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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO 2019 ANNUAL REPORT

Reference is made to the annual report for the year ended 31 December 2019 (the "**2019 Annual Report**") of Cybernaut International Holdings Company Limited (the "**Company**" together with its subsidiaries the "**Group**"). Terms used herein shall have the same meanings as defined in the 2019 Annual Report unless otherwise stated.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to provide the following additional information in relation to the 2019 Annual Report:

IMPAIRMENT AND PROVISION

Reference is made to the impairment loss on goodwill of eCommerce business (the "**Impairment**") of approximately RMB61.2 million due to unsatisfactory performance in eCommerce business and the provision for impairment loss on loan receivables (the "**Provision**") of approximately RMB54.8 million due to several loan borrowers' prolonged delay in repayment of loan interest/principal.

Details of the underlying reasons for, or the events and circumstances leading to, the recognition of the Impairment

Operation of the Group's eCommerce business (the "**eCommerce Business**") involve merchandising of second-hand mobile phones and accessories in the PRC and resell the furnished products as well as other merchandised goods where the management consider popular and feasible via various eCommerce platforms such as Amazon, eBay, Rakuten, Carrefour, Eprice, Fnac Darty, Newegg, Walmart and Cdiscount. Based on historical records, sales of the eCommerce Business were mainly made to the United Kingdom, various European countries and North America. Business volume of the eCommerce Business in the second half of a year is in general more than that in the first half of a year due to the positive impact arising from the Christmas Eve in December.

As disclosed in the interim report of the Company for the six months ended 30 June 2019, other than selling mainly through eBay and Amazon, VTZero (the brand name of the eCommerce Business) also had established good sales through different selling channels and online marketplaces like Rakuten in Germany, Cdiscount, Fnac and Darty in France etc. Besides, by established different business strategic alliances with the local agents in different countries including Europe and North America, the subsidiary has reduced its marketing expense.

The eCommerce Business recorded unaudited revenue of approximately RMB100.53 million for the six months ended 30 June 2019, representing the record high when compared with the corresponding periods in each of 2018, 2017 and 2016 (being the first full financial year upon completion of acquisition of the eCommerce Business) and with a growth of approximately 37% when compared with the same period in 2018. Besides, profitability of the eCommerce Business for the six months ended 30 June 2019 had shown improvement when compared with the same period in each of 2018, 2017 and 2016.

Having considered (i) the growing financial performance of the eCommerce Business; (ii) the continuous development and exploration of the eCommerce Business as stated above; (iii) it is expected that business volume of the eCommerce Business in the second half of 2019 would be more than the first half of 2019; and (iv) no indication of material adverse change in the market environment was noted by the Company, the Company was not aware of obvious indication that the goodwill of the eCommerce Business may be impaired at the time when publishing the Company's interim results for the six months ended 30 June 2019. ("**2019 Interim Results**")

Subsequent to the publication of the 2019 Interim Results, to the Company first became aware of following recent macroeconomic factors:

(i) subsequent development of the trade war

In January 2020, the "Phase One" agreement was signed between the United States and China on trade matters. However, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the U.S., tax policy related to international commerce, or other trade matters. This may affect the demand for our products and services, impact the competitive position of our products or prevent us from selling products in North America. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

(ii) subsequent development of the Brexit

The impact of the decision by the UK to withdraw from the European Union, commonly referred to as "Brexit", and the resulting effect on the political and economic future of the U.K. and the European Union is uncertain. Brexit may adversely affect our products may need to satisfy both the UK and European Union product safety regimes and bear the required safety markings for each market post-Brexit. Brexit have already halted the formation of new business alliance with UK's agent. There is no assurance as to the extent to which new regulatory or trade restrictions may be imposed on our products delivered to the UK following Brexit.

(iii) global outbreak of the novel coronavirus (COVID-19) epidemics

Since late December 2019, an unforeseeable outbreak of the novel coronavirus (COVID-19) epidemic (the "**Epidemic**") across the globe occurred. The Epidemic has materially and adversely affected the global economy as well as consumer demand for goods and services. The Company was aware that unemployment rate in the U.S., the European countries as well as the U.K., where majority of the income of the eCommerce Business were derived from, continue to rise and keep at high level since the Epidemic. The Company believes that the recent high unemployment across the U.S., the European countries as well as the U.K. caused by the Epidemic will last for a short to medium term and will adversely affect disposable income and consumer confidence, which is expected to lead to weak consumption.

The Company is uncertain about the extent of the trade war, Brexit and Epidemic and recovery of the consumer market but it is expected that recovery will be slow and gradual, and therefore, the company considered that it is reasonable and prudent to adjust downward the projected financial performance (the "**Adjusted Projection**") of the eCommerce Business and cause future cash flow to decline before gradually improving to reflect the impact of the trade war, Brexit and Epidemic on the eCommerce Business. The Company has engaged an independent valuer to prepare a valuation using discount cash flow model based on the Adjusted Projection in determining the recoverable amount of the eCommerce CGU. The Impairment was the excess of the recorded carrying amount of the eCommerce Business over its recoverable amount.

The Company has announced the Impairment via the Company's announcement dated 30 March 2020 in relation to the unaudited annual results of the Company for the year ended 31 December 2019.

Based on the above, the Company is of the view that the Impairment was properly and timely made and announced in this regard.

Details of the underlying reasons for, or the events and circumstances leading to, the recognition of the Provision

The Company is engaged in money lending business in Hong Kong via Time Credit Limited (a 90% owned subsidiary of the Company engaging in money lending business) ("**TCL**"). TCL is permitted to conduct money lending business in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In view of the professionalism and the extensive experience of the management of TCL ("**TCL Management**"), the Board has assigned power to TCL Management to mainly operate the business as well as formulate business strategies and polices of TCL while the Board acted as monitoring role and has put in place appropriate monitoring mechanism where TCL Management must report to the Board on the business and financial performance of TCL at least semi-annually.

The reason for the Provision is mainly due to (i) full impairment loss made in the amount of HK$68,644,000 ("**Defaulted Loans**") in respect of the outstanding loans granted by TCL in several transactions to the IPO Company's subsidiary, Customer C, Customer D and Customer E referred to below ("**Group Borrowers**").

For the year ended 31 December 2018, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting. The Group apply a three-stage impairment model to calculate their ECL, the management assesses impairment loss using the risk parameter modelling approach that incorporates key measurement parameters, including probability of default, loss given default and exposure at default, with the consideration of forward-looking information. For the year ended 31 December 2018, the Directors noted there was an ECL provision in connection with loans granted by TCL and the Company in the amount of approximately HK$10.9 million (before reversal of several impairment loss in year ended 31 December 2018) where such loans have not been in default.

In determining the amount of Provision, the Company has engaged an independent valuer to evaluate the expected credit loss of the loan receivables.

Background and details leading to the Defaulted Loans

The Group Borrowers has been clients of TCL since August 2016. Since then, the TCL Management acknowledged the possible Hong Kong initial public offering ("**IPO**") plan of a company ("**IPO Company**") controlled by the Group Borrowers and noted that the Group Borrowers had submitted its IPO application to the Stock Exchange in January 2018. When preforming credit risk assessments before advancing loans to Group Borrowers, TCL Management was satisfied with (i) the net worth of the Group Borrowers and (ii) the IPO plan of the IPO Company.

Below are details of the Defaulted Loans being impaired and the credit assessment performed by TCL Management before advancing each of the loans:

Grant date	**Borrower**	**Principal amount** *HK Dollar*	**Term & interest rate**	**Security/ collateral**	**Credit risk assessments (collateral value/source of repayments/borrowers background)**
27/3/2017 21/04/2017 9/5/2017 20/06/2017	IPO Company's subsidiary	12,690,000	12-36 months, interest 7-10% per annum	Guarantees from Customer C, Customer D, Customer E and IPO Company	Reference to (i) the IPO plan of the IPO Company, (ii) HK$200 million of borrower net worth/collateral
18/10/2017	Customer C, Customer D & Customer E	10,000,000	24 months, interest 10% per annum	Guarantee from IPO Company	Reference to (i) the IPO plan of the IPO Company, (ii) HK$200 million of borrower net worth/collateral

Grant date	Borrower	Principal amount *HK Dollar*	Term & interest rate	Security/ collateral	Credit risk assessments (collateral value/source of repayments/borrowers background)
26/6/2018	Customer C & Customer D	5,000,000	12 months, interest 10% per annum	Nil	Reference to (i) the IPO plan of the IPO Company, (ii) HK$200 million of borrower net worth
6/5/2019	Customer D	20,954,000	12 months, interest 10% per annum	Guarantee from Customer C, Customer E and IPO Company's subsidiary, share charges over shares of IPO Company's subsidiary and holding company of IPO Company	Reference to (i) the IPO plan of the IPO Company, (ii) over RMB300 million of borrower net worth/collateral
6/5/2019	Customer C	20,000,000	12 months, interest 10% per annum	Guarantee from Customer D, Customer E and IPO Company's subsidiary, share charges over shares of IPO Company's subsidiary and holding company of IPO Company	Reference to (i) the IPO plan of the IPO Company, (ii) over RMB300 million of borrower net worth/collateral

Regarding the Defaulted Loan, the Directors first became aware of the Defaulted Loan when the Board reviewing the performance and the financial information of the money lending business provided by the TCL Management at the annual review meeting in February 2020. TCL Management reported to the Board that the IPO Company's subsidiary had been under voluntary liquidation.

In mid June 2019 when TCL was performing its procedure to contact the Group Borrowers for debt collection, TCL could not reach one of the Group Borrowers and subsequently TCL (as plaintiff) has in July 2019 filed four writ of summons against Customer C, Customer D, Customer E and IPO Company's subsidiary (as defendants) claiming the outstanding loans. In August, the IPO Company's subsidiary passed the special resolution at an extraordinary general meeting for voluntarily winding-up and at the creditors meeting TCL Management nominated and appointed the liquidators for the purpose of winding up and distributing the assets of the IPO Company's subsidiary. As at the date hereof, the liquidation is still ongoing.

TCL Management regarded debt recovery as a routine procedure and normal situation for a money lending company and they did not regard the Defaulted Loans as a material event. Therefore it is not their practice to report defaulted loans to the Company immediately upon their occurrence.

After reviewing the affairs relating to the Defaulted Loans, the Directors are of the view that such practice compromised the effective monitoring of TCL's affairs by the Company. Therefore in addition to the Company's usual monitoring mechanism that TCL Management is required to submit monthly management accounts to the Company after the end of each month and to report to the Board on the financial and business performance during review meetings at least semi-annually, the Board has, among others, issued written guidelines to TCL requiring reporting to the Company on the repayment status of all loans on a monthly basis and reporting of material defaulted loans (over HK$5 million) immediately upon occurrence and has designated an executive director of the Company to specifically supervise the operation of TCL.

The Directors are of the view that (i) the Defaulted Loans to the Group Borrowers were in the ordinary and usual course of business of the Group and (ii) the terms of the Defaulted Loans were on normal commercial terms based on the Company's credit policy.

Impairment assessment

The Company has engaged an independent professional valuer to conduct valuations in support of the impairment assessment and the amount of the Impairment and Provision.

Impairment on eCommerce CGU

The major inputs for the valuation of the value in use of the eCommerce CGU include (1) the discount rate of 13%, which is the weighted average cost of the capital ("**WACC**") of the eCommerce CGU estimated based on market data extracted from Bloomberg and empirical studies as of 31 December 2019; and (2) the projected financial performance of the eCommerce CGU prepared by the Company.

Key assumptions of the projected financial performance of the eCommerce CGU are as follows:

(a) Revenue was projected based on the historical performance of the eCommerce Business and with reference to the historical growth rate and after taken into account the combined effect of (i) a short to medium term impact on the China-US trade war, Brexit and Epidemic to the global trade and global consumer demand as well as global supply chain disruption; (ii) the Company is expected to benefit from the switching purchase habit of consumers to online shopping platform; (iii) the Company has diversified its range of products to household items and will continue to observe and analysis consumers habit and launch suitable items to the market; and (iv) it is expected that competition in online shopping will be getting much keener as it is expected that more competitors will enter into the online shopping market. As a result, based on the actual annual revenue in 2019 of approximately RMB241,680,000 (equivalent to approximately HK$274,126,000), it is estimated that annual revenue growth in 2020 will be approximately 3% and the estimated annual revenue growth in each of 2021, 2022, 2023 and 2024 to be approximately 4%, 4.5%, 5% and 5.5% respectively to reflect the slow and gradual recovery of the global consumer market and the expected keen competition in the future online shopping industry.

(b) Gross profit margin was projected based on the historical performance of the eCommerce Business in 2019 and after taken into account the expected improvement in gross profit margin as the Company has been launching and will continue to launch higher margin products in future. As a result, it is estimated that gross profit margin in 2020 to be increased to 13% when compared with actual gross margin of approximately 12.7% in 2019 due to the launch of more profitable household items and the estimated gross profit margin will gradually improve year-on-year and reach approximately 19% in year 2024.

Compared to the valuation of the value in use of the eCommerce CGU as of 31 December 2018, there were (i) decrease in discount rate from 16% as of 31 December 2018 to 13% as of 31 December 2019, and (ii) decrease in the projected financial performance of the eCommerce CGU as of 31 December 2019 (including the decrease in estimated annual growth rate and estimated gross profit margin). However, the effect of the decrease in projected financial performance outweighed the decrease in discount rate of the eCommerce CGU, hence resulted in a decrease in the value in use of the eCommerce CGU.

The decrease in discount rate was mainly due to decrease in comparable companies' average unlevered beta from 0.77 as of 31 December 2018 to 0.67 as of 31 December 2019 and decrease in Hong Kong equity risk premium from 12.06% as of 31 December 2018 to 9.31% as of 31 December 2019. The market data was extracted from Bloomberg and the changes were due to normal market data fluctuation. There was no change in basis of assumptions and sources of data/inputs.

The decrease in projected financial performance was mainly due to the overall effect of (i) the global pandemic of COVID-19, the social unrest in Hong Kong and the poor market sentiment due to the trade war between China and the United States, which inevitably eroded the economy in Hong Kong and profitability of the eCommerce CGU; and (ii) different exchange rate adopted reflecting the actual fluctuation of HKD against RMB (2019: HKD:RMB 1:0.88164; 2018: HKD:RMB 1: 0.84421).

Fairness and reasonableness of the estimated gross profit margin

Given the gross profit ratio of the e-Commerce Business for year ended 31 December 2019 and 31 December 2018 represents the then most recent full-year actual business performance of the e-Commence Business prior to preparing the 2019 projections and the 2018 projections respectively, it is fair and reasonable to made reference to the latest historical gross profit ratio and adjusted by any future expectation on the e-Commerce Business as the starting point in estimating the forecast gross profit ratio of the 2019 projections and the 2018 projections.

Estimated gross profit margin of the e-Commerce Business is expected to improve gradually from 13% to 19% throughout the 5-year forecast period in the 2019 projections after having considered:

(i) the Group has been expanding its range of products to include household items. In comparison with the conventional product range these products fetch a higher profit margin. The Group will continue to concentrate on studying consumer habits and diversify its product-mix towards products that fetch higher margin throughout the forecast period; and

(ii) the Group has been liaising with and will continue to explore cooperation opportunity with local logistic partners of their target markets (such as Europe) to improve logistical efficiency and cost; and

(iii) in view of the changes in the portfolio of product offering, the Group believe it will need more time to study consumer habits on new household products and to create more synergy with local logistic partners, therefore, the Group had taken a more realistic view with the sales performance of these items to allow for a more organic improvement in both revenue and cost management. Further, forecast of gross profit margin in 2018 was estimated back in 2017, while that of 2019 was estimated back near the end of 2018. Macroeconomic events of 2018 (trade-war, Brexit) had negatively affected the Group's confidence in the sales forecast, which was reflected in the forecast for year 2019.

Based on the above, the Directors are of the view that the estimation on the gross profit margin in the 2019 projections is fair and reasonable.

Fairness and reasonableness of the estimated annual revenue growth

The Company noted that there was an increase in revenue of the e-Commerce Business by approximately 52% to approximately RMB241,680,000 for the year ended 31 December 2019 when compared with the same period last year of approximately RMB152,543,000. The significant increase in revenue in 2019 when compared with 2018 was a result of the successful implementation of re-formulated business strategies ("**New Strategies**") of the e-Commerce Business (which previously mainly focused its business in the North America, France and the U.K.) by focusing on exploring new markets in other European countries including but not limited to Germany and Russia as well as exploring different selling channels and online marketplaces, to minimize the negative impact brought by the China-US trade war since March 2018 and the uncertainty arising from the Brexit which had led to significant decrease in revenue for the year ended 31 December 2018 by approximately 26% when compared with the same period in 2017.

Based on the above, the significant growth in revenue in year 2019 when compared with 2018 was a result of new income streams contributed from new markets since commencement in 2019 and therefore, it was considered not meaningful to solely made reference to the 2019 annual revenue growth in preparing the 2019 projections but it would be more justifiable to make reference to the compound annual revenue growth rate for the periods from 2017 to 2019 of approximately 6%, which had reflected the overall impact on the China-US trade war, the Brexit and the New Strategies to the e-Commerce Business and made adjustments after taken into account the combined effect of the following expectations:

(i) a short to medium term impact on the China-US trade war and Brexit to the global trade and global consumer demand as well as global supply chain disruption;

(ii) the potential upside benefit from the switching purchase habit of consumers to online shopping platform;

(iii) the potential keener competition in online shopping industry as more competitors are expected to enter into the market; and

(iv) our strategies to diversify our range of products to household items and will continue to observe and analysis consumers habit and launch suitable items to the market.

Based on the above, the Directors are of the view that it is fair and reasonable to estimate a 3% annual revenue growth at the beginning of the forecast period in the 2019 projections and a gradual increase from 3% to 5.5% throughout the forecast period to reflect the slow and gradual recovery of the global economy and the expected keen competition in the future online shopping industry.

The business has been established for an extensive period of time, and had long placed reliance on their experience and insights in their market. Hence they had adopted the practice of making reference to the historical performance as the basis for forecasts. However it was noted that there had been a number of significant changes in the market, consumer sentiment and other macro-economic conditions. One of the more significant changes is the increased awareness of customer data on-line privacy (eg GDPR), which had affected the effectiveness of the sales on on-line platforms.

Provision on Loan Receivables

The expected credit loss ("**ECL**") of the loan receivables was estimated with three major factors/ inputs, namely Exposure at Default ("**EAD**"), Probability of Default ("**PD**"), Loss Given Default ("**LGD**").

The EAD is based on the carrying amounts of loan receivables as provided by the management of the Company.

PD is estimated with reference to the credit stage of each loan receivable, which are determined by considering the repayment status of debtors as advised by the management of the Company. Stage 1 is assigned when the loan receivables is not yet due. Stage 2 is assigned when the receivables are due but expected to be repaid as advised by the management of the Company. If the borrower is defaulted, stage 3 is assigned and PD will be 100%. For stages 1 and 2, PD is determined by the average of historical loss rate, credit spread (Credit Suisse emerging market credit spread indices extracted from Bloomberg) and the forward default rate based on the credit stage, Moody's research (Annual default study: Defaults will rise modestly in 2019 amid higher volatility, Moody's) and S&P research (2018 Annual Global Corporate Default And Rating Transition Study, S&P).

LGD is calculated by one minus recovery rate, which is based on the implied recovery rate from Merton Model and the Moody's research (Annual default study: Defaults will rise modestly in 2019 amid higher volatility, Moody's). For loan receivables with collaterals, the valuer considered the Merton Model to assess the credit risk and derive the implied recovery rate.

Valuation method

Discounted cash flow ("**DCF**") method under the Income Approach was adopted for valuation of the value in use of the eCommerce CGU as of 31 December 2019. DCF method was adopted since it is according to the definition of value in use under HKAS 36: "Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit".

Simplified approach was adopted for the valuation of the ECL for provision on loan receivables, i.e. ECL = EAD x PD x LGD

There was no change in valuation methodology adopted for valuation of the value in use of the eCommerce CGU between 31 December 2018 and 31 December 2019.

There was no change in ECL assessment methodology between 31 December 2018 and 31 December 2019.

FUNDRAISING

In relation to the placing under general mandate completed on 2 February 2017, the Placing Proceeds of approximately HK$176.6 million were intended to be used for general working capital and/or future investment of the Group as and when opportunities arise. As at the 31 December 2019, the Placing Proceeds were fully utilized as follows:

Actual use of Placing Proceeds	**Amount** *(HK$'000)*
Acquisition of Cybernaut Technology International Limited	100,000
Investment in a Canadian listed company	2,250
Investment in a private fund	9,912
Administrative expenses	4,345
Consultation and service	5,176
Professional fees	14,382
Legal fees	5,561
Office expenses	27,361
Share register and listing fee	1,510
Audit fee	3,929
Others	2,175
Total	176,601

The Placing Proceeds had been used according to the intended uses previously disclosed.

CONNECTED TRANSACTION (INCLUDING CONTINUING CONNECTED TRANSACTION)

Reference is made to pages 27-51 of the 2019 Annual Report relating to the VIE Agreements. Mr. Zhu Min is one of the beneficial owners of Wowxue. Thus, Wowxue is an associate of Mr. Zhu and is a connected person of the Company under Chapter 14A of the Listing Rules. The VIE Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Stock Exchange has granted a waiver to the Company from (i) setting maximum aggregate annual caps for the service fees payable by Wowxue to Huzhou Company under the Management Services Agreement and the loan(s) to be made available by Huzhou Company under the Loan Agreement pursuant to Rule 14A.53 of the Listing Rules; and (ii) setting a fixed term for each of the VIE Agreements (other than the Management Services Agreement) pursuant to Rule 14A.52 of the Listing Rules, subject to certain conditions.

For the year ended 31 December 2019, the total amount of service fees paid by Wowxue to Huzhou Company under the Management Services Agreement was approximately RMB25,095,000 and the total amount of loans made available by Huzhou Company under the Loan Agreement was nil.

Pursuant to Rule 14A.71(6), the independent non-executive directors of the Company have reviewed and confirmed that the transactions under the VIE Agreements had been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole. Based on the work performed, the auditor of the Company has confirmed in a letter to the Board that nothing has come to their attention that causes them to believe that the transactions under the VIE Agreements (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involved the provision of goods and services by the Group; (iii) were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) no dividends or other distributions have been made by Wowxue to the holders of its equity interest which are not otherwise subsequently assigned or transferred to the Group.

In respect of the connected transaction announced on 5 July 2019 relating to the subscription of a fund disclosed on page 18 of the 2019 Annual Report, the Company agreed to a commitment of US$5 million to the fund as limited partner and the amount of actual subscription paid during the year ended 31 December 2019 was nil.

In respect of the connected transaction announced on 9 July 2019 relating to financial assistance by connected persons disclosed on page 19 of the 2019 Annual Report, the principal amount of the financial assistance was HK$113,208,000, the maturity date was 9 July 2021 and the interest rate was 1% per annum.

RELATED PARTY TRANSACTION

All the related party transactions disclosed in Note 44 to the Consolidated Financial Statement in the 2019 Annual Report (except the transaction with Hongshanshu (Hangzhou) Information Technology Co., Ltd) constituted connected transactions of the Company under Chapter 14A of the Listing Rules but were all fully exempt from shareholders' approval, annual review and all disclosure requirements, save for the transaction with Mr Zhu Min which is related to the profit guarantee given by a connected person and the Company is required to disclose in the 2019 Annual Report whether the profit guarantee was met pursuant to Rule 14A.63(3). The Company would refer to its announcements dated 30 August 2018, 8 April 2019, 10 September 2019 and 14 August 2020 and confirmed that the respective guaranteed profits for each of the 6 month period ended 30 June 2018, 31 December 2018, 30 June 2019 and 31 December 2019 were fulfilled. The Company confirmed that where any related party transactions constituted connected transactions under Chapter 14A of the Listing Rules, the Company has complied with all requirements under Chapter 14A of the Listing Rules.

SHARE OPTION SCHEME

Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 7 October 2015, a mandate was granted to the Directors to grant share options under the Share Option Scheme for up to 204,922,800 shares. Since then the Company has granted a total of 200,000,000 share options, none of which has been exercised or cancelled. The total number of shares available for issue under the Share Option Scheme as at 15 May 2020, being the date of the 2019 Annual Report, was 204,922,800 shares, representing approximately 5.15% of the total number of issued shares.

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

Hong Kong, 20 October 2020

As at the date of this announcement, the executive Directors are Mr. Zhu Min, Dr. Chen Huabei, Mr. Lu Yongchao and Ms. Yip Sum Yu and the independent non-executive Directors are Mr. Tong Yiu On, Mr. Li Yik Sang and Mr. Cao Ke.