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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Cybernaut International Holdings Company Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2019, together with the comparative figures for the previous corresponding period, which has been reviewed and approved by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	NOTES	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Revenue	3	**143,845**	112,832
Cost of sales/service rendered		**(93,611)**	(78,774)
Gross profit		**50,234**	34,058
Other income		**40,101**	5,487
Loss allowance for trade and loan receivables		**(1,469)**	(2,426)
Selling and distribution costs		**(2,269)**	(2,104)
Administrative expenses		**(49,506)**	(54,378)
Finance costs		**(8,428)**	(5,777)
Profit/(Loss) before taxation	5	**28,663**	(25,140)
Taxation	6	**(1,363)**	3,569
Profit/(Loss) for the period from continuing operations		**27,300**	(21,571)
Discontinued operation			
Loss for the period from discontinued operation		**(6,741)**	(33,670)
Profit/(loss) for the period		**20,559**	(55,241)
Profit/(loss) for the period attributable to:			
Owners of the Company		**20,268**	(54,808)
Non-controlling interests		**291**	(433)
		20,559	(55,241)
Other comprehensive income for the period			
Item that maybe reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**576**	6,601
Total comprehensive income/(expense) for the period		**21,135**	(48,640)
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**20,837**	(48,033)
Non-controlling interests		**298**	(607)
		21,135	(48,640)
Profit/(loss) per share from continuing and discontinued operations	8		
Basic and diluted		**RMB0.51 cents**	(RMB1.34 cents)
Profit/(Loss) per share from continuing operations			
Basic and diluted		**RMB0.68 cents**	(RMB0.52 cents)
Loss per share from discontinued operations			
Basic and diluted		**(RMB0.17 cents)**	(RMB0.82 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

	NOTES	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**11,018**	11,909
Goodwill		**444,306**	444,306
Intangible assets	10	**84,046**	96,397
Prepaid lease payments		**–**	96
Right-of-use assets		**3,898**	–
		543,268	552,708
Current assets			
Inventories		**21,809**	18,682
Trade receivables	11	**42,652**	53,425
Loan receivables	12	**225,525**	217,566
Other receivables, deposits and prepayments		**76,406**	37,869
Prepaid lease payments		**–**	156
Restricted bank deposits		**5,415**	5,415
Bank balances and cash		**83,874**	138,631
		455,681	471,744
Assets of disposal group classified as held for sale		**–**	109,373
		455,681	581,117
Current liabilities			
Trade and bills payables	13	**37,787**	69,061
Other payables and accruals		**23,564**	3,689
Contract liabilities		**3,729**	2,490
Tax liabilities		**6,403**	5,394
Bank and other borrowings	14	**19,000**	86,502
Lease liabilities		**278**	–
		90,761	167,136
Liabilities of disposal group classified as held for sale		**–**	100,973
		90,761	268,109
Net current assets		**364,920**	313,008
Total assets less current liabilities		**908,188**	865,716
Non-current liabilities			
Deferred tax liabilities		**21,778**	24,865
Promissory notes	15	**283,588**	237,056
Contingent consideration		**76,975**	108,402
Lease liabilities		**3,474**	–
		385,815	370,323
Net asset		**522,373**	495,393
Capital and reserves			
Share capital	16	**337,128**	337,128
Reserves		**182,470**	155,788
		519,598	492,916
Non-controlling interests		**2,775**	2,477
Total equity		**522,373**	495,393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules ("Listing Rules") Governing the Listing Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 16 Leases. As required by HKAS 34, the nature and effect of these changes are disclosed below.

Other than as further explained below, the directors do not anticipate that the application of the new HKFRSs above will have a material effect on the Group's consolidated financial statements and the disclosure.

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HKIFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases-incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment and land use right. For an explanation of how the Group applies lessee accounting.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.25%.

To ease the transition to HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019.

	1 January 2019
	RMB'000
Operating lease commitments at 31 December 2018	3,280
Less: commitments relating to leases exempt from capitalisation: Short-term lease and other leases with remaining lease term ending on or before 31 December 2019	(1,305)
Less: total future interest expenses	(410)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	1,565

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Capitalisation of operating lease**	**Reclassification of lease prepayments**	**Carrying amount at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:				
Non-current assets				
Right-of-use assets	–	1,565	252	1,817
Prepaid lease prepayments	96	–	(96)	–
Current assets				
Prepaid lease payments	156	–	(156)	–
Current liabilities				
Lease liabilities (current)	–	161	–	161
Non-current liabilities				
Lease liabilities (non-current)	–	1,404	–	1,404

c. **Impact on the financial result, segment results and cash flows of the Group**

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

3. REVENUE

Revenue represents the net amounts received and receivable for goods sold less returns and discounts in the normal course of business and interest income from loan financing during the period.

An analysis of revenue is as follows:

	For the six months ended	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue from continuing operations		
Revenue from trading of paper converting equipment and other relating equipment	**18,893**	19,348
Revenue from trading of goods from eCommerce business	**100,534**	73,441
Interest income from money lending business	**8,387**	8,444
Revenue from provision of internet education services	**16,031**	11,599
	143,845	112,832
Revenue from discontinued operations		
Revenue from trading of advanced steel flow control products	**14,306**	32,216
	158,151	145,048

4. OPERATING SEGMENTS

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the executive Directors) ("CODM") in order to allocate resources to segments and to assess their performance.

The Group's operating activities are attributable to four operating segments focusing on (i) the manufacture and sale of advanced steel flow control products; (ii) the manufacture and sale of paper converting equipment and other relating equipment, (iii) money lending business; (iv) eCommerce and (v) internet education services. These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2019 (Unaudited)

	Continuing operations				**Discontinued operations**	
	Money lending business	**Manufacture and sale of paper converting equipment and other relating equipment**	**eCommerce**	**Internet education services**	**Manufacture and sale of advanced steel flow control products**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	8,387	18,893	100,534	16,031	14,306	158,151
Segment profit/(loss)	1,719	(2,231)	519	15,131	(6,741)	8,397
Unallocated corporate income						39,137
Unallocated corporate expenses						(19,767)
Profit before taxation						27,767

For the six months ended 30 June 2018 (Unaudited)

	Continuing operations				Discontinued operations (Restated)	
	Money lending business *RMB'000*	Manufacture and sale of paper converting equipment and other relating equipment *RMB'000*	eCommerce *RMB'000*	Internet education services *RMB'000*	Manufacture and sale of advanced steel flow control products *RMB'000*	Consolidated *RMB'000*
Revenue	8,444	19,349	73,441	11,599	32,215	145,048
Segment profit/(loss)	(4,330)	(3,572)	(4,641)	9,243	(32,884)	(36,184)
Unallocated corporate income						4,980
Unallocated corporate expenses						(27,606)
Loss before taxation						(58,810)

Segment (loss)/profit represents the loss incurred/profit earned by each segment without allocation of certain administration costs and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. PROFIT/(LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Profit/(loss) before taxation from continuing operations has been arrived at after charging:		
Cost of inventories recognised as an expense	**93,656**	78,251
Depreciation of property, plant and equipment	**705**	1,242
Amortisation of other intangible assets	**12,351**	27,987
Net exchange loss	**468**	12
Loss on disposal of property, plant and equipment	**–**	86
Share base payment	**5,845**	–
Loss before taxation from discontinued operation has been arrived at after charging:		
Cost of inventories recognised as an expense	**13,915**	24,887
Research and development costs (included in administrative expenses)	**–**	1,147
Depreciation of property, plant and equipment	**–**	99

6. TAXATION

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
Current period	**666**	–
PRC Enterprise Income Tax:		
Current period	**3,785**	2,311
Deferred tax:		
Current period	**(3,088)**	(5,880)
	1,363	(3,569)

Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits arising in Hong Kong for both periods.

Provision for the PRC Enterprise Income Tax was made based on the estimated taxable profits calculated in accordance with the relevant income tax laws and regulations applicable to the Company's PRC subsidiaries.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

One PRC subsidiary obtained a Chinese High-Tech Enterprise Certificate in 2017. According to GuoShuiHan [2009] No. 203, entities qualifying for the Hi-tech status could enjoy a PRC Enterprise Income Tax preferential treatment for 3 years commencing from 2017 accordingly. As a result, the PRC subsidiary was subject to a PRC Enterprise Income Tax of 15%.

According to a joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No. 1, dividend distributed out of the profits of PRC entities generated after 1 January 2008 are subject to PRC Enterprise Income Tax which is withheld by the PRC entity at 5% of the dividend distributed.

7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the current period (2018: Nil).

8. PROFIT/(LOSS) PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
From continuing and discontinued operations		
Profit/(loss) for the period attributable to the owners of the Company	**20,268**	(54,808)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
From continuing operations		
Profit/(loss) for the period attributable to the owners of the Company	**27,009**	(21,138)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
From discontinued operations		
Loss for the period attributable to the owners of the Company	**(6,741)**	(33,670)

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,975,448**	4,104,216

Diluted earnings per share for the six months ended 30 June 2019 was the same as the basic earnings per share because the computation of diluted earnings per share did not assume the exercises of the Company's outstanding share options as the exercise price of the share option exceeded the average market price of ordinary shares during the period.

The calculation of diluted loss per share had not taken into consideration the assumed exercise of the Company's outstanding share options and warrants during the six months ended 30 June 2018 as it had an anti-dilutive effect on the basic loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately RMB165,000 (2018: RMB1,181,000), and no property, plant and equipment has been disposed (2018: RMB1,721,000).

10. INTANGIBLE ASSETS

As at 30 June 2019, intangible assets included technology know-how, platform and contract backing of carrying value of approximately RMB nil, RMB75,760,000 and RMB8,286,000, respectively (31 December 2018: RMB10,715,000, RMB104,758,000 and RMB9,270,000). The intangible assets are amortised over their estimated useful life of 3 to 10 years using the straight line method.

11. TRADE RECEIVABLES

The credit period granted by the Group to certain customers is within 180 days (31 December 2018: 180 days), while payment from other customers are due immediately when goods are delivered. The following is an aged analysis of trade receivables presented based on the goods delivery date at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
0 – 30 days	**27,794**	23,314
31 – 60 days	**6,087**	4,659
61 – 90 days	**–**	4,674
91 – 120 days	**283**	3,970
121 – 180 days	**1,512**	7,277
181 days to within 1 year	**6,976**	9,531
	42,652	53,425

The Group has not provided for certain trade receivables which are past due but not impaired because the directors of the Company consider that those receivables are recoverable based on the good payment record of the customers and long established trading history with these customers. The Group does not hold any collateral over these balances.

Allowance on doubtful debts of RMB466,000 (30 June 2018: RMB11,744,000) recognised during the six months ended 30 June 2019 is based on estimated irrecoverable amounts by reference to the creditability of individual customers, past default experience, subsequent settlement and payment history of the customers. Full provision has been made for individual trade receivables aged over one year with no subsequent settlement.

12. LOAN RECEIVABLES

The Group's loan receivables mainly arose from the money lending business during the period.

Loan receivables bear interest at rates, and with credit periods, mutually agreed between the contracting parties. Loan receivables are secured by personal guarantees by the debtors/certain individuals. Overdue balances are reviewed regularly and handled closely by senior management.

The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	At 30 June 2019 *RMB'000* (Unaudited)	At 31 December 2018 *RMB'000* (Audited)
Within 3 months	**49,035**	160,664
3 months to 1 year	**171,450**	37,817
Over 1 year	**5,040**	19,085
	225,525	217,566

Loss allowance of RMB1,770,000 (30 June 2018: 6,174,000) recognised during the six month ended 30 June 2019 is based on estimated irrecoverable amounts by reference to the creditability of individual borrowers, past default experience, subsequent settlement and payment history of the borrowers.

13. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables, presented based on the goods receipt date at the end of the reporting period.

	At 30 June 2019 *RMB'000* (Unaudited)	At 31 December 2018 *RMB'000* (Audited)
0 – 30 days	**22,513**	50,919
31 – 60 days	**1,783**	2,406
61 – 90 days	**1,782**	2,644
Over 90 days	**11,709**	13,092
	37,787	69,061

The credit period granted by the suppliers to the Group is within 30 days.

At 30 June 2019, included in the trade payables was RMB nil (31 December 2018: RMB69,061,000) secured over bills receivables endorsed to suppliers that were not yet due for payment.

14. BANK AND OTHER BORROWINGS

Included in bank and other borrowings, was a bank borrowing of approximately RMB19,000,000 (31 December 2018: RMB18,000,000), which was secured by the Group's leasehold land and building at the end of the reporting period and repayable within one year.

15. PROMISSORY NOTES

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
At 1 January	**237,056**	185,576
Accrued interest charged	**7,355**	3,602
Issue of promissory note upon fulfillment of profit guarantee	**38,871**	37,586
Exchange realignment	**306**	10,292
At 30 June/31 December	**283,588**	237,056

16. SHARE CAPITAL

	Number of shares at HK$0.10 per share *'000*	**Amount** *HK$' 000*
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	20,000,000	2,000,000
Issued and fully paid:		
At 1 January 2018	4,193,148	419,315
Share repurchase and cancelled *(note a)*	(217,700)	(21,770)
At 31 December 2018, 1 January 2019 and 30 June 2019	3,975,448	397,545

Shown in the condensed consolidated financial statements

At 31 December 2018 (Audited)	RMB'000 equivalent	397,545
At 30 June 2019 (Unaudited)	RMB'000 equivalent	397,545

Notes:

(a) During the year ended 30 December 2018, the Company repurchased and cancelled its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
	('000)	*(HK$)*	*(HK$)*	*(HK$'000)*
February 2018	101,968	0.295	0.247	27,803
April 2018	9,448	0.275	0.270	2,588
May 2018	39,364	0.280	0.265	10,762
June 2018	17,892	0.270	0.255	4,693
July 2018	28,336	0.270	0.250	7,208
September 2018	7,648	0.220	0.210	1,637
October 2018	13,044	0.213	0.195	2,648
	217,700			57,339

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the Directors and other members of key management for both periods was as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**1,072**	2,682
Retirement benefit scheme contributions	**9**	157
	1,081	2,839

The remuneration of the Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Save as disclosed in elsewhere to the consolidated financial statements, the Group have the following related party transactions.

Name of related party	Relationship	Nature of transaction/balance	Six months ended 30 June	
			2019	2018
			RMB'000	*RMB'000*
			(Unaudited)	(Unaudited)
Lu Yongchao	Executive director	Loan interest received	**68**	72
		Loan receivable	**2,619**	2,849
Sin Kwok Wai Ronald	Executive director	Loan receivable	**1,318**	1,687

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The global economy today becomes more volatile and distorted in the financial market worldwide, under the current threatening economic measures of U.S. President Donald Trump's political administration on trade affairs. Amidst the intensifying tariff battle with the United States and efforts to deleverage debt and financial risks, the Chinese economy had 6.4 percent growth year-on-year in the first quarter of 2019, and a growth of 6.2 percent for the second quarter. According to the National Bureau of Statistics of China, the gross domestic product (GDP) of China had a year-on-year increase of 6.3 percent at comparable prices for the first half of 2019, to that in the same period of 2018. In the first half of 2019, the year-on-year growth rate of total value added of the industrial enterprises above the designated size was 6.0 percent; the Index of Services Production increased by 7.3 percent year-on-year; the fixed-asset investment of China increased by 5.8 percent year-on-year; the producer prices for industrial products went up by 0.3 percent year-on-year, and the purchasing prices for industrial producers were up by 0.1 percent year-on-year.

During the first half of this year, the steel sector in China made considerable reduction of excess industrial capacity. The China National Development and Reform Commission had said that the government would continue to cut substandard production capacity, and the steel industry still has a long way to go for a better growth in the competing global market with high-quality products.

In China, the operations of peer-to-peer (P2P) virtual lending platforms has established P2P lending or online lending, which also known as social lending, is a popular fintech application under which intermediaries gather funds from retail investors and lending the money to small and medium-sized enterprises (SMEs) and individual borrowers. The P2P lending is also a way for some investors to diversify their investments; but with higher returns in P2P lending comes with the higher risk, there is a possibility of the borrower defaulting, and being unable to return the promised returns or even the investors' capital. In China the massive collapse of these platforms in recent years has spread panic among investors; and the investors are losing confidence at their stakes and pulling their funds, diminishing operators' liquidity, so many of these platforms are facing insolvency. In lieu of the trend of collapse, China's P2P lending industry had gotten much more strictly regulated in the first half of 2019. Moreover, a slew of Chinese fintech and P2P lending platforms are looking to more lenient markets in Southeast Asia, following a prolonged industry crackdown in China that has left the sector reeling.

Although China has huge potential market growth in the lending business, there are higher risks for the lending business operation there, while Hong Kong market are very distinctive to it. Besides, the Hong Kong government has repeatedly reminded borrowers to be aware of the risks when borrowing, and request all moneylenders to operate business in compliance with Money Lenders Ordinance and licence restrictions. Despite the effects from the trade war between U.S. and China in the first half of this year, the low interest rate of borrowing, boosted the Hong Kong property market growth both in terms of property price and transaction volume.

Electronic commerce (eCommerce) is growing rapidly worldwide with comparatively a greater extent in Asia Pacific region and particularly in PRC. But the trade war between U.S. and China and Brexit has posed unpredictable concerns on the worldwide economy, and would greatly be affecting the eCommerce and online shopping interest. With world market fluctuation financially, online shopping now become more accessible than ever, customers are becoming harder to please, and considering higher expectations be met every time of shopping. Just by having an online version of a physical store in retail is not enough anymore, as consumers do not merely want to grab and go; and they want their shopping to be an experience of involvement and of itself: interactive, immersive and enjoyable. While the traditional business model continues to lose ground, it is expected that trends in eCommerce will continue to shift, fueled by consumers' desires and tastes, so shaping different trends and changes be operated in 2019. And the consumers today are getting accustomed to use internet and mobile apps for online shopping where, they can have the most practical innovation being adopted by eCommerce sites in social payment options through trusted, secure digital wallets like Apple Pay, Alipay, WeChat Pay, and PayPal etc. In the first half of 2019, when compared in mobile payments between China and United States, the internet usage gap is much wider than expected in market, as more people pay with their phones in China than the entire population of the United States.

The China Ministry of Education has continuously promoted the application of information technology (IT) to advance education reforms and ensure equitable access to education. As reflected in the first quarter 2019 announcement of China Online Education Group ("51Talk" or the "Company") (COE), a leading online education platform in China, with core expertise in English education that the Company would continue to streamline their business to focus their resources on providing high-quality programs for the growing K-12 market. And with COE's solid presence in the largely saturated tier-one cities of China, they were keenly focused on bringing their programs to China's large and underserved markets in the non-tier-one cities. It is well noted that China's internet penetration rate is only 60 percent, but its sheer scale means almost three times the number of internet users as the United States. Despite the influence from the market instability in the outside world, the market growth of online education business in China steadily exceeds more than 20 percent yearly, and during the period under review, the online education investors in China were rational; and their business operation was expanded more healthily with modern technology and knowledge.

Business Review

In the first half of 2019, the Cybernaut Group may still be regarded comprising five segments of subsidiary groups, namely those engaged in the manufacture and sale of advanced steel flow control products; in the manufacture and sales of paper converting equipments; money lending business; eCommerce business and internet online education services.

During the period under review, the manufacturing businesses were adversely affected by the escalating trade war between China and U.S., and the steel market was still in the fierce competition among the steel manufacturers in China. Factually, our subsidiary group of steel flow product manufacturing business strived painstakingly at big losses in the drastic cutthroat market competition in recent years, and the subsidiary was disposed in late 2018 with the completion settled and announced on 12 April 2019. And in the first half of 2019, the subsidiary segment business of manufacturing paper converting equipment of Cybernaut Group, operating in China also suffered from the harsh competition with reduced order size and market demand in the current atmosphere of the world market.

The subsidiary of Cybernaut Group engaged in money lending business in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), Time Credit Limited (TCL) prudently maintained business operation with existing market strategy in the first half of 2019. Moreover, The Hong Kong government authority periodically advises borrowers to be aware of the risks of increased interest rate and the implication of the unstable and uncertain economic environment. During the period under review, the subsidiary generated revenue mainly from the first mortgage property loans to customers for their long and short term financial needs. Also with the high net worth customer base and partnership alliance on sub-mortgage arrangements, the TCL loan portfolio contributes a steady income stream to the Cybernaut Group.

The eCommerce industry of today is highly competitive, online retailers are moving beyond competing on price to competing also on logistics. In the first half of 2019, our eCommerce business subsidiary with trade name of "VTZero" met the overseas market demands, recognized the product sales trends and product-mix for prominent sales of the second-handed and refurbished mobile phones of good brand names. Nowadays, local online marketplace is booming, they are launched mostly by traditional local retail enterprise and since they have years of reputation, and people are preferred to shop there instead. As a result, VTZero as a cross-border eCommerce trading company, has to evaluate the internet shopping habit country by country and explore more online marketplace platforms to sustain the business growth. With prior years' experience on sourcing used smartphones from America and Japan, the business management branched out more on the reverse logistic chain through internet to contribute additional value to the eCommerce business. Other than selling mainly through eBay and Amazon, VTZero also had established good sales through different selling channels and online marketplaces like Rakuten in Germany, cDiscount, Fnac and Darty in France etc. during the period under review. Besides, by established different business strategic alliances with the local agents in different countries including Europe and North America, the subsidiary has reduced its market risks resulted from the recent trade war.

During the period under review, the subsidiary segment of Cybernaut Group engaged in the online education business, had built on the momentum of demands of last year, expanded with good returns and increased market developments in the online education industry in China. Further, the subsidiary management through the VIE arrangements had closely monitored the online business to provide users with the updated information and software accessible through the education platform and packages, so as to enhance the segment business growth strengthened with good resource allocated for market expansion.

Consolidation in Customer Base

During the year under review, the major customers in our paper equipment manufacturing business were JK Paper Ltd., originated in India; Rizhao Huatai Papermaking Limited Company and Yayu Papermaking (Shanghai) Limited Company, originated in China. One of the clients, JK Paper Ltd., contributed more than 25 percent of revenue in the paper converting equipment business of the subsidiary group in the half year of 2019.

In our the money lending business, we have diversified different clients in order to disperse the risk and only focus on first mortgage clients in order to minimize the risk of the breach of contract. During the period under review, our major clients included business clients and also the Hong Kong listed companies.

In the first half of 2019, our eCommerce business included mainly online retail sale and the remaining was from wholesale. In future, we will enhance the customer royalty so that they will visit our site regularly. The major customers were USA, France and UK.

In November 2017, the Group acquired new business segment – Internet education services, which contributed RMB16.0 million for the period ended 30 June 2019. Going forward, the Group will continue to explore business opportunities in our segments to drive further business growth.

Expanded Growth in Overseas Markets

During the year under review, the paper equipment manufacturing business, continued to expand to other Asian countries such as Philippines, Indian and Korea. The subsidiary Group will also seek for other business opportunity to explore revenue from other countries.

For the half year of 2019, eCommerce contributed more than 60% of total revenue of the Group. In future, we will strive to expand more eCommerce business in France, Germany and Russia in order to capture more business opportunities and market share.

During the period under review, the global economy had great fluctuations under the US trade threats and the Trump's Administrative measures. The management understands the importance of diversifying customer base and has devoted more efforts to further expand the overseas market with eCommerce business while consolidating other business in the Chinese market.

Development Diversified Business

The Company strategy is to review potential business opportunity and investments from time to time, with an aim to develop business growth and provide a sustainable stream of cash flow and profit in the long run, so as to enhance shareholders' value. The Directors will consider possible acquisition that will broaden the revenue base and provide an excellent opportunity for the Group business development in future.

Enhanced Research and Development

As at 30 June 2019, the Group's paper converting equipment manufacturing plant have a total of 10 registered patents. For the six months ended 30 June 2019, the plant research and development team has 4 professionals. Apart from further developing our paper converting equipment manufacturing business, the Group has also been seeking potential opportunities in related businesses.

Financial Review

Revenue

Paper Converting Equipment and Other Relating Equipment

The revenue contributed by its paper converting equipment business was approximately RMB18.9 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately RMB19.3 million).

Money Lending

The revenue contributed by this business was approximately RMB8.4 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately RMB8.4 million).

ECommerce

The revenue contributed by this business was approximately RMB100.5 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately RMB73.4 million).

Internet Education Services

The revenue contributed by this business which was acquired in November 2017 was approximately RMB16.0 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately RMB11.6 million).

Cost of Sales/Service Rendered

The Group's cost of sales mainly consists of costs of raw materials, labour, depreciation and other costs directly related to sales. During the six months ended 30 June 2019, the Group's cost of sales increased by approximately 18.8% from approximately RMB78.8 million (Restated) for the six months ended 30 June 2018 to approximately RMB93.6 million for the six months ended 30 June 2019. The increase was mainly attributable to the increase of sale revenue of the Group during the period under review.

Gross Profit

The Group engaged in the different industries had a gross profit of approximately RMB50.2 million for the six months ended 30 June 2019. For the six months ended 30 June 2018, the Group recorded a gross profit of approximately RMB34.1 million (Restated). The gross profit was mainly contributed from effective cost control in money lending business and internet education service.

Loss allowance for Trade Receivables and Loan Receivables

As the repayment ability of the different industries improved in the first year of 2019, loss allowance for trade receivables and loan receivables amounted to approximately RMB1.5 million has been recognised for the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB2.4 million).

Selling and Distribution Costs

The Group's selling and distribution costs comprised sales commission, sales staff costs and transportation costs. During the six months ended 30 June 2019, the Group's selling and distribution costs increased by approximately RMB0.2 million, representing an increase of around 9.5% from approximately RMB2.1 million (Restated) for the six months ended 30 June 2018 to approximately RMB2.3 million for the six months ended 30 June 2019.

Administrative Expenses

The Group's administrative expenses decreased by around 9.6% from approximately RMB49.2 million (Restated) for the six months ended 30 June 2018 to approximately RMB54.4 million for the same period ended 30 June 2019. The amortization of the intangible asset of internet education services acquired on 22 November 2017 amounting to approximately RMB12.4 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 12.4).

Finance Costs

The Group's finance costs were approximately RMB5.9 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB5.8 million). The interest rate for bank loan was at a fixed interest rate of 5.8% per annum (2018: 5.7%).

Taxation

The PRC subsidiary of the Company engaged in internet online education service provider successfully qualified the China's High and New-Technology Enterprise (HNTE) program and obtained the Chinese High-tech Enterprise Certification (中國高新技術企業認證) in 2017. Consequently, the subsidiary is entitled to the PRC Enterprise Income Tax ("EIT") rate of 15% for the period under review until 2020.

Income/(Loss) and total Comprehensive Income/(Expense) for the Period

The Group's income and total comprehensive income for the six months ended 30 June 2019 was approximately RMB21.1 million while the loss and total comprehensive expense was approximately RMB48.6 million for the six months ended 30 June 2018. The Group's basic profit per share was approximately RMB0.51 cents for the six months ended 30 June 2019, compared to a basic loss per share of approximately RMB1.34 cent for the six months ended 30 June 2018. The income is due to the profit on disposal of discontinued operation of approximately RMB44 million during the period ended 30 June 2019.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

Capital Structure, Liquidity and Financial Resources

The Group's bank balances and cash as at 30 June 2019 was approximately RMB83.9 million (as at 31 December 2018: approximately RMB138.6 million).

Total equity of the Group as at 30 June 2019 was approximately RMB522.4 million (as at 31 December 2018: RMB495.4 million). The Group has an outstanding bank loan of approximately RMB19 million as at 30 June 2019 (as at 31 December 2018: approximately RMB19.0 million). The loan carries a fixed interest at 5.8% (2018: 5.7%) per annum and is repayable within one year.

As at 30 June 2019, the Group's gearing ratio, which was calculated on the basis of total borrowings as a percentage of shareholder equity, was 30% (as at 31 December 2018: 27%).

Pledge of Assets

As at 30 June 2019, the Group pledged certain of its property, plant and equipment and land use rights with zero carrying value (as at 31 December 2018: Nil) as collaterals for the bank borrowing granted to the Group.

Material Disposal of Subsidiary

References are made to the announcement of Cybernaut International Holdings Company Limited (the "**Company**") dated 1 August 2018; and the circular of the Company dated 7 November 2018 (the "**Circular**") in relation to the major transaction regarding the disposal of 100% equity interest in Sinoref (BVI) Limited. The Completion took place on 12 April 2019 in accordance with the terms and conditions of the Agreement and an announcement was then made. Accordingly, the Company has ceased to have any interests in the Disposal Group and the Disposal Group is no longer subsidiaries of the Company as of the date of the announcement.

During the period under review, except for investments in its subsidiaries and save as disclosed, the Company did not hold any significant investment of equity interest in any other company.

Contingent Liabilities

As at 30 June 2019, the Group had not provided any form of guarantee to any company outside of the Group. 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.

Currency Exchange Exposures

The Group's purchases and sales are mainly denominated in US dollars, Renminbi and Hong Kong dollars. The operating expenses of the Group are mainly in Hong Kong dollars and Renminbi. The Group has well monitored and managed its exposure to fluctuation in currency exchange rates.

Human Resources and Staff Remuneration

As at 30 June 2019, the Group had 218 staff members employed in mainland China and Hong Kong (2018: 498). During the period under review, the Group had continued to devote significant resources to bolster its training programme, providing training and study opportunities for management staff and professional technicians. In addition, the Group has provided timely updates to all staff about the latest government policies related to the industry to continuously enhance the professional standard and quality of the staff. Meanwhile, the Group has provided competitive remuneration for its staff which encourages their commitment and enhances their professionalism.

Events after the Reporting Period

On 5 July 2019, the Company announced that it had a connected transaction establishment of and subscription for the interest in a fund, such that the Company entered into: (1) the Limited Partnership Agreement with the General Partner, the Initial Limited Partner and Hana Financial Investment Co., Limited, and (2) the Subscription Agreement with the General Partner.

The General Partner is owned as to 81% by Cybernaut Capital Management, which is owned as to 99% by Mr. Zhu Min, an executive Director of the Company. The General Partner is an associate of Mr. Zhu Min and hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As at the date of the announcement, the applicable percentage ratios as defined under the Listing Rules in respect of the Transaction is expected to be exceeding 0.1% but less than 5%, the Transaction is therefore subject to the reporting and announcement requirement, but exempted from dispatch of circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Company announced that it had a connected transaction in relation to the financial assistance by connected persons on 9 July 2019, where at the date of the announcement, Mr. Ng Hang Fai Calvin and Mr. Lee Yim, the respective sole shareholder of Win All Management Limited (Win All) and Wide Select Investments Limited (Wide Select), are directors of VT Zero Limited, the subsidiary of the Company and therefore the Noteholders (Win All and Wide Select) are connected persons of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. As (i) the Noteholders are connected persons of the Company at the subsidiary level; (ii) the granting of the financial assistance to the Company by Mr. Ng and Mr. Lee under the New Promissory Notes which are secured by the assets of the Company under the Share Charges are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the Deeds of Amendment and the grant of the Share Charges and confirmed the terms therein are fair and reasonable, and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Deeds of Amendment and the transactions contemplated are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

None of the Directors had any material interest in the Deeds of Amendment and the Share Charges and the transactions contemplated thereunder and had abstained from voting at the relevant Board resolutions.

Therefore, on 9 July 2019 after the trading hours, the Company announced that it entered into the Deeds of Amendment with the Noteholders, pursuant to which the Company and the Noteholders agreed to amend the terms and conditions of the Existing Promissory Notes and to issue the New Promissory Notes with a principal amount of HK$113,208,000.00 each to the Noteholders in replacement of the Existing Promissory Notes. Save for the amendments mentioned above and disclosed in the announcement, the principal terms of the Existing Promissory Notes remain unchanged.

Future Prospects

The China economy is presently facing strong headwinds and decelerating. China's trading partners and investors are closely watching the health of the world's second-largest economy as the year-long trade war between U.S. and China takes a heavier toll on businesses and investment, fueling worries of a global recession. Embroiled in the trade wars with U.S., China is saving stimulus for the Trade War Winter as China yuan weakens. Chinese policy makers are holding back from rolling out the big guns of monetary stimulus, keeping options in reserve as the trade standoff with the U.S. risks morphing into a global currency war. The People's Bank of China called for a "rational" view on current headwinds in August 2019, signaling that the targeted approach to shoring up output would continue. Retail sales, investment and credit data are expected to confirm the ongoing slowdown in the world's second-largest economy. China officials are sticking to a cautious monetary strategy even after tensions with the U.S. worsened, with U.S. President Donald Trump's accusations of Beijing's currency manipulation adding sensitivity to any stimulus measures that would depress the China yuan. Further, the Trump's own recent threat of a 10 percent tariff on $300 billion worth of Chinese goods beginning September 1, coupled with the anti-government activism in Hong Kong, has been sending global markets into a frenzy that is unlikely to calm down any time soon. With neither Trump nor Chinese President Xi Jinping willing to back down, US-China trade tensions could erupt into a full-blown trade war. And the China Ministry of Commerce has already warned that the dispute may even lead to "the largest trade war in economic history to date".

In regard to the lending business segment of the Cybernaut Group, TCL will continue granting mortgage loan to clients in a prudent manner, so the lending subsidiary business can well meet the needs for the Hong Kong property market and the environmental changes accordingly. TCL will adopt tight credit policy to grant mortgage loans or for loan renewals, and might restrict loans only to customers of good and healthy reference check.

Our subsidiary engaged in eCommerce business, has majority of business specialized on B2C retailing through the platforms including eBay and Amazon will increase its product-mix and expand market developments. Besides, selling through other different marketplaces in different countries, for examples: Rakuten in Germany. cDiscount, Fnac and Darty in France, and ePrice in Italy; VTZero in eCommerce can diversify market risks and expand with more business, as these European marketplaces are growing rapidly and are mostly welcomed by their local people. To enhance greater market penetration overseas, the subsidiary management has also liaise with different local partners through the existing logistic network, and by selling more new eCommerce products to overseas consumers.

In the second half of 2019, it is expected that the online education markets in China will be more vibrant and growing competitively. In July 2019, Chinese insurance giant Ping An Insurance (Ping An) announced plans to expand into the "smart education" sector with an investment in a leading online education platform valued at over USD$1 billion; i.e. the iTutorGroup – an online education platform founded in 1998 that provides language and mathematics tutorials via the internet. Ping An also said that it would work with iTutorGroup, the online education unicorn in China, on the application of artificial intelligence (AI) technology to the education sector and for the development of the online education. Realized the current market situations and to face the keen competition, our subsidiary management would engage highly qualified education expertise and supportive staff through the VIE arrangements to provide high-quality updated education packages and online platform for customers, and closely monitor the trends and market needs of the online education industry in China.

In future, the Group will allocate more resources to develop the profit-generating subsidiaries. Additionally, the Group will continue to seek potential investment opportunities that can create synergies to our existing business segments, at the same time bringing growth and long-term benefits to the Company and the shareholders of the Company as a whole.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company had complied with all the code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report, contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2019, except for Code Provision A.6.7 in respect of the attendance of non-executive directors and independent non-executive directors in the general meetings.

According to Code Provision A.6.7, non-executive Directors and independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagement, two non-executive Directors and one independent non-executive Director could not attend 2018 annual general meeting held on 6 June 2019. However, at the 2018 annual general meeting, there were executive and independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted a code of conduct (the "Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 June 2019.

Relevant employees who are likely to be in possession of unpublished price-sensitive information regarding the Group are subject to compliance with the Company's Code for Securities Transactions by Relevant Employees (the "RE Code") in respect of their dealings in the securities of the Company. The terms of the RE Code are likewise no less exacting than the required standards set out in the Model Code.

Audit Committee and Review of the Financial Statements

The Audit Committee comprises of three independent non-executive Directors, namely, Mr. Tong Yiu On, Mr. Li Yik Sang and Mr. Cao Ke. The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2019. The interim financial report for the six months ended 30 June 2019 is unaudited, but has been reviewed by Elite Partners CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA, whose unmodified review report will be included in the interim report to be sent to shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities for the six months ended 30 June 2019.

Publication of the Unaudited Interim Results and Interim Report

This announcement will be published on the Company's website (www.cybernaut.com.hk) and Stock Exchange's website (www.hkexnews.hk). The 2019 Interim Report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

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

Hong Kong, 29 August 2019

As at the date of this announcement, the executive Directors are Mr. Zhu Min, Dr. Chen Huabei, Mr. Sin Kwok Wai Ronald, Mr. Lu Yongchao and Mr. Xu Yejun; the non-executive Directors are Mr. Chow Chi Wa and Ms. Yip Sum Yu, and the independent non-executive Directors are Mr. Tong Yiu On, Mr. Li Yik Sang and Mr. Cao Ke.