Vendor (or his nominee(s)), which is subject to possible adjustment under the Profit Guarantee. These Consideration Shares shall be delivered to and

held by the Escrow Agent, who shall only release the share certificate(s) and other specified title documents for such Consideration Shares subject to the fulfillment of and adjustment pursuant to the Profit Guarantee. In the event the share certificate(s) and other specified title documents of any Consideration Share(s) held by the Escrow Agent is/are not eligible to be released (the “**Outstanding Consideration Shares**”) to the Vendor (or his nominee(s)) upon the expiration of the PG Period, (i) the Vendor shall be deemed to have unconditionally and irrevocably surrendered such Outstanding Consideration Share(s) to the Company and the Company shall, subject to any necessary regulatory approval(s) and compliance with the Listing Rules, repurchase and cancel such Outstanding Consideration Shares(s) at nil consideration.

Based on the foregoing, the Board considered that the Profit Guarantee arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In the event the Profit Guarantee disclosed above is not achieved, the Company will comply with the disclosure obligations under Rule 14.36B of the Listing Rules.

Management Lock-up Period

The Vendor undertakes to procure the existing management of the Target Group to remain in the employment with the Target Group for a period of eight calendar years from the Completion Date (the “**Management Lock-up Period**”), subject to fair and reasonable remuneration for their employment.

Conditions precedent

The Completion is conditional upon:

- (a) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Consideration Shares;
- (b) the allotment and issuance of Consideration Shares shall not result in the Company failing to meet the minimum public float requirement under the Listing Rules;
- (c) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that the Purchaser may consider necessary) on the Target Group and its assets, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (d) (if applicable) all consents, waivers and clearance by authorities that are necessary or appropriate for or in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained;

- (e) there being no material adverse change or prospective material adverse change in the Target Group's business, operations, financial conditions or prospects taken as a whole since the date of the Sale and Purchase Agreement;
- (f) the Purchase being satisfied that, from the date of the Sale and Purchase Agreement and at any time before the Completion, that the warranties given by the Vendor under the Sale and Purchase Agreement remain true, accurate and not misleading and that no events have occurred that would result in any breach of the warranties or other provision given by the Vendor under the Sale and Purchase Agreement; and
- (g) a valuer engaged by the Company having issued a valuation report to the Purchaser and according to such valuation report, the valuation of the Target Group shall be no less than HK\$650,000,000.

Conditions (a), (b) and (d) above are not capable of being waived by any parties to the Sale and Purchase Agreement. Conditions (c), (e), (f) and (g) above may be waived by the Purchaser or the Vendor, as applicable.

In the event any of the conditions shall not have been fulfilled by 5:00 p.m. on the Long Stop Date, all rights, obligations and liabilities of the parties to the Sale and Purchase Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Sale and Purchase Agreement.

Completion

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, Completion shall take place on the Completion Date. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

CONSIDERATION SHARES

Upon Completion, the Company shall issue a total of 105,000,000 new Shares to the Vendor (or his nominee(s)) at the Issue Price of HK\$5.624 per Consideration Share as partial settlement of the Consideration for the Acquisition. The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects to the Shares in issue on the date of the allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the Completion Date.

The Consideration Shares represent approximately 19.54% of the issued share capital of the Company as at the date of this announcement and approximately 16.35% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there is no

other change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement up to the Completion Date). The aggregate nominal value of the Consideration Shares will be HK\$1,050,000.

Issue Price

The Issue Price represents:

- (a) a premium of approximately 5.3% over the closing price of HK\$5.340 per Share as quoted on the Stock Exchange on 22 January 2024, being the date of the Sale and Purchase Agreement;
- (b) a discount of approximately 2.9% the average closing price of HK\$5.792 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (c) a discount of approximately 8.8% to the average closing price of HK\$6.164 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The Issue Price of HK\$5.624 per Consideration Share was arrived at after arm's length negotiations among the parties to the Sale and Purchase Agreement after taking into account the prevailing trading price of the Shares and current market conditions. The Directors consider that the Issue Price is fair and reasonable.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

GENERAL MANDATE

The Consideration Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorised to issue up to 107,449,020 new Shares. Since the date of the last annual general meeting on 15 December 2023 and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate and new Shares that can be allotted and issued pursuant to the General Mandate is 107,449,020 new Shares. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and the allotment and issue of the Consideration Shares is not subject to the Shareholders' approval.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and prior to the Completion; and (ii) immediately upon Completion and the allotment and issue of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company before the allotment and issue of the Consideration Shares):

Shareholders	As at the date of this announcement and prior to Completion		Immediately upon Completion and the allotment and issue of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Dr. Ng Yu	244,800	0.05	244,800	0.04
Neo Tech Inc. (Note 1)	390,821,084	72.74	390,821,084	60.85
The Vendor (Note 2)	–	–	105,000,000	16.35
Other shareholders	<u>146,179,220</u>	<u>27.21</u>	<u>146,179,220</u>	<u>22.76</u>
Total	<u>537,245,104</u>	<u>100.00</u>	<u>642,245,104</u>	<u>100.00</u>

Note:

1. Neo Tech Inc. is a company incorporated in the BVI with limited liability and is wholly and beneficially owned by Dr. Ng. Dr. Ng is therefore deemed to be interested in the Shares held by Neo Tech Inc. in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
2. The figures are provided for illustrative purposes only. The number of Consideration Shares to be issued to the Vendor is subject to the minimum public float requirement under the Listing Rules, and if the said requirement is not satisfied, the Consideration Shares will not be issued.

Upon the allotment and issuance of the Consideration Shares, the Vendor (or his nominee(s)) will become a substantial shareholder (as defined under the Listing Rules) of the Company, holding approximately 16.35% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

INFORMATION OF THE GROUP

The Group is principally engaged in trading of party products, provision of securities brokerage and asset management services, provision of advancing services and trading of commodities.

INFORMATION OF THE TARGET GROUP

The Target Group is a leading service and application organization specialised in deep neural network, artificial intelligence, distributed computing and quantitative trading algorithms. As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

The Target Group is an approved manager in the BVI, which allows it to act as manager or advisor to investment funds in the BVI. It offers a wide range of services to investment funds, including providing technical support through cutting-edge technology, distributed neural network algorithms, and robust risk control modules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, the Target Company and its ultimate beneficial owner are independent of, and not connected with, the Company and any of its connected persons as defined in the Listing Rules.

Financial information of the Target Group

Set out below is the financial information of the Target Group for the period from 20 September 2022 (the date of incorporation) up to 31 December 2023:

	For the period from 20 September 2022 (the date of incorporation) up to 31 December 2023
	<i>HK\$'000</i>
	(unaudited)
Revenue	49,800
Net profit before taxation	37,952
Net profit after taxation	31,690

The unaudited total assets and net assets of the Target Company as at 31 December 2023 was approximately HK\$49,800,000 and HK\$31,690,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the annual report of the Company for the year ended 30 June 2023, the Group has made progress in seeking breakthrough in utilising algorithmic trading and artificial intelligence trading technology to transform its asset management and other related financial services business.

Leveraging on (i) algorithmic trading and artificial intelligence trading technology of the Company; and (ii) the artificial intelligence, distributed computing and quantitative trading algorithms possessed by the Target Group, the Company considers the Acquisition may supplement the Company's securities brokerage and asset management business to provide a comprehensive range of asset management and other related financial services to its customers.

Furthermore, the Target Group and its management team has a well-established record in providing financial services to its customers as it recorded profit of over HK\$31 million for the period from 20 September 2022 (the date of incorporation) up to 31 December 2023. In addition to the Profit Guarantee, the Company is of the view that the Target Group may further improve the income stream and profitability of the Company.

Taking into account of the above, the Directors are of the view that the terms of the Sale and Purchase Agreement, including the Consideration, are fair and reasonable and the entering into the Sale and Purchase Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

PROFIT FORECAST UNDER THE PRELIMINARY VALUATION REPORT

Of the three generally accepted valuation approaches considered, namely the market approach, the cost approach and the income approach, the income approach was selected for the purpose of valuation of the Target Group as such approach estimates the Target Group's future economic benefits and discounts such benefits to their present value using an appropriate discount rate for all risks associated with realizing such benefits.

The market approach was not used because there is limited information on similar assets in the market for comparison purpose, and the cost approach was not used because such approach is generally not appropriate in estimating the value in use of intangible assets. Given that the preliminary valuation on the Target Company was prepared by the Valuer based on the income approach, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules apply.

The Board is satisfied that (i) the Valuer, namely Max Lewis Consultants Pte Ltd, is an independent professional party engaged by the Company; (ii) the Valuer has the necessary qualifications to perform the valuation on the Target Group and also has appropriate experience in carrying out similar valuations; (iii) the scope of work carried out by the Valuer is appropriate for the present engagement; and (iv) the valuation assumptions and methodologies adopted by the Valuer for the present engagement are fair and reasonable.

The underlying forecast has been prepared based on the unaudited consolidated management accounts of the Target Group for the period from 20 September 2022 (the date of incorporation) up to 31 December 2023, and the management's forecast of the results and cash flow of the Target Group for the five years ending 31 December 2028.

In the course of the Valuer's work, it has carried out the following processes to evaluate the information provided by the management of the Company:

- (i) discussed with the management and obtained relevant information in respect of the Target Company;
- (ii) examined the relevant basis and assumptions of the financial information in respect of the Target Company provided by its management;
- (iii) conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- (iv) arrived at its valuation opinion based on the relevant assumptions and information provided by the management.

Principal assumptions and key inputs

The principal assumptions and key inputs relating to the valuation of the Target Group include the following:

- (a) no unforeseeable material adverse change to or affecting the operations of the Target Company;
- (b) the Target Company will be able to operate on a going-concern basis and all licenses and permits that are essential for the operations of the Target Company have been obtained and will be renewed upon expiry;
- (c) the revenue of the Target Company for the year ending 31 December 2024 is based on (i) the existing contracts of the Target Company with its customers; (ii) the estimated assets under management (the "AUM") of the investment funds of the Target Company's customers; and (iii) the expected level of return generated based on the actual level of returns generated for the year ended 31 December 2023;
- (d) the annual revenue growth rate for the years ending 31 December 2025 to 2028 is expected to be 13%, which is based on the historical growth rate of the AUM of the investment funds and the growth rate of the global algorithmic trading market size according to a number of research reports published by a number of market research institutions;

- (e) the expenses of the Target Company, which mainly consists of salaries, computer expenses (server equipment and computational costs), legal and professional fees, is assumed to be increased by around 5% annually as a result of inflation. The annual consultancy fee is expected to be around 6% of the revenue generated by the Target Company;
- (f) the Target Company will not have material capital investment during the forecasted period;
- (g) the turnover day of account receivables is 30 days based on terms of the existing contracts of the Target Company with its customers;
- (h) the discount rate of 15.83% using the weighted average cost of capital which was calculated with reference to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business; and
- (i) a discount of lack of marketability of 15.70% adopted with reference to the research of “2022 Edition Stout Restricted Stock Study Companion Guide”.

Confirmation

The reporting accountants of the Company, McMillan Woods (Hong Kong) CPA Limited (the “**Reporting Accountants**”), have been engaged to report on the calculations of the discounted cash flows used in the valuation prepared by the Valuer. The Reporting Accountants have reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the valuation. The text of the report issued by the Reporting Accountants in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement for the purpose under Rule 14.62(2) of the Listing Rules.

A letter from Donvex Capital Limited, the financial adviser to the Company, confirming that the profit forecast in the valuation has been made after due and careful enquiry by the Board, is set out in Appendix II to this announcement.

Experts

The following are the qualifications of experts who have provided opinions and/or suggestions contained in this announcement:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants
Max Lewis Consultants Pte Ltd	Valuer

Each of the experts mentioned above has given and none of the experts has withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its names included herein in the form and context in which it is included.

As at the date of this announcement, none of the experts nor their respective subsidiaries mentioned above held any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, as far as the Directors are aware, none of the experts nor their respective subsidiaries mentioned above had, or had had, any direct or indirect interest in any material assets which have been since 30 June 2023 (being the date to which the latest published audited consolidated accounts of the Company were made up) acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

Completion of the Acquisition is subject to the satisfaction of the conditions precedent under the Sale and Purchase Agreement. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Company”	International Genius Company, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 33)

“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	the third (3rd) Business Day after the last outstanding condition precedent under the Sale and Purchase Agreement shall have been fulfilled or waived (or such other date agreed by the Purchaser and the Vendor in writing) on which Completion is to take place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$620,520,000 for the Acquisition under the Sale and Purchase Agreement
“Consideration Share(s)”	105,000,000 new Shares to be allotted and issued by the Company at the Issue Price of HK\$5.624 per Consideration Share to the Vendor (or his nominee(s)) upon Completion as partial settlement of the Consideration
“Director(s)”	the director(s) of the Company
“Escrow Agent”	an independent third party to be jointly appointed by the Vendor and the Purchaser, as the escrow agent for the stakeholding of the share certificates and any other specified title documents in respect of the Consideration Shares to be allotted and issued pursuant to the Sale and Purchase Agreement
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 15 December 2023
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	HK\$5.624 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling six (6) months from the date of the Sale and Purchase Agreement

“Purchaser”	Gold Collection Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 January 2024 entered into among the Vendor, the Purchaser and the Company in relation to the Acquisition
“Sale Shares”	50,000 ordinary shares issued by the Target Company, representing the entire issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Deep Neural Computing Company Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Valuer”	Max Lewis Consultants Pte Ltd
“Vendor”	Dr. Ye Guanhua
“%”	per cent

For and on behalf of the Board
International Genius Company
Mr. Cheung Ka Fai
Company Secretary

Hong Kong, 23 January 2024

As at the date of this announcement, (i) the executive Director of the Company is Dr. Lin Feng; (ii) the non-executive Directors of the Company are Ms. Sun Qiuzhen and Mr. Dai Chengyan; and (iii) the independent non-executive Directors of the Company are Mr. Lo Hang Fong, Mr. Wang Jun Sheng and Mr. Yip Tze Wai Albert.

APPENDIX I – LETTER FROM THE REPORTING ACCOUNTANTS

The Board of Directors
International Genius Company
Unit 4202-05, 42/F Cosco Tower
183 Queen’s Road Central
Hong Kong

Dear Sirs,

International Genius Company (“the Company”) and its subsidiaries (collectively referred to as “the Group”) on the discounted cash flow forecast in connection with the valuation of equity interest in Deep Neural Computing Company Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 17 January 2024 prepared by Max Lewis Consultants Pte Ltd in respect of Deep Neural Computing Company Limited (the “**Target Company**”) as at 31 December 2023 is based. The valuation is in connection with the acquisition of 100% equity interest in the Target Company, as set out in the Company’s announcement dated 23 January 2024 (the “**Announcement**”). The valuation based on Forecast is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility

The directors of the Company (the “**Directors**”) are solely responsible for the preparation of Forecast. The Forecast has been prepared using a set bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “Profit Forecast under the Preliminary Valuation Report” of the Announcement.

Our Independence and Quality Control

We have complied with the ethical requirements of the Code of Ethics for Professional Accountants (“**the Code**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the independence requirements in Part 4A, Chapter A of the Code.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Company. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions as set out in the Announcement.

Yours faithfully,

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Hong Kong

23 January 2024

APPENDIX II – LETTER FROM THE FINANCIAL ADVISER

The Directors
International Genius Company
Unit 4202-05, 42/F Cosco Tower
183 Queen’s Road Central
Hong Kong

Dear Sirs,

We refer to the announcement of International Genius Company (the “**Company**”) dated 23 January 2024 in relation to the acquisition of the entire issued share capital of the Deep Neural Computing Company Limited (the “**Target Company**”)(the “**Announcement**”) and preliminary valuation (the “**Valuation**”) prepared by Max Lewis Consultants Pte Ltd (the “**Independent Valuer**”) in relation to the estimation of the value of the Target Company.

We note that the Valuation, which has been prepared based on the discounted future estimated cash flows and is regarded as profit forecast under Rule 14.61 of the Listing Rules. We noted that the Valuation is developed based on, among other things, the cash flow forecast in relation to the Target Company (the “**Forecast**”) and the estimated discount rate which is based on the weighted average cost of capital of the Company after taking consideration of relevant risk-free rate and certain risk premium.

We, as the financial adviser to the Company, have reviewed the Forecast, for which the Directors are solely responsible, and have discussed with the management of the Company and the Independent Valuer regarding the bases and assumptions of the Valuation, and have reviewed the letter dated 23 January 2024 from McMillan Woods (Hong Kong) CPA Limited, the reporting accountant of the Company, as set out in Appendix II to the Announcement. McMillan Woods (Hong Kong) CPA Limited is of the opinion that, the Forecast, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company.

We have assumed that all information, materials and representations referred to or contained in the Forecast were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of this letter and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review.

On the basis of the foregoing and the calculations reviewed by McMillan Woods (Hong Kong) CPA Limited, without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by the Independent Valuer on the Valuation, for which Independent Valuer and the Company are responsible, we are of the opinion that the Forecast underlying the Valuation, for which the directors of the Company is solely responsible, have been made after due and careful enquiry.

Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

Yours faithfully,

For and on behalf of

Donvex Capital Limited

Doris Sy

Director