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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

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賽伯樂國際控股

**Cybernaut International Holdings Company Limited**

賽伯樂國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1020)**

**(1) MAJOR TRANSACTION  
DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY; AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Capitalised terms used in this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 18 of this circular. A notice convening the EGM to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 30 November 2018 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting (as the case may be) should you so wish.

7 November 2018

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## DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 1 August 2018 entered into between the Company and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday) on which the licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Cybernaut International Holdings Company Limited (賽伯樂國際控股有限公司), a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the main board of the Stock Exchange (stock code: 1020)
“Completion”	the completion of the Disposal
“Completion Date”	the 10th Business Day after the determination of the Cut-off Date NAV
“Consideration”	the initial consideration for the Sale Share in amount of HK\$82.8 million pursuant to the terms and conditions of the Agreement, subject to adjustments
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“Disposal Company”	Sinoref (BVI) Limited, a company incorporated under the laws of the BVI with limited liability, which is wholly owned by the Company as at the Latest Practicable Date
“Disposal Group”	the Disposal Company and its subsidiaries

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## DEFINITIONS

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“EGM”	an extraordinary general meeting of the Company to be convened at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 30 November 2018 at 11:00 a.m. for the purpose of considering and approving the Agreement and the transactions contemplated thereunder
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party who is independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	2 November 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 28 May 2018 entered into between the Company and the Purchaser in relation to the potential disposal of the Disposal Company by the Company
“MOU Announcement”	the Company’s announcement dated 28 May 2018 issued in connection with the MOU
“Mr. Lyu”	Mr. Lyu Yajun (呂亞軍先生), the sole shareholder of the Purchaser
“Plant, Machinery and Equipment”	the plant, machinery and equipment of Sinoref (Yixing)
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Properties”	the properties of Sinoref (Yixing)

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## DEFINITIONS

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“Purchaser”	Unicity Investment Holdings Limited (立新投資控股有限公司), a company incorporated under the laws of the BVI on 11 May 2016 with limited liability, whose entire issued share capital is owned by Mr. Lyu
“Remaining Group”	the Group immediately following the Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	an aggregate of 2 shares, representing 100% of issued share capital of the Disposal Company beneficially owned by the Company as at the Latest Practicable Date
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Sinoref (HK)”	Sinoref (Hong Kong) Limited (華耐科技(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Disposal Company
“Sinoref (Yixing)”	Sinoref International (Yixing) Company Limited* (華耐國際(宜興)高級陶瓷有限公司), a company established in the PRC with limited liability and an indirect wholly-owned operating subsidiary of Sinoref (HK) as at the Latest Practicable Date
“SPA Announcement”	the Company’s announcement dated 1 August 2018 issued in connection with the Agreement entered into between the Company and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“m <sup>2</sup> ”	square meter

*For illustrative purpose only, translations of RMB to HK\$ has been made at the exchange rate of approximately RMB1 = HK\$1.15 in this circular. No representation has been made that any amounts in RMB or HK\$ have been, could have been or may be converted at such rate, any other rate or at all.*

\* for identification purpose only

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LETTER FROM THE BOARD

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賽伯樂國際控股

**Cybernaut International Holdings Company Limited**  
**賽伯樂國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 1020)**

*Executive Directors:*

Mr. Zhu Min (*Chairman*)  
Mr. Sin Kwok Wai Ronald  
Mr. Lu Yongchao  
Mr. Xu Yejun

*Non-executive Directors:*

Mr. Chow Chi Wa  
Ms. Yip Sum Yu

*Independent non-executive Directors:*

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

*Registered Office:*

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

*Principal Place of Business  
in Hong Kong:*

Unit 1002, Capital Centre  
151 Gloucester Road  
Wanchai, Hong Kong

7 November 2018

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION**  
**DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY; AND**  
**(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

References are made to the MOU Announcement and the SPA Announcement in relation to the potential disposal of the Disposal Company and the Disposal respectively.

The purpose of this circular is to provide you with, among others: (i) details of the Disposal; (ii) financial information of the Group; (iii) valuation report on the Properties; (iv) valuation report on the Plant, Machinery and Equipment; and (v) other information as required to be disclosed under the Listing Rules.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

On 1 August 2018 (after trading hours), the Company as vendor and the Purchaser (being an Independent Third Party) entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Company has conditionally agreed to sell, the Sale Shares at the Consideration of HK\$82.8 million in cash. The Sale Shares represents 100% of the issued share capital of the Disposal Company. Details of the Agreement are set out below:

- Date: 1 August 2018
- Parties: (a) The Company, as the vendor; and
- (b) The Purchaser, i.e. Unicity Investment Holdings Limited (立新投資控股有限公司), as the Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party as at the Latest Practicable Date.

### Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK\$82.8 million, and shall be paid by the Purchaser in the following manner:

- (i) a refundable deposit of HK\$2.0 million already paid by the Purchaser in cash within seven days from the date of the Agreement; and
- (ii) the remaining balance of HK\$80.8 million (subject to adjustments at the Completion) to be paid by the Purchaser in cash upon Completion.

The Consideration was determined among the Company and the Purchaser after arm's length negotiations and on normal commercial terms, with reference to the historical performance and prospects of the Disposal Group. In determining the Consideration, the Company considered the following factors: (a) the unaudited consolidated net assets of the Disposal Group of approximately RMB27.7 million (equivalent to approximately HK\$31.9 million) as at 30 June 2018; (b) the difference between the book values of the Properties and the Plant, Machinery and Equipment and their respective fair market values based on draft valuation reports prepared by an independent professional valuer of approximately RMB42.5 million (equivalent to approximately HK\$48.9 million); (c) the adjusted unaudited consolidated net asset value of the Disposal Group of approximately RMB70.2 million (equivalent to approximately HK\$80.8 million) (the "**Adjusted NAV**") after taking into consideration of (a) and (b) above, plus a premium of HK\$2.0 million (the "**Premium**"); (d) the segment of the Disposal Group reporting gross losses since the year ended 31 December 2014; and (e) the poor business prospects of the Disposal Group and its industry as further explained in the section headed "Reasons for and benefits of the Disposal" in this letter.

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## LETTER FROM THE BOARD

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Pursuant to the terms of the Agreement, the Company and the Purchaser shall within three months from the date on which all of the conditions precedent to the Agreement have been fulfilled or waived (as the case may be) (the “**Cut-off Date**”) procure (i) the Disposal Group to obtain audited financial statements of the Disposal Group as at the Cut-off Date which shall include its net asset value after taking into account of (ii) below (the “**Cut-off Date NAV**”) as prepared by an auditor agreeable to the Company and the Purchaser; and (ii) the Disposal Group to obtain valuation report(s) on the Disposal Group’s land and fixed assets prepared by a valuer agreeable to the Company and the Purchaser. After determination of the Cut-off Date NAV, the final Consideration shall be adjusted to the equivalent of the Cut-off Date NAV plus the Premium.

### **Conditions precedent**

Completion is conditional upon the satisfaction of the following conditions:

- (a) the due diligence review on the financial position, financial performance, operations and business of Disposal Group has been completed to the satisfaction of the Purchaser;
- (b) all necessary consents and approvals required to be obtained on the part of the Company, the Purchaser and the Disposal Company in respect of the sale and purchase of the Sale Shares having been obtained;
- (c) where applicable, the obtaining of all necessary waiver, consents, approvals, confirmations, permissions, authorisation, decree and exemption from the relevant government or regulatory authorities or any third parties which are required for the execution and performance of the Agreement;
- (d) the passing of an ordinary resolution by the Shareholders at a general meeting approving the Agreement and the transactions contemplated thereunder; and
- (e) the warranties given by the Company remaining true and accurate in all material respects.

Pursuant to the terms of the Agreement, if the conditions set out above are not fulfilled (or waived in respect of conditions (a) and (e) only by the Purchaser) by 5:00 p.m. on 31 December 2018 (or such other time as agreed by the Company and the Purchaser), the Company shall forthwith return all deposits to the Purchaser and the Agreement shall cease and terminate and no party shall have any responsibility or liability to the other party (save for any antecedent breach of the terms thereof).



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## LETTER FROM THE BOARD

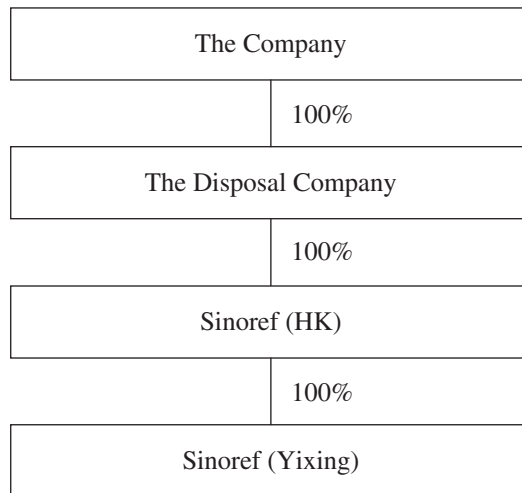
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### Completion

Subject to the fulfilment of all conditions precedent of the Agreement (or waiver of conditions set out in (a) and (e) thereof), Completion shall take place on the Completion Date at 4:00 p.m. or such other date as the Company and the Purchaser may agree in writing.

### INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding. The Disposal Group is principally engaged in the manufacture and sale of advanced steel flow control products including subentry nozzle, stopper, tundish nozzle and ladle shroud. The Disposal Group represents the entire business segment of manufacture and sale of advanced steel flow control products of the Group, and it is the Group's intention to discontinue this business segment upon Completion taking place. The group structure of the Disposal Group as at the Latest Practicable Date is set out below:



Set out below is a summary of the unaudited consolidated financial information on the Disposal Group for the years ended 31 December 2016 and 2017:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	149,796	93,044
Net (loss) before tax	(72,842)	(105,374)
Net (loss) after tax	(72,842)	(105,374)

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## LETTER FROM THE BOARD

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As at 31 December 2017, the unaudited consolidated net liabilities of the Disposal Group was approximately RMB151.1 million (equivalent to approximately HK\$173.8 million). As at 30 June 2018, the unaudited consolidated net assets of the Disposal Group was approximately RMB27.7 million (equivalent to approximately HK\$31.9 million). The turn around from the Disposal Group's net liabilities as at 31 December 2017 to unaudited net assets as at 30 June 2018 was mainly due to a waiver of intra-company loan amounted to approximately RMB222.2 million as of 22 June 2018.

### INFORMATION ON THE REMAINING GROUP

On 22 November 2017, the Group has successfully completed the acquisition of Cybernaut Technology International Limited (“**Cybernaut Technology**”) which together with its subsidiaries, are principally engaged in the internet education services business. With reference to the circular of the Company dated 27 October 2017 in relation to its acquisition of Cybernaut Technology, the vendor irrevocably warranted and guaranteed the Company that, among other things, the net profit after tax generating from operating activities of Cybernaut Technology for the six month period ended 30 June 2018 shall not be less than HK\$7.5 million (the “**1st Guaranteed Profit**”). Pursuant to the interim results announcement of the Company for the six months ended 30 June 2018, the unaudited revenue contributed by the internet education services business was approximately RMB11.6 million for the six months ended 30 June 2018 with unaudited segment profit of approximately RMB9.2 million for the corresponding period. In addition, as stated in the announcement of the Company in relation to the fulfilment of profit guarantee dated 30 August 2018, the Company has received the auditor's certificate confirming that the 1st Guaranteed Profit has been fulfilled.

Details of other business segments of the Remaining Group are as follows:

#### (1) **Manufacture and sale of paper converting equipment and other related equipment**

##### *Type of product*

The Group's manufacture and sale of paper converting equipment and other related equipment business (the “**Paper Converting Equipment Business**”) is principally engaged in the design, manufacture and sale of paper cutting machines as well as the provision of after sale services to its customers.

##### *Business scale*

The Group's paper cutting products are available in more than 50 countries worldwide. The Paper Converting Equipment Business designs and manufactures its products via its own factory situated in the Jiangsu Province, the PRC with a site area of around 25,383.2 m<sup>2</sup>. For the year ended 31 December 2017, the segment revenue was approximately RMB41 million. The Paper Converting Equipment Business currently comprises six departments with around 82 employees including (i) research and development department (around 4 staff); (ii) sales department (around 5 staff); (iii) after sales services department (around 10 staff); (iv) finance department (around 3 staff); (v) logistics department (around 5 staff); and (vi) production line (around 55 staff).

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## LETTER FROM THE BOARD

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### *Management expertise*

Mr. Hu Jianzhong (胡建中) (also known as Mr. Eduardo V. Go) is the general manager of Accura Machinery & Manufacturing (Taicang) Co., Ltd. (雅高機械(太倉)有限公司), an indirect wholly owned subsidiary of the Company, and has over 30 years experience in this business field. Mr. Hu is mainly responsible for general management and daily operation of the Paper Converting Equipment Business.

### *Customers*

The Paper Converting Equipment Business possesses around 539 foreign and domestic customers with an average business relationship of over 3 years. Customers of the Paper Converting Equipment Business include JK Paper Limited (Listed company in India), Sout Aljazeera Factory for Paper and Plastic Products and Great Wall Machinery & Mfg. (Philips.), Inc. For foreign customers, the Group mainly solicit potential customers through regional sales agents. For domestic customers, the Group mainly solicit potential customers through its own sales department.

### *Suppliers*

The Paper Converting Equipment Business has a total of around 271 suppliers with an average business relationship of over 3 years. The Paper Converting Equipment Business mainly sources for sizeable brand suppliers by means of website searches, and main suppliers are Kunshan Construction Machinery Co., Ltd. (昆山市宏建機械有限公司), Zhangjiagang Xinxing Machinery Manufacturing Co., Ltd. (張家港新興機械製造有限公司) and Suzhou TUOFU Mechanical & Electrical Equipment Co., Ltd. (蘇州拓服機電有限公司).

### *Competitive advantage*

The Paper Converting Equipment Business has been focusing on manufacturing paper cutting machines and the paper processing field for more than 30 years in the PRC. The Paper Converting Equipment Business puts significant emphasis on research and development. The double helix synchronous cutter which has been developed successfully in the past two years has been launched in the market. In addition, the Group is constantly implementing more various advanced licensed parts to this paper cutting machines which can be tailored to suit customers' needs.

## **(2) Money lending**

### *Types of service*

The service of the Group's money lending business (the "**Money Lending Business**") is mainly provision of secured loans to clients that can be personal or corporate, including first mortgage property loan and personal loan, etc.

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## LETTER FROM THE BOARD

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### *Business scale*

The Money Lending Business only focuses on the Hong Kong market and the office is situated in Sheung Wan. Currently, this business comprises 2 directors, 1 manager, 1 account clerk and 1 driver. Also, 1 consultant who has more than five years working experience in the money lending field has been engaged. The revenue contributed by this business was approximately RMB8.4 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB7.9 million).

### *Management expertise*

- (i) Ms. Lam Wai Ha is currently a director of Time Credit Limited (友邦信貸有限公司) (“**Time Credit Limited**”), an indirect non-wholly owned subsidiary of the Company which is owned as to 90% by the Company, since 19 February 2014 and has more than 5 years of working experience in money lending field. Ms. Lam is responsible for general management of the business;
- (ii) Mr. Cheung Wing Lok is currently a director of Time Credit Limited since 25 February 2016. Mr. Cheung is an Associate Member of CPA Australia and possesses over 7 years of experience in areas of auditing and accounting. Mr. Cheung is responsible for daily operation and support of the business; and
- (iii) Mr. Young Chi Kin is currently a Consultant and has more than five years of working experience in money lending field. Mr. Young is responsible for business development and customer relationship.

### *Customers*

The Money Lending Business solicits its customers principally through referrals from former or existing customers and explore available resources and network within the Group. In the Money Lending Business, it has diversified different clients in order to disperse the risk and mainly focuses on first mortgage clients in order to minimize the risk of the breach of contract. In 2018, major clients of the Money Lending Business included business clients and also certain Hong Kong listed companies. As at 30 September 2018, the Money Lending Business had more than 19 customers.

### *Suppliers*

Due to the business nature of the Money Lending Business, there is no supplier for this segment. For source of funding, please refer to the paragraph headed “Source of funding” in this circular below.

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## LETTER FROM THE BOARD

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### *Source of funding*

As at 30 September 2018, the Money Lending Business finances its operations from its working capital of not less than HK\$200 million, together with funds from the credit line facilities of not less than HK\$98 million provided by related parties and associates. The credit line facilities generally carries interest rate of 6% per annum, for a term of one year, and with no collateral as security or guarantee.

### *Competitive advantage*

For the financial year ended 31 December 2017, no loan receivable had been written off. The Board considers it has put in place adequate and tight credit policies towards the Money Lending Business. This business had operated for more than seven years and has established a good brand name and reputation in the money lending industry via its operating subsidiary, Time Credit Limited. Being a subsidiary of the Company which is a listed company in Hong Kong, Time Credit Limited can utilize the Group's resources to provide staff with additional professional training, especially to those who are responsible for assessment and approval process.

### *Loan portfolio*

As at 30 September 2018, the Money Lending Business had loan receivable of approximately HK\$303.81 million, out of which approximately HK\$300.64 million was first mortgage property loan and about HK\$3.17 million was personal loan.

### *Term of loan*

Depending on the types of loans and assessments, the annual effective interest rate of loans provided are ranged from 5% to 15% per annum.

### *Credit control policy*

Credit risk is the principal risk inherent in the Money Lending Business. Therefore, the Money Lending Business has developed a credit risk management system in order to effectively identify, manage and minimize credit risks in connection with each loan it grants. In general, the Money Lending Business has established a set of procedures to mitigate credit risk, including but not limited to, an initial review, due diligence reviews on customers, risk assessment reviews, multi-level assessments and approvals, post-loan grant reviews and collections. In addition, the Money Lending Business may engage legal advisors to monitor the entire process.

### *Internal control system*

The Money Lending Business is following the relevant requirements set out in the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to provide money lending services in Hong Kong.

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## LETTER FROM THE BOARD

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### (3) eCommerce

#### *Type of product*

The Group's eCommerce business (the "**eCommerce Business**") is principally engaged in the merchandising, refurbishment and resell of second hand mobile phones and accessories via various eCommerce platforms such as Amazon, eBay, Rakuten, Newegg, Walmart and Cdiscount.

#### *Business scale*

The eCommerce Business currently comprises eight units with around 136 employees including (i) senior management (around 10 staff); (ii) sales department (around 56 staff); (iii) customer service department (around 10 staff); (iv) IT department (around 10 staff); (v) warehouse (around 20 staff); (vi) human resource/administration and finance department (around 10 staff); (vii) merchandising department (around 10 staff); and (viii) quality control department (around 10 staff).

#### *Management expertise*

- (i) Mr. Lee Yim Stephen is currently the director of Soaring International Limited ("**Soaring**"), a direct wholly-owned subsidiary of the Company, and holds 100% equity interest of VT Zero Ltd. Mr. Lee has graduated with a Bachelor of Arts (Hons) degree in Finance from the Hong Kong University in 1998 and has more than 15 years of experience in software development and eCommerce. Mr. Lee is responsible for business development, customer relationship and daily operation of the business;
- (ii) Mr. Ng Hang Fai Calvin, is currently the business development director of Soaring. Soaring was founded by Mr. Ng and his partner Mr. Lee Yim Stephen in 2007. Mr. Ng has graduated with a Bachelor of Arts (Hons) degree in Information Systems from the City University of Hong Kong in 1998 and has over 10 years of experience on internet marketing and online sales channels. Mr. Ng is responsible for marketing network development and daily operation of the business.

#### *Customers*

Customers of the eCommerce Business comprise business-to-customer customers ("**B2C Customers**") and business-to-business customers ("**B2B Customers**"). B2C Customers are customers from various electronic trading platforms such as eBay, Amazon and other eCommerce platforms. The eCommerce Business solicits B2B Customers by means of "cold calls" and searches from the advertising platforms, i.e. GSM Exchange, and through referrals from participants in events and exhibitions. B2B Customers, once engaged, will be requested to provide Soaring with supporting documents on its business registration and legal ownership.

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## LETTER FROM THE BOARD

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### *Suppliers*

Second hand refurbished smart phones are main merchandise, where the sourcing channels were recommended by business referrals and exhibition participants. Soaring has good business connection with well-known second hand phone suppliers in Hong Kong, Japan and USA.

### *Competitive advantage*

Soaring has commenced its eCommerce Business for more than 10 years. The management possesses well understanding on the supply chain of second hand mobile phones market.

#### **(4) Internet education business**

### *Types of service*

The Group's internet education business (the “**Internet Education Business**”) is principally engaged in the provision of:

- (i) education tutorial including (a) school classes synchronized tutorial course; (b) subject thematic video course; (c) e-course live broadcast courses of online-offline cooperated teacher mode; and (d) tutorial teaching materials and college entrance examination papers; and
- (ii) research and development of technology platforms including research and development of (a) computer based internet platform for “B2B” users; (b) Wechat mobile internet platform for “B2B” users; and (c) self-owned distribution system.

### *Business scale*

The head office of Internet Education Business is located in Beijing in the PRC and currently comprises five departments with about 24 employees including (i) education development and research (around 5 staff), (ii) operation department (around 6 staff), (iii) research and IT development department (around 4 staff); (iv) sales department (around 6 staff); and (v) support and line management (around 3 staff).

### *Management expertise*

Ms. Luo Hui (羅慧) is a Director of Capital Wowxue (Beijing) Education Technology Limited (京師沃學(北京)教育科技有限公司), the operating subsidiary for the Internet Education Business, and has over 10 years business management experience. Ms. Luo is currently managing the daily operation and business development of the Internet Education Business.

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## LETTER FROM THE BOARD

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### *Customers*

The Internet Education Business solicits its customers via (a) cooperation with industry associations and industrial organizations; (b) cooperation with education institutions of quality education and special counseling courses; (c) advertising; and (d) staff promotion on site. As at 30 June 2018, the Internet Education Business had 14 customers and the five major customers are Haoxuehaozhi (Beijing) Technology Co., Ltd. (好學好職(北京)科技股份有限公司); Beijing Huaqingshichang Technology Co., Ltd. (北京華清實創科技有限公司); Beijing Keyuetuo Electronic Commerce Co., Ltd. (北京科銳拓電子商務有限公司); Yixing Dashu Kindergarten (宜興市大樹幼稚園); and Foshan Nanhan North American International Education Center (佛山市南海區北美國際教育中心).

### *Suppliers*

The main service of the Internet Education Business is to provide tutorial broadcasting courses, which falls into the education research category encouraged by the PRC government. The Internet Education Business generally contracts with teachers from schools or retired teachers as “education content providers” to record video courses. Most of the internet-course live broadcast teachers are retired teachers and graduates of well-known universities and colleges in education, who are well-educated in academic studies and good at teaching.

### *Competitive advantage*

The Internet Education Business provides a collection of quality online courses in its course library which are produced by well-known colleges and universities’ teachers in the PRC such as Beijing Normal University and Peking University. The Internet Education Business offers various online courses to students in different geographical areas and allows students to review pre-record lectures on internet. The Group makes use of the well-developed online platform to enhance its competitive edges, to leverage on its customer bases to explore additional revenue sources.

## **INTENTION ON THE REMAINING GROUP**

As at the Latest Practicable Date, the Group has not entered into, and has no intention to enter into, any agreement, arrangement, memorandum of understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to downsize, cease and/or dispose the existing businesses of the Remaining Group. Nevertheless, the Group will, from time to time, conduct review on the existing businesses and the financial position of the Remaining Group for the purpose of formulating business plans and strategies for the future business development of the Group.



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## LETTER FROM THE BOARD

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### INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated under the laws of the BVI with limited liability and is principally engaged in investments. The entire issued share capital of the Purchaser is owned by Mr. Lyu. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party as at the Latest Practicable Date. There is no relationship (business or otherwise) between (i) the Purchaser or Mr. Lyu; and (ii) the Company and/or its connected person(s). Certain staff of the Purchaser became acquainted with a senior management of the Disposal Group during a business event held during the Chinese New Year in 2018. After they became acquainted, the Purchaser and the Disposal Group commenced to explore potential opportunities in business cooperation (such as joint production of steel flow control products) with site visit of the Disposal Group's facilities in late February 2018. Such talks on business cooperation subsequently shifted to the Purchaser's acquisition of the Disposal Group in May 2018 which has resulted in the signing of the MOU on 28 May 2018 and culminating in the signing of the Agreement on 1 August 2018. Save for the Purchaser, the Company has not approached or has not been approached by other potential purchasers.

### FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will cease to have any interests in the Disposal Group, and the financial results of the Disposal Group will no longer be consolidated in the financial statements of the Company.

It is estimated that the Company will record a gain (before tax) of approximately RMB43.2 million (equivalent to approximately HK\$49.7 million) from the Disposal, being the difference between the Consideration and the unaudited consolidated net assets of the Disposal Group of approximately RMB27.7 million (equivalent to approximately HK\$31.9 million) as at 30 June 2018, and after deducting the estimated expenses attributable to the Disposal of approximately HK\$1.2 million. In view of the aforementioned estimated gain on Disposal, it is expected that the Disposal will result in a positive contribution on the Group's net asset value. Since the Disposal Group is loss making, it is expected the Group's results of operations will improve after Completion. The final financial effect of the Disposal on the Disposal Group will be subject to the value of assets and liabilities of the Disposal Group at Completion and therefore, may vary from the current estimate.

### REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Group is primarily engaged in the manufacturing of advanced steel flow control products used in the continuous casting steel making process to protect, control and regulate the flow of molten steel, manufacture and sale of paper converting equipment and other relating equipment, e-Commerce, e-Commerce solutions and related support services and selling of information technology products, money lending, as well as, provision of internet education services.

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## LETTER FROM THE BOARD

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Followed by the reduction in crude steel production capacity in the PRC by more than 50 million tonnes in 2017, the Premier of the State Council of the PRC 李克強先生 (Mr. Li Keqiang) has announced, in March 2018, that the country will cut steel capacity by 30 million tonnes to meet its target for reducing steel production capacity. Ever since the announcement of such policy, the steel manufacturers in the PRC have been struggling to reduce outputs under the huge government pressure and regulatory challenges. According to the 中國鋼鐵工業協會 (China Iron and Steel Association), the PRC will further terminate more outdated steel plants and bring the total capacity to less than 1 billion tonnes by 2025, adding that national demand for the metal is set to decline gradually. In light of the above, the Directors recognised that the overall steel demand in the PRC will fluctuate downwards and overcapacity is likely to persist for a relatively sustained period of time in the future.

As the majority of the Disposal Group's customers are steel manufacturing companies in the PRC, the business and prospects of the Disposal Group depend heavily on the performance of the steel industry in the PRC. As disclosed in the Company's annual report for the year ended 31 December 2017 (the "**2017 Annual Report**"), the Disposal Group's steel flow product manufacturing plant had competed painstakingly with others to secure market share while facing various structural adjustments and transformation needs in the industry. Therefore, the Disposal Group has been facing downward pressure on pricing and great challenges in competing with other market players. Due to factors as discussed in the 2017 Annual Report, the gross loss for the manufacture and sale of advanced steel flow control products segment of the Disposal Group has deteriorated from approximately RMB19.0 million (equivalent to approximately HK\$21.9 million) in the year ended 31 December 2016 to approximately RMB42.4 million (equivalent to approximately HK\$48.8 million) in the year ended 31 December 2017, being the segment that has generated the most significant losses within the Group. Furthermore, the gross loss margin of the Disposal Group's manufacture and sale of advanced steel flow control product segment expanded from approximately 12.7% during the year ended 31 December 2016 to approximately 45.6% during the year ended 31 December 2017. In addition, considering the recent U.S. tariff on steel imports, the Directors expect the gloomy market condition of steel manufacturers in the PRC, being the main target customers of the Disposal Group, will further deteriorate in the future. The Directors currently cannot foresee the end of such unfavorable conditions for the business of the Disposal Group.

The Group has made efforts with attempt to improve the performance of the manufacture and sale of advanced steel flow control product segment of the Disposal Group by (i) managing bad and doubtful debts by controlling sales to customers; (ii) negotiating with those customers with less than ideal credit history for recovery of receivables; (iii) utilizing legal means to recover receivables; and (iv) exploring ways to enhance existing products with more competitiveness but without success. In view of the outdated machinery of the Disposal Group, some of which has been in operation for over 10 years with significant wear and tear, the Directors consider that operating and financial performance of the Disposal Group would only continue to deteriorate without further intervention. During the six months ended 30 June 2018, the production lines of the Disposal Group only operated at around 12% of maximum capacity. In view of such dire circumstances currently faced by the Disposal Group, the management has considered alternative strategies such as voluntarily winding up the Disposal Group or disposing the Company's interest in the Disposal Group to alleviate the Group's share of the Disposal Group's consistent record of incurring significant losses in recent years.

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## LETTER FROM THE BOARD

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After exploring various available means to improve operating effectiveness of the Disposal Group in the course of evaluating the overall business plan of the Group, the Company considered that the Disposal can improve its financial strength and can also effectively allocate its resources on its other existing businesses. It is expected the net proceeds from the Disposal (after deduction of relevant expenses) of approximately HK\$81.6 million (subject to adjustments at the Completion) will be used for further development of the Group's money lending segment.

In view of the above, the Board is of the opinion that the Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### THE EGM

The EGM will be convened and held for the Shareholders to consider, and if thought fit, to approve the Disposal. A notice convening the EGM to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 30 November 2018 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions as set out therein. Voting at the EGM will be by poll. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting at the EGM for approving the Disposal.

A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the terms of the Agreement are determined after arm's length negotiations between the parties thereto and on normal commercial terms. The Directors further consider that the terms of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular and the notice of the EGM.

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

## 1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2015, 2016 and 2017 are disclosed in the respective annual reports of the Company published on the websites of the Stock Exchange at <http://www.hkexnews.hk/> and the Company at <http://www.cybernaut.com.hk/>.

The annual report of the Company for the year ended 31 December 2015 published on 29 April 2016 is available at <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0429/LTN20160429565.pdf>.

The annual report of the Company for the year ended 31 December 2016 published on 27 April 2017 is available at <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN201704272377.pdf>.

The annual report of the Company for the year ended 31 December 2017 published on 26 April 2018 is available at <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0426/LTN20180426547.pdf>.

## 2. INDEBTEDNESS STATEMENT

At the close of business on 30 September 2018, being latest practicable date prior to this circular for ascertaining certain information relating to the indebtedness statement, the indebtedness of the Group was as follows:

### **Bank and other borrowings**

The Group had an outstanding principal bank borrowings of approximately RMB18,000,000 which were secured by the Group's leasehold land and building and repayable within one year.

The Group had a total outstanding principal unsecured other borrowings of approximately RMB103,781,000 which comprise of approximately RMB33,421,000 and RMB70,360,000 were due to independent third parties and related parties, respectively. The amounts were unsecured and repayable within one year. The interest rate of the other borrowings amount was 6% per annum.

### **Promissory notes**

The Group had outstanding principal of promissory notes of approximately RMB236,234,000, which consist of two promissory notes. The promissory note with an outstanding principal of approximately RMB187,831,000 is unsecured, charged at interest rate of 2% per annum and repayable within one year. The promissory note with an outstanding principal of approximately RMB48,373,000 is unsecured, interest free and will be matured on 30 September 2020.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of the borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at 30 September 2018.

Save as aforementioned in this indebtedness statement, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 September 2018, up to and including the Latest Practicable Date.

### **3. WORKING CAPITAL SUFFICIENCY**

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including its internally generated funds, the available facilities and the net proceeds to be received from the Disposal, the Group has, in the absence of unforeseen circumstances, sufficient working capital for its present requirement for at least the next twelve months from the date of this circular.

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up.

### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

#### *Steel flow control product business*

The China National Development and Reform Commission said that the country aims to cut coal capacity by 150 Mt and crude steel capacity by 30 Mt this year. The government will continue to cut outdated and substandard production capacity, and move with efforts to have balance between reducing overcapacity, ensuring supply, and stabilizing prices. The Commission said that the steel industry still has a long way to go to achieve high-quality development; and it is crucial for the industry to update, transform and to have better growth in the competing global market.

According to the World Steel Association, the world crude steel production had experienced an increase of 4.6% for the first six months of 2018 as compared to the same period in 2017, whilst the PRC's crude steel production for June 2018 also experienced an

increase of 7.5% as compared to that of June 2017. Nevertheless, according to the World Steel Association, world steel capacity utilization rate in July 2018 was approximately 77.5%, representing a month-on-month decrease of approximately 1.4% when compared to June 2018 of approximately 78.9%.

In view of the continuous increase in the world crude steel production for the first half of 2018 accompanied by a decrease in world steel capacity utilization in July 2018 as compared with June 2018, the Directors are of the view that there are uncertainties exist across the steel industry. Notwithstanding the fact that the world crude market production appeared to experience a rebound, the Directors are of the view that the short rebound on the steel production quantity itself which is based on historical data is not sufficient to conclude any insight towards the outlook of the overall steel industry. The Company is of the view that the overall steel demand in the PRC will fluctuate downwards and overcapacity is likely to persist for a relatively sustained period of time in the future.

The Group's steel flow product manufacturing plant had strived painstakingly in the drastic cutthroat market competition with others to secure market share while facing with various structural adjustments and transformation needs in the industry. In all, the subsidiary business was so adversely affected in production with existing capacity under extremely high pressure to meet the harsh market challenges and the trade war chain effects from the U.S. in the first half of year 2018.

Going forward in the next half of 2018, the Group expects severe market competition and hardship ahead in the steel industry in the PRC, given that the surge in steel market price, the continuous efforts on overcapacity reduction and the underlying effects from the trade war with the U.S.

As disclosed in the Letter From the Board, the Group has made efforts with attempt to improve the performance of the manufacture and sale of advanced steel flow control product segment of the Disposal Group but without success and considered alternative strategies to alleviate the Group's share of the Disposal Group's consistent record of incurring significant losses in recent years. In view of the outdated machinery of the Disposal Group, some of which has been in operation for over 10 years with significant wear and tear, the Directors consider that operating and financial performance of the Disposal Group would only continue to deteriorate without further intervention.

Notwithstanding the fact that the Company considered to dispose the Disposal Group, at the moment the Disposal Group remains as operating subsidiaries of the Company. To be responsible and for the sake of exercising due and care towards the business operations of the Disposal Group as well as maintaining positive working atmosphere and morale for its existing staff and workers, the Disposal Group will continue applying existing cost control policy and procedures and upgraded technologies during production.

*Paper Converting Equipment Business*

For the first half of 2018, the Paper Converting Equipment Business had sold 29 units of paper cutting machines, with a production value of RMB21.86 million. Since early July 2018, the Group has obtained production orders of 18 units of paper cutting machines from its customers. The Directors expect that the production of 18 units of paper cutting machines will be completed and delivered to the Group's customers within a year. In the near future, the Group will focus on implementing more advanced licensed parts for newly designed double helix synchronous cutter. In addition, the Group is in the course of evaluating any possible cost streamlining plan regarding operating cost which may further improve profitability in this segment.

The Group's operations and business remained the same as to previous year and the Group has not considered to reduce its production. In the future, the paper equipment manufacturing business will continue to expand to other Asian countries such as Philippines, India and Korea. For the first half of 2018, the major customers in the Paper Converting Equipment Business were Sout Aljazeera Factory for Paper and Plastic Products and Great Wall Machinery & Mfg. (Philips.), Inc. One of the Group's clients, Sout Aljazeera Factory for Paper and Plastic Products, has contributed to approximately 12% of the revenue in the Paper Converting Equipment Business for the first half of 2018.

*Money Lending business*

The Group's policy to grant mortgage loan to clients will continue to adopt a prudent and flexible manner, so that the lending subsidiary business can well meet the environmental changes and property market trends accordingly. This business will continue its tight credit policy when granting mortgage loans or loan renewals, and might restrict only to customers of good reference check.

*eCommerce Business*

The Group's subsidiary engaged in eCommerce business, has specialized on B2C retailing through the platforms including Amazon and eBay will increase its product-mix and expand market developments. The subsidiary management will aim at greater market penetration overseas with more involvement from different local partners through the existing logistic network, and by selling more new eCommerce products to overseas consumers.

*Internet Education Business*

It is also noted that the existing market of online education business in the PRC grows more than 20 percent per annum. Obviously the online education markets in the PRC will be more vibrant and growing competitively in the second half of 2018. In fact, through working for the online learning service, the teachers can publish schedules online based on their own



time arrangements and teach classes from wherever there is internet accessible. The Group will allocate more resources from its pool of education experts in the PRC to manage the subsidiary business of online education there.

Looking forward, the global economy is still in satisfactory performance although the U.S. Federal Reserve is gradually raising interest rates, but the pace is slow and with slight adjustment, hence the impact to the overall economy is still minimal. In future, the Group will allocate more resources to develop its profit-generating subsidiaries that engaged in money lending business, eCommerce business with online market expansions and the online education business.

*The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from International Valuation Limited, an independent valuer, in connection with its valuation as at 31 August 2018 of the property interests of Sinoref (Yixing).*



**International Valuation Limited**

國際評估有限公司

Room 1213, 12/F Houston Centre

63 Mody Road, Tsim Sha Tsui

Hong Kong

Tel: (852) 2348 1777

Email: team@iv1.hk

Date: 7 November 2018

The Board of Directors  
Cybernaut International Holdings Company Limited  
Unit 1002, AXA Center  
151 Gloucester Road, Wanchai  
Hong Kong

Dear Sirs,

## INSTRUCTIONS

In accordance with instructions of Cybernaut International Holdings Company Limited (the “**Company**”) for us to value various properties held by Sinoref International (Yixing) Co., Ltd. (華耐國際(宜興)高級陶瓷有限公司) (“**Sinoref (Yixing)**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 August 2018.

This letter which forms part of our valuation explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

## BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

**VALUATION METHODOLOGY**

In valuing the property interests of the property, we have adopted depreciated replacement cost approach by a combination of the open market value of land portions and depreciated replacement cost of the buildings and structures standing on the land. Hence, the sum of the two results represents the value of the properties as a whole. In the valuation of the land portions, reference has been made to the sales transactions as available in the subject localities.

As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnished the most reliable indication of value for the property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

**VALUATION CONSIDERATIONS**

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards published by The Hong Kong Institute of Surveyors.

**VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

**TITLE INVESTIGATION**

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Join & High Law Office concerning the validity of the Sinoref (Yixing)'s title to the property interests located in the PRC.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

**LIMITING CONDITIONS**

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out on 25 June 2018 by Mr. Ian Ng, who is a registered professional surveyor.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

**EXCHANGE RATE**

Unless otherwise stated, all monetary amounts stated in this valuation are in Renminbi (RMB).

“Property Particulars and Opinion of Value” is herewith attached.

Yours faithfully,  
For and on behalf of  
**International Valuation Limited**  
**Ian Ng**  
MHKIS RPS(GP)  
*General Manager – Real Estate*

*Mr. Ian Ng is a Registered Professional Surveyor with over 10 years’ experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors.*

## PROPERTY PARTICULARS AND OPINION OF VALUE

## Property interests held and occupied by Sinoref (Yixing) in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 31 August 2018
Land (Lot no. 041-305-005) and buildings located at northern side of Qingyuan Da Dao, Economic Development Zone, Yixing City, Jiangsu Province, the PRC  (位於中國江蘇省宜興市經濟開發區慶源大道北側之土地(地號041-305-005)和房屋)	The property comprises a parcel of land with an area of approximately 37,704.3 sq.m. erected thereon various buildings and ancillary structures completed in between 2006 and 2013.  The total gross floor area of the buildings is approximately 18,967.08 sq.m. and the buildings comprise four 1- to 3-storey industrial buildings, two single-storey workshops, a single-storey washroom and a single-storey guard house.  The property is situated on Qingyuan Da Dao. Developments in the vicinity are mainly industrial developments.  The land use rights of the property were granted for a term expiring on 18 January 2056 for industrial use.	The property is currently owner-occupied for industrial use.	RMB34,900,000 (Renminbi Thirty Four Million Nine Hundred Thousand)

## Notes:

- (1) Pursuant to a State-owned Land Use Rights Certificate – Yi Guo Yong (2006) Zi Di No. 041007658 (宜國用(2006)字第041007658號) issued by Yixing City Bureau of Land and Resources (宜興市國土資源局) dated 25 April 2006, the land use rights of a parcel of land with an area of approximately 37,704.3 sq.m. were granted to Sinoref (Yixing) for a term expiring on 18 January 2056 for industrial use.
- (2) Pursuant to four Building Ownership Certificates issued by the People's Government of Yixing City or Housing Security and Management Bureau of Yixing City (宜興市住房保障和房產管理局), the building ownership rights of four industrial buildings with a total gross floor area of approximately 18,273.08 sq.m. are owned by Sinoref (Yixing). The details of the Building Ownership Certificates are listed as follows:

Certificate No.	Registered on	No. of Storey	Gross Floor Area (sq.m.) (Approx.)
Yi Fang Quan Zhang Qi Ting Zi Di No. 1000065040 (宜房權證岷亭字第1000065040號)	16 January 2012	2	7,323.59
Yi Fang Quan Zhang Qi Ting Zi Di No. 1000024464 (宜房權證岷亭字第1000024464號)	4 March 2010	3	2,187.99
Yi Fang Quan Zhang Qi Ting Zi Di No. 1000024463 (房權證岷亭字第1000024463號)	4 March 2010	3	2,000.64
Yi Fang Quan Zhang Qi Ting Zi Di No. 1000024465 (宜房權證岷亭字第1000024465號)	4 March 2010	1	6,760.86

- (3) During our site inspection, we noted that the two single-storey workshops, the single-storey washroom and the single-storey guard house were erected on the land. We have attributed no commercial value to these buildings as the building ownership certificates have not yet obtained. As advised by the Company, the total gross floor area of these building is approximately 694 sq.m.
- (4) Sinoref (Yixing) is a wholly-owned subsidiary of the Company.
- (5) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
  - (i) Sinoref (Yixing) legally owns the property and is entitled to dispose of the property in accordance with the PRC laws;
  - (ii) The land premium has been paid in full; and
  - (iii) The property is not subject to mortgage and other encumbrances.
- (6) In undertaking our valuation of the land portion of the property, we have made reference to sales transaction comparables of industrial land within the locality which have the similar characteristics comparable to the property. The prices of these comparable land sites range from RMB375 to RMB465 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

*The following is the text of the valuation report of the Plant, Machinery and Equipment of Sinoref (Yixing) compiled by International Valuation Limited, which has been prepared for the purpose of incorporation of this circular.*



**International Valuation Limited**  
國際評估有限公司

Room 1213, 12/F Houston Centre  
63 Mody Road, Tsim Sha Tsui  
Hong Kong  
Tel: (852) 2348 1777  
Email: team@ivl.hk

Date: 7 November 2018  
The Board of Directors

Cybernaut International Holdings Company Limited  
Unit 1002,  
AXA Centre,  
151 Gloucester Road,  
Wan Chai  
Hong Kong

Dear Sirs,

**Re: VALUATION OF CERTAIN DESIGNATED PLANT, MACHINERY AND  
EQUIPMENT OF SINOREF INTERNATIONAL (YIXING) COMPANY LIMITED**

## **I. INTRODUCTION**

In accordance with instructions of Cybernaut International Holdings Company Limited (the “Company”) for us to value certain designated plant, machinery and equipment (hereinafter referred to as the “Fixed Assets”) which is listed out in Appendix I, the Company presented to us owned by Sinoref International (Yixing) Company Limited (華耐國際(宜興)高級陶瓷有限公司) (hereinafter referred to as “Sinoref (Yixing)”) which is located in Jiangsu Province, the People’s Republic of China (hereinafter referred to as the “PRC”).

We confirm that we have made relevant enquiries and investigations as we consider necessary for the purpose of formulating and expressing our opinion of the Fair Market Value of the Fixed Assets as at 31 August 2018 (hereinafter referred to as the “Date of valuation”) for disposal purpose.



**II. DESCRIPTION**

Sinoref (Yixing) is principally engaged in the manufacture and sale of advanced steel flow control products including subentry nozzle, stopper, tundish nozzle and ladle shroud. The production equipment mainly includes Mixing system, Iso Pressing system, Central Air Conditioning system, Power Supply system, Carbonisation Kiln, Precision Lathes, Furnaces and etc. Other equipment includes motor vehicles, various office furniture and equipment.

The production facilities of Sinoref (Yixing) is located at 6 East Qingyuan Avenue., Yixing Economic Development Zone, Jiangsu Province, the PRC. (中國江蘇省宜興經濟開發區慶源大道東6號)

**III. BASIS OF VALUATION**

The valuation was made for the purpose of formulating and expressing our opinion of the Fair Market Value of the Fixed Assets as at 31 August 2018.

Fair Market Value is defined as the estimated amount at which the Fixed Assets might be expected to be purchased and sold between a willing buyer and a willing seller from piecemeal disposition in an open market, neither being under compulsion, each having a reasonable knowledge of all relevant facts, with equity to both, and contemplating the use of the asset for which it was designed and built.

**IV. VALUATION APPROACH AND METHODOLOGY**

In arriving at our opinion of value, we have considered the two generally accepted approaches to value, namely:–

**Cost Approach**

Cost Approach considers that the cost to reproduce or replace in new condition the assets appraised in accordance with the current market prices for the similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

Reproduction Cost New is defined as the estimated current cost of reproducing a new replica of an asset with the same or closely similar materials.

Replacement Cost New is defined as the estimated current cost of a new asset having the nearest equivalent utility as the asset being appraised.

Physical Deterioration is the loss in value of an asset from wear and tear of asset in operation and exposure to various elements.

Functional Obsolescence is the loss in value due to the factors inherent in the asset itself and changes in design, materials, or process that the result in inadequacy, over capacity, excess construction, lack of functional utility, or excess operating cost, etc.

Economic Obsolescence is an incurable loss in value caused by unfavorable external condition. This approach generally furnishes the most reliable indication value of asset without a known used market.

### **Market Approach**

Market Approach considers price recently paid for the similar assets, with adjustment made to the indicated market price to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is established used market comparable may be appraised by this approach.

In any valuation study, all two approaches must be considered, as one or more approaches may be applicable to value the Fixed Assets. In some situations, element of two approaches may be combined to reach an opinion of value.

## **V. VALUATION COMMENTS AND ASSUMPTIONS**

We have investigated market condition, interviewed personnel, and examined documents and specifications provided to us before arriving at our opinion of defined value. We have assumed that the Fixed Assets can perform efficiently according to the purpose for which it was designed and built.

We have accepted the records of the Fixed Assets furnished to us by the Company as properly describing the assets, their cost and their acquisition dates. We have not investigated the title of the Fixed Assets being appraised and have relied to a considerable extent on such records, listing, specifications and documents in arriving at our opinion of value.

Any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility or other observable conditions distinguishing the appraised machinery from machinery or like kind in new condition were noted and made as a part of our judgment in arriving at the value.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No deduction has been made in our valuation in respect of any outstanding amounts owed under any finance lease or hire purchase agreement. The assets have been valued as being wholly owned and free of all encumbrances. We have not investigated the titles to or any liabilities affecting the Fixed Assets.

As previously stated, this valuation is concerned solely with the value of the Fixed Assets and our opinion of value is not related to or dependent upon the earning capacity of the business.

We hereby certify that we have no present or contemplated future interest in the Fixed Assets or any other interests, which may prevent our having arrived at a fair and unbiased assessment of value.

In accordance with our standard practice, we must state that this report is for the exclusive use of the addressee of this report for the specific purpose mentioned earlier. No responsibility is accepted to any third party for the whole or any part of its content.

## **VI. VALUATION**

Based on the foregoing and as supported by the accompanying inventory list, we are of the opinion that the Fair Market Value of the Fixed Assets as at 31 August 2018 is reasonably represented in the amount of **RMB8,105,900 (RENMINBI EIGHT MILLION ONE HUNDRED FIVE THOUSAND AND NINE HUNDRED ONLY)**.

Unless otherwise specified all monetary amounts stated in our valuation are in Renminbi.

Yours faithfully,  
For and on behalf of  
**International Valuation Limited**  
**Henry T.S. Chan**

*General Manager – Plant and Machinery Valuation*

*Note:* Mr. Henry T. S. Chan is a plant and machinery valuer who has more than 15 years of experience in valuation of plant and machinery in the PRC.

## APPENDIX I – FIXED ASSET LIST

List of the Assets – Machinery and Equipment  
Owned by Sinoref International (Yixing) Company Limited

Item No.	Description	Year	Quantity
1	Infra-red Moisture Tester	Dec-06	1
2	Chamber Electric Furnace	Dec-06	1
3	Drying Oven	Dec-06	1
4	Molding System	Dec-06	1
5	Natural Gas System	Dec-06	1
6	Water Supply System	Dec-06	1
7	Power Supply System	Dec-06	1
8	4S3 System (Vehicles)	Dec-06	1
9	Kiln System	Dec-06	1
10	Raw Material Batching System	Dec-06	1
11	Centralised Air Conditioning System	Dec-06	1
12	Flow Glaze Equipment	Dec-06	1
13	Air Compressor Unit	Dec-06	1
14	Electric Folding Machine	Dec-06	1
15	Weight Pallet Rack	Dec-06	1
16	Lathe	Dec-06	1
17	Four-column Hydraulic Press	Dec-06	1
18	Electric Welding Machine	Dec-06	1
19	Cutter	Dec-06	1
20	Forklift Truck	Dec-06	1
21	Tester	Dec-06	1
22	Water Pump	Jan-07	1
23	Wire Feeder	Jan-07	1
24	Standard Vibrating Machine	Jan-07	1
25	Weight Pallet Rack	Jan-07	2
26	Magnetic Separator	Feb-07	1
27	Microcomputer Controlled Automatic Pressure Testing Machine	Feb-07	1
28	Gas Protective Welder	Mar-07	1
29	Electronic Scale	Mar-07	1
30	Electronic Scale	Mar-07	1
31	Drilling Machine	May-07	1
32	Electric Oven	May-07	1
33	Oven	Jun-07	1
34	Electric Single-beam Crane	Jun-07	1

Item No.	Description	Year	Quantity
35	Mixer	Jul-07	1
36	Electric Truck	Aug-07	2
37	Canning Press	Aug-07	1
38	Linkage Strapping Machine	Aug-07	1
39	Elastomer Burning Machine	Sep-07	1
40	Magnetic Separator	Sep-07	1
41	Argon Arc Welder	Oct-07	1
42	Fan	Oct-07	1
43	Repair Machine	Oct-07	1
44	Pulse Bag Dust Remover	Nov-07	1
45	Running Car	Dec-07	1
46	Hydraulic System	Dec-07	1
47	Flatbread Machine	Dec-07	1
48	Molding Elevator	Dec-07	1
49	Dust Remover	Oct-08	1
50	Electric Welding Machine	Jan-09	1
51	Fume Hood	Feb-09	1
52	Shaker	Mar-09	1
53	Thermal Shock Resistance Testing Machine	Apr-09	1
54	Pneumatic Hoist	Apr-09	1
55	Shaker	Jun-09	1
56	Hedge Trimmer	Jun-09	1
57	Infra-red Moisture Tester	Aug-09	1
58	Press Machine	Sep-09	1
59	Dust Remover	Dec-09	1
60	CNC Lathe	Dec-09	1
61	Manual Baler	Oct-10	1
62	CNC Lathe	Oct-10	1
63	Power Generating Unit	Oct-10	1
64	PE Water Tank	Nov-10	1
65	Forklift Truck	Nov-10	1
66	Rack	Nov-10	1
67	Rack	Jan-11	1
68	Dust Remover	Jan-11	1
69	Forklift Truck	Mar-11	1
70	Kiln System	Jun-11	1
71	Loadometer	Sep-11	1
72	Rack	Sep-11	1
73	Pulse Dust Remover	Sep-11	8
74	Rack	Oct-11	1
75	CNC Lathe	Dec-11	2

Item No.	Description	Year	Quantity
76	Molding System	Jan-12	1
77	Glaze Immersion System	Jan-12	1
78	4S3 System	Jan-12	1
79	Kiln System	Jan-12	1
80	Raw Material Batching System	Jan-12	1
81	Compressor System	Jan-12	1
82	Air Compressor Unit	Jan-12	1
83	Centralised Air Conditioning System	Jan-12	1
84	Gas Supply System	Jan-12	1
85	Water Supply System	Jan-12	1
86	Power Supply and Lighting System	Jan-12	1
87	Air Hoist	Mar-12	1
88	Reducer	Mar-12	1
89	Mixer	Mar-12	1
90	Gas Protective Welder	Apr-12	1
91	Rack	May-12	1
92	Air Conditioner for Raw Material Batching System	Jun-12	7
93	PE Water Tank	Jul-12	1
94	Refrigerant Dryer	Aug-12	1
95	Mixer	Sep-12	1
96	Air Compressor Main Engine	Nov-12	1
97	Magnetic Separator	Feb-13	1
98	Crusher	May-13	2
99	Magnetic Separator	Jun-13	1
100	Conveyor	Jun-13	1
101	Incinerator	Sep-13	4
102	Forklift Truck	Apr-14	1
103	Refrigerant Dryer	Jun-14	1
104	Infra-red Moisture Tester	Jun-14	1
105	Electric Truck	Jul-14	1
106	Non-destructive Testing System	Jul-14	1
107	Dust Collector	Aug-14	1
108	Spraying Machine	Dec-14	1
109	CNC Grinding Machine	Jun-15	1
110	Dust Collector	Jul-15	1
111	CNC Lathe	Jul-15	1
112	Cooling Tower	Mar-16	1
113	Air Compressor	Oct-16	1

**List of the Assets – Motor Vehicles****Owned by Sinoref International (Yixing) Company Limited**

<b>Item No.</b>	<b>Description</b>	<b>Year</b>	<b>Quantity</b>
1	ZHONGHUA Car	May-07	3
2	TOYOTA 1670 Car	May-07	1
3	TOYOTA Commercial Vehicle	Aug-07	1
4	TOYOTA Car	Nov-09	1
5	Guangqi Honda Car	Apr-10	1
6	BMW Car	Sep-10	1
7	Lexus Off-road Vehicle	Sep-10	1
8	Lexus Car	Sep-10	1
9	Lexus Car	Sep-10	1
10	BMW Car	Oct-10	1
11	Volkswagen Car	Jan-11	1
12	Passat Car	Oct-11	1
13	Audi Car	Jun-13	1
14	Dongfeng Sokon	Oct-15	1
15	BMW X5	May-16	1

**List of the Assets – Office Furniture and Equipment****Owned by Sinoref International (Yixing) Company Limited**

<b>Item No.</b>	<b>Description</b>	<b>Year</b>	<b>Quantity</b>
1	Big Stove	Dec-06	1
2	Electric Control Door	Dec-06	1
3	Factory Logo	Dec-06	1
4	Air Conditioner	Dec-06	1
5	305 Bookcase	Dec-06	1
6	Boss Desk	Dec-06	1
7	Tea Cabinet	Dec-06	1
8	Sofa for Conference Room	Dec-06	1
9	Conference Table	Dec-06	1
10	505 Conference Table	Dec-06	1
11	Sofa (1+2+3)	Dec-06	1
12	Business Table	Dec-06	1
13	1121 Round Table	Dec-06	3
14	Screen Table	Dec-06	1
15	Air Conditioner	Jan-07	1
16	Air Conditioner	Mar-07	1
17	Anti-counterfeit Tax-control Machine	Mar-07	1

Item No.	Description	Year	Quantity
18	GREE Air Conditioner	Jun-07	1
19	GREE Air Conditioner	Jul-07	1
20	Alarm	Jul-07	1
21	Conference Table	Jul-07	1
22	Water Heater	Mar-08	1
23	Computer	Jul-08	1
24	Office Furniture	Aug-08	1
25	Computer	Sep-08	1
26	Computer	Nov-08	1
27	CK Alarm Equipment	Dec-08	1
28	Computer	Jan-09	1
29	Computer	Apr-09	1
30	Air Conditioner	Apr-09	1
31	Camera	May-09	1
32	Computer	Jun-09	1
33	Computer	Jun-09	1
34	Bookcase	Aug-09	1
35	Computer	Aug-09	1
36	Software	Aug-09	1
37	Printer	Oct-09	1
38	Laptop Computer	Feb-10	1
39	Safe Box	Apr-10	1
40	Air Conditioner	Jun-10	1
41	GREE Air Conditioner	Jul-10	1
42	GREE Air Conditioner	Aug-10	1
43	Refrigerator	Aug-10	1
44	Office Desk	Aug-10	1
45	Stereo	Sep-10	1
46	Lenovo Computer	Nov-10	1
47	Lenovo Computer	Dec-10	1
48	Lenovo Computer	Jan-11	1
49	Steel Pipes for Air Conditioner	Jan-11	1
50	Disinfection Cabinet	Mar-11	1
51	Computer	Mar-11	1
52	Electric Vehicle	Mar-11	1
53	Digital Camera	Mar-11	1
54	Computer	Mar-11	1
55	Computer	Apr-11	1
56	Display Screen	Apr-11	1
57	Air Conditioner	May-11	1
58	Computer	Jun-11	1
59	Canon Copier	Jul-11	1
60	Air Conditioner	Jul-11	1



Item No.	Description	Year	Quantity
61	Sofa and Tea Table	Aug-11	1
62	Video Monitor	Sep-11	1
63	Computer	Nov-11	1
64	GREE Air Conditioner	Dec-11	1
65	Monitor	Jan-12	1
66	Dining Table for Dining Room	Jan-12	1
67	Range Hood and Cooking Utensil	Feb-12	1
68	Computer	Oct-12	1
69	Sony Projector	Oct-12	1
70	Office Furniture	Oct-12	1
71	Air Conditioner	Jun-13	6
72	Office Furniture	Jun-13	1
73	Computer	May-14	1
74	Air Conditioner	Jun-14	2
75	Products Tracing Hardware System	Jul-14	1
76	Refrigerator	Aug-14	1
77	Computer	Sep-14	1
78	Products Tracing Software System	Dec-14	1
79	Air Conditioner	Jun-15	2
80	Monitoring System	Jan-16	1
81	Air Conditioner	Aug-16	1

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) were as follows:

### *Long positions in the shares and the underlying shares of the Company*

Name	Capacity/Nature of interest	Number of Shares	Percentage of the total issued share capital of the Company (approximately)
Zhu Min	Beneficial owner	990,284,000	24.90%
Lu Yongchao	Beneficial owner	6,100,000	0.15%
Sin Kwok Wai Ronald	Beneficial owner	17,452,000	0.44%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Directors or a proposed Director is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which either directly or indirectly competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### 5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been 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.

### 6. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

### 7. MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by the members of the Group within two years immediately preceding the issue of this circular and are or may be material:

- a. the placing agreement dated 13 January 2017 entered into between the Company and China Everbright Securities (HK) Limited (“**China Everbright**”) pursuant to which China Everbright has agreed to place, on a best effort basis, up to 595,600,000 new Shares at a price of HK\$0.30 per Share for and on behalf of the Company;

- b. the Sale and Purchase Agreement dated 26 July 2017 entered into between the Company, Cybernaut Education Limited (“**Cybernaut Education**”) and Mr. Zhu Min pursuant to which the Company has conditionally agreed to acquire from Cybernaut Education and Cybernaut Education has agreed to sell to the Company the entire issued share capital of Cybernaut Technology International Limited at a consideration of HK\$320 million;
- c. the loan agreement dated 2 March 2018 entered into between Time Credit Limited, and the borrower pursuant to which Time Credit Limited agreed to grant a loan of HK\$66 million to the borrower for a term of 12 months;
- d. the MOU; and
- e. the Agreement.

## 8. EXPERTS’ QUALIFICATIONS AND CONSENT

The following are the qualifications of the experts who have given its opinions and advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
International Valuation Limited	Independent professional valuation
Elite Partners CPA Limited	Certified public accountants
Join & High Law Office	PRC legal advisers

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn their respective written consent to the issue of this circular with the inclusion herein of its letter or their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the 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 Latest Practicable Date, the above experts did not have any interest, either directly or indirectly, in any assets which had been since 31 December 2017 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**9. LITIGATION**

As at the Latest Practicable Date, the Group is not involved in any current material legal proceedings, nor is it aware of any pending or potential material legal proceedings involving the Group.

**10. CORPORATE INFORMATION OF THE GROUP**

<b>Registered office</b>	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Head office and principal place of business in Hong Kong</b>	Unit 1002 Capital Centre 151 Gloucester Road Wanchai Hong Kong
<b>Cayman Islands principal share registrar and transfer office</b>	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Company secretary</b>	Mr. Sin Kwok Wai Ronald ( <i>associate member of HKICPA and fellow member of CPA Australia</i> )

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection from 10:00 a.m. to 6:00 p.m. on any weekday other than Saturday, Sunday and public holidays at the Company's head office and principal place of business in Hong Kong at Unit 1002, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) the memorandum and articles of association of the Company;

- (ii) the Company's annual reports for the years ended 31 December 2016 and 2017;
- (iii) the valuation reports as set out in Appendices II and III to this circular;
- (iv) the PRC legal opinion from Join & High Law Office regarding the title of Sinoref (Yixing)'s property interests as referred to in the valuation report set out in Appendix II to this circular;
- (v) the letters of consent as referred to in the paragraph headed "8. Experts' qualifications and consent" in this appendix;
- (vi) the material contracts referred to in the paragraph headed "7. Material contracts" in this appendix;
- (vii) the Agreement;
- (viii) this circular; and
- (ix) each of the Company's circular issued pursuant to the Listing Rules since the date of the latest published audited accounts (i.e. 31 December 2017).

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## NOTICE OF EGM

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賽伯樂國際控股

### Cybernaut International Holdings Company Limited

賽伯樂國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1020)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of Cybernaut International Holdings Company Limited (the “Company”) will be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 30 November 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolution:

#### ORDINARY RESOLUTION

1. “**THAT**

- (a) the conditional sale and purchase agreement dated 1 August 2018 (the “**Agreement**”, a copy of which is marked “A” and signed by the chairman of the EGM for the purpose of identification) entered into between the Company as vendor and Unicity Investment Holdings Limited (立新投資控股有限公司) as purchaser in relation to the conditional sale and purchase of the entire issued share capital of Sinoref (BVI) Limited, together with the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the directors of the Company be and is/are hereby generally and unconditionally authorized to do all such acts and things, to sign and execute all such documents for and on behalf of the Company and to take such steps as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Agreement and the transactions contemplated thereunder.”

By order of the Board

**Cybernaut International Holdings Company Limited**

**Mr. Zhu Min**

*Chairman*

Hong Kong, 7 November 2018

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## NOTICE OF EGM

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*Registered office:*

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

*Principal Place of Business in Hong Kong:*

Unit 1002  
Capital Centre  
151 Gloucester Road  
Wanchai, Hong Kong

*Notes:*

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a person or if he is the holder of two or more shares, more than one person as his proxy or proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting, and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting, and in such event the instrument appointing a proxy shall be deemed to be revoked.
4. For the purposes of determining shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed. Details of such closure are set out below:

Latest time for lodging transfer of shares to qualify

for attendance and voting at the EGM. . . . . 4:30 p.m. on Monday, November 26, 2018

Closure of register of members of the Company . . . . . Tuesday, November 27, 2018 to  
Friday, November 30, 2018  
(both dates inclusive)

Record date . . . . . Friday, November 30, 2018

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the EGM, all properly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the aforementioned latest times.

5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
6. *As at the date of this notice, the executive directors of the Company are Mr. Zhu Min, Mr. Sin Kwok Wai Ronald, Mr. Lu Yongchao and Mr. Xu Yejun; the non-executive directors of the Company are Mr. Chow Chi Wa and Ms. Yip Sum Yu and the independent non-executive directors of the Company are Mr. Tong Yiu On, Mr. Li Yik Sang and Mr. Cao Ke.*