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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "Board") of directors (the "Directors") of Cybernaut International Holdings Company Limited (the "Company" or "Cybernaut") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023, together with the comparative figures for the previous corresponding year, which have been reviewed by the audit committee of the Company prior to recommending them to the Board for approval.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	**111,544**	56,940
Cost of sales/service rendered		**(88,862)**	(32,055)
Gross profit		**22,682**	24,885
Other gains or loss, net		**3,324**	88,696
Net impairment loss reversed/(recognised)		**16,566**	(5,666)
Selling and distribution costs		**(399)**	(2,131)
Administrative expenses		**(27,018)**	(39,813)
Finance costs		**(29,688)**	(54,119)
(Loss)/profit before taxation	5	**(14,533)**	11,852
Income tax expense	6	**(10)**	(1,048)
(Loss)/profit for the year		**(14,543)**	10,804
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,439**	2,657
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**1,439**	2,657
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(13,104)**	13,461
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(17,565)**	10,751
– Non-controlling interests		**3,022**	53
		(14,543)	10,804

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Total comprehensive (expense)/income for year attributable to:			
– Owners of the Company		**(12,744)**	13,287
– Non-controlling interests		**(360)**	174
		(13,104)	13,461
(Loss)/earnings per share:	*8*		
Basic (RMB cents per share)		**(0.36)**	0.26
Diluted (RMB cents per share)		**(0.36)**	0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**7,231**	8,197
Right-of-use assets		**278**	3,204
Goodwill		**74,512**	72,938
		82,021	84,339
Current assets			
Inventories		**129**	505
Trade receivables	*9*	**48,741**	5,701
Loan receivables	*10*	**214,095**	176,460
Other receivables, deposits and prepayment		**20,693**	24,742
Financial assets at fair value through profit or loss		**12,831**	5,000
Bank balances and cash		**32,266**	44,247
		328,755	256,655
Current liabilities			
Trade and bills payables	*11*	**67,781**	22,718
Other payables and accruals		**5,210**	7,456
Promissory notes		**6,800**	–
Lease liabilities		**269**	2,508
Tax liabilities		**6,921**	6,920
		86,981	39,602

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Net current assets		**241,774**	217,053
Total assets less current liabilities		**323,795**	301,392
Non-current liabilities			
Lease liabilities		**–**	264
Borrowings		**2,711**	–
Promissory notes		**192,116**	159,288
		194,827	159,552
Net assets		**128,968**	141,840
Capital and reserves			
Share capital	*12*	**337,128**	337,128
Reserves		**(205,321)**	(192,809)
		131,807	144,319
Non-controlling interests		**(2,839)**	(2,479)
Total equity		**128,968**	141,840

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The principal activities of its subsidiaries are investment holding, eCommerce and money lending.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and related amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of new and amendments to HKFRSs in the current year had no material input on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

Impacts on the application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

New or amendments to HKFRSs that have been issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current liabilities with Covenants (the "2022 Amendments")[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirement of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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 three operating segments focusing on: i) money lending; ii) eCommerce; and iii) 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:

Segment revenue and results

For the year ended 31 December 2023

	Money lending *RMB'000*	**eCommerce** *RMB'000*	**Internet education services** *RMB'000*	**Consolidated** *RMB'000*
Revenue	**20,375**	**91,169**	**–**	**111,544**
Gross profit	**18,119**	**4,563**	**–**	**22,682**
Segment profit/(loss)	**34,360**	**(5,764)**	**(4,965)**	**23,631**
Unallocated corporate income				**3,099**
Unallocated corporate expenses				**(41,263)**
Loss before taxation				**(14,533)**

For the year ended 31 December 2022

	Money lending *RMB'000*	eCommerce *RMB'000*	Internet education services *RMB'000*	Consolidated *RMB'000*
Revenue	19,153	37,787	–	56,940
Gross profit	17,226	7,659	–	24,885
Segment profit/(loss)	2,040	(6,208)	(1,233)	(5,401)
Unallocated corporate income				87,463
Unallocated corporate expenses				(70,210)
Profit before taxation				11,852

Segment profit/(loss) represents the profit/(loss) incurred by each segment include depreciation, amortisation and impairment, but 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.

Segment assets and liabilities

For the year ended 31 December 2023

	Money lending ***RMB'000***	**eCommerce** ***RMB'000***	**Internet education services** ***RMB'000***	**Consolidated** ***RMB'000***
ASSETS				
Segment assets	**232,783**	**65,414**	**14,830**	**313,027**
Unallocated corporate assets				**97,749**
Consolidated total assets				**410,776**
LIABILITIES				
Segment liabilities	**1,484**	**69,888**	**11,206**	**82,578**
Unallocated corporate liabilities				**199,230**
Consolidated total liabilities				**281,808**

	Money lending *RMB'000*	**eCommerce** *RMB'000*	**Internet education services** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	**59**	**645**	**–**	**428**	**1,132**
Depreciation of right-of-use assets	**662**	**516**	**257**	**1,531**	**2,966**
Interest income	**(59)**	**(2)**	**(124)**	**–**	**(185)**
Interest expense	**3**	**28**	**6**	**29,651**	**29,688**
Income tax expense	**–**	**–**	**10**	**–**	**10**
(Reversal of impairment loss)/ impairment loss recognised in respect of trade and loan receivables	**(21,476)**	**1,523**	**–**	**–**	**(19,953)**
Impairment loss recognised in respect of other receivables	**–**	**3,432**	**(45)**	**–**	**3,387**

For the year ended 31 December 2022

	Money lending *RMB'000*	eCommerce *RMB'000*	Internet education services *RMB'000*	Consolidated *RMB'000*
ASSETS				
Segment assets	196,780	29,139	22,450	248,369
Unallocated corporate assets				92,625
Consolidated total assets				340,994
LIABILITIES				
Segment liabilities	2,285	23,516	7,878	33,679
Unallocated corporate liabilities				165,475
Consolidated total liabilities				199,154

	Money lending *RMB'000*	eCommerce *RMB'000*	Internet education services *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	25	6	–	7	38
Addition to right-of-use assets	–	–	–	2,929	2,929
Depreciation of property, plant and equipment	72	1,251	8	575	1,906
Depreciation of right-of-use assets	1,521	412	257	1,518	3,708
Interest income	(2)	(1)	(79)	–	(82)
Interest expense	27	5	–	54,087	54,119
Income tax expense	–	–	1,048	–	1,048
Impairment loss recognised in respect of trade and loan receivables	2,303	184	850	–	3,337
Impairment loss recognised in respect of other receivables	–	2,329	–	–	2,329

Information about geographical areas

The following table provides an analysis of the Group's revenue by geographical market:

	For the year ended 31 December	
	2023 ***RMB'000***	2022 *RMB'000*
The People's Republic of China (the "PRC") (country of domicile)	**15,208**	433
Europe	**–**	11,182
North America	**–**	131
Hong Kong	**96,336**	45,194
	111,544	56,940

Non-current assets

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Hong Kong	**81,991**	84,052
PRC	**30**	287
	82,021	84,339

The non-current asset information above is based on the location of assets.

Information about major customers

No individual customer contributed more than 10% of the Group's revenue for the years ended 31 December 2023 and 2022.

5. (LOSS)/PROFIT BEFORE TAXATION

	2023	2022
	RMB'000	*RMB'000*
(Loss)/profit before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration	**719**	730
(Reversal of impairment loss)/impairment loss recognised in respect of trade and loan receivables	**(19,953)**	3,337
Impairment loss recognised in respect of other receivables	**3,387**	2,329
Short-term lease payment	**89**	–
Cost of inventories recognised as an expense	**89,301**	30,128
Depreciation of property, plant and equipment	**1,132**	1,906
Depreciation of right-of-use assets	**2,966**	3,708
Net exchange (gain)/loss	**(5)**	1,425
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**8,085**	10,619
– Retirement benefit scheme contributions	**313**	842
	86,034	55,024

6. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
PRC Enterprise Income Tax:		
– Provision for the year	**–**	1,048
– Under-provision in prior years	**10**	–
	10	1,048

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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%.

A PRC subsidiary of the Company 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 2015 and 2017 accordingly. As a result, these PRC subsidiaries were 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

No dividend was paid or proposed by the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

8. (LOSS)/EARNINGS PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
(Loss)/earnings for the purpose of basic and diluted loss per share	**(17,565)**	10,751

	Number of shares 2023	Number of shares 2022
	'000	*'000*
Weighted average number of ordinary shares	**4,908,781**	3,975,448
Effect of exercise of convertible preference shares	**–**	209,680
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**4,908,781**	4,185,128
Effect of exercise of share options	**–**	37,479
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**4,908,781**	4,222,607

The calculation of diluted loss per share for the year ended 31 December 2023 had not taken into consideration the assumed exercised of the Company's outstanding share options as it would reduce the loss per share.

9. TRADE RECEIVABLES

The credit period granted by the Group to certain customers is within 180 days (2022: within 180 days), while payment from other customers are due immediately when goods are delivered. The following is an ageing analysis of trade receivables, net of allowance, presented based on earlier of invoice date or the goods delivery date and services rendered, which approximated the respective revenue recognition dates:

	2023	2022
	RMB'000	*RMB'000*
0 – 30 days	**15,632**	3,508
31 – 60 days	**16,025**	635
61 – 90 days	**17,084**	1,558
	48,741	5,701

10. LOAN RECEIVABLES

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

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

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**86,823**	13,822
3 months to 1 year	**120,107**	150,421
Over 1 year which contain a repayment on demand clause	**7,165**	12,217
	214,095	176,460

11. TRADE AND BILLS PAYABLES

The following is an ageing analysis of trade and bills payables presented based on the earlier of invoice date or goods receipt date at the end of the reporting period.

	2023	2022
	RMB'000	*RMB'000*
0 – 30 days	**12,022**	693
31 – 60 days	**14,512**	289
61 – 90 days	**16,589**	45
Over 90 days	**24,658**	21,691
	67,781	22,718

12. SHARE CAPITAL

	Number of shares at HK$0.10 per share	**Amount**
	'000	*HK$'000*
Authorised:		
As at 1 January 2022	20,000,000	2,000,000
Designated convertible preference shares	(933,000)	(93,300)
As at 31 December 2022, 1 January 2023 and 31 December 2023	19,067,000	1,906,700
Issued and fully paid:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	3,975,448	397,545
Shown in the consolidated financial statements		
As at 31 December 2023	**RMB'000 equivalent**	337,128
As at 31 December 2022	**RMB'000 equivalent**	337,128

MARKET REVIEW

In the January 2024 World Economic Outlook (WEO) Update, the International Monetary Fund (IMF) projected the global economic growth to stay at 3.1 percent in 2024 and it might rise to 3.2 percent in 2025. With elevated central bank policy rates to fight inflation and a withdrawal of fiscal support amid high debt weighing on economic activity, inflation is falling faster than expected in most regions. Global inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast having been revised down. The Covid-19 pandemic in China had dampened the global economic growth in previous years, but the reopening and resuming of global supply by China paved a faster than expected global recovery in 2023. The risks to global growth are now broadly balanced and a soft landing is a possibility. However, there are risks tilted to the downside of the global economy as Russia's war in Ukraine continues, the tighter global financing costs could worsen debt distress, while further geopolitical fragmentation could hamper the global economic progress.

According to China National Bureau of Statistics (NBS), the Chinese economy in 2023 had an expansion with the gross domestic product (GDP) up by 5.2 percent over the previous year, amidst the prolonged period of trade war with the United States, the drastic impacts of the Covid-19 pandemic, the disruptions in global supply chain and efforts to deleverage debt and financial risks in the economy. As commented in the bureau statement by Mr. Sheng Laiyun, the deputy director of China NBS in February 2024," faced the pressures on multiple fronts last year, the overall Chinese economy in 2023 had recovery seen, with main targets being met. China's economy grew steadily with its 2023 GDP increased to hit RMB126.06 trillion, which was above the government target of 'around 5 percent'." Mr. Sheng also commented, "At present, China's economy is in a critical period of transforming the development model and optimizing the economic structure, but it has made new progress in resolutely promoting high quality." It was noted that the added value of industries above designated size increased by 4.6 percent in 2023 over the previous year; and the value added of the wholesale and retail trades was up by 6.2 percent over 2022. The additional information from the China NBS for the year 2023 also showed that the fixed-asset investment of the country increased by 2.8 percent year-on-year; and on its average estimation, the producer price of industrial products went down by 3.0 percent over the same period of last year, and the purchasing price of industrial products down by 3.6 percent.

The Hong Kong economy staged notably a recovery in 2023 in the aftermath of the pandemic. Economic activities revived following the removal of anti-epidemic measures and resumption of normal travel, though the challenging external environment amid heightened geopolitical tensions and tightened financial conditions constrained the pace of recovery. In 2023, the GDP resumed 3.2 percent growth for the year as a whole. The labour market improved along with the economic recovery. Underlying consumer price inflation remained moderate in overall terms.

The weak external demand for goods continued to weigh heavily on export performance, the total exports of goods based on the GDP compilation framework fell by 10.3 percent in real terms in 2023, after plunging by 14.0 percent in 2022. Along with the local economic recovery, the labour market improved in 2023. The employment earnings and household income attained decent growth throughout the year. Underlying the consumer price inflation that stayed moderate in overall terms in 2023, the external price pressures has eased alongside receding inflation in many major economies.

After staging a brief rebound in early 2023, the residential property market turned sluggish in the latter part of the year, as market sentiment was weighed down by tightened financial conditions, lacklustre local stock market performance, and the slowing global economic growth. Actually, the net output of the Hong Kong services sector increased by 4.1 percent year-on-year in real terms in the third quarter of 2023, after a 1.8 percent increase in the preceding quarter. And the net outputs of many service sectors showed a further growth in 2023.

In recent years, the massive collapse of the virtual lending platforms for online social lending in China has spread panic among their stakeholders. With the restrictive government regulations on the online social lending industry in China, a slew of Chinese fintech and social lending platforms have sought for expansion in lenient markets in Southeast Asia. The lending business in China are of huge potential but higher risks than that in Hong Kong, and both markets have very distinctive regulatory requirements for their business operation. Since 2016, the Hong Kong Government has adopted a four-pronged approach to enhance the compliance standards of non-bank money lenders; and Hong Kong continues to have an active and growing money lending market. The Hong Kong Government had enhanced various conditions on money lenders licences since 2021, such as requiring money lenders to undertake an assessment of the borrower's ability to make repayments and have due regard to the outcome of the assessment before entering into a loan agreement for an unsecured personal loan. Based on the Amended Lenders Ordinance, the statutory interest rate cap for lending in Hong Kong was lowered from 60 percent to 48 percent per annum, while the threshold of extortionate rate lowered from 48 percent to 36 percent per annum with effect from December 30, 2022. As all money lenders must operate business in strict compliance with Money Lenders Ordinance and license restrictions, the Hong Kong government has always reminded borrowers on the risks while borrowing.

Hong Kong's borrowing costs have spiked in the last two years as the U.S. Federal Reserve (Fed) raised interest rates to combat inflation. The base interest rate of Hong Kong moves in lockstep with the Fed, given the local currency's peg to the greenback. In fact, there are growing concerns about interest rates charged, and fears of excessive high interest on the borrowers, particularly in those with low incomes. In 2023, the effective mortgage rate increased by 75 basis points (bps) to 4.125 percent after Hong Kong major banks raised their Best Lending Rate by 12.5 bps, twice to a range of 5.875 percent – 6.125 percent. On November 2, 2023 the Hong Kong Monetary Authority maintained its base interest rate at 5.75 percent after the US Fed held its own interest rate, potentially ending its aggressive tightening cycle.

In recent years, the retail industry has faced a multitude of changes, while the adoption of the digital technology has brought of innovation and specific retail formats. The retail market for fast-moving consumer goods is highly affected by the rise of eCommerce and that shifts in consumer behaviour, such as an increasing demand for multiple delivery and collection options. Over the past three years, eCommerce activities in different countries have had huge jump resulted from the Covid-19 pandemic, forcing customers to seek alternative means to browse for buying when at lockdowns, store closures and other hygiene restrictions etc. Among the three major eCommerce markets in the globe – the U.S., China and Europe, China was the biggest eCommerce market in 2023; and analysts expect that China will stay in the lead in eCommerce market through 2027. In 2023, the Chinese eCommerce market was worth of over US$1,318.7 billion with electronic products being the biggest segment; revenues generated in the U.S. market were of over US$935 billion; and Europe as the third biggest eCommerce market with revenues of over US$581 billion.

In China, year 2021 marked the start of a new era in the country's education reform, particularly in after-school tutoring, which was once worth as an industry of approximately US$112 billion. The government regulatory restrictions are one of the most challenging issues always faced by the education companies and providers in China. In early July 2021, the China government imposed *shuangjian* (literally meaning "double reduction") policy, a set of government policies that aimed to decrease the work pressures of children, such as banning extra-curricular tutoring services from operating during weekends and hiring overseas-based teachers for online learning in China. The "double reduction" policy had caused a tsunami in the capital markets since July 2021, leaving many of the tutoring companies to struggle hard for survival. Edtech companies plunged after the China Ministry of Education published a new set of restrictions that limit the fees and operating times of private tutoring services for primary and middle school students. The after-school tutoring business in China was the most active and lucrative segment in education industry, attracting capital investment and involving numerous private companies before July 2021, since education is managed by the state-run public education system and regulated under the China Ministry of Education.

In the second half of 2021, the China Ministry of Education had introduced several new measures, including the new standard for Chinese proficiency in language education, the teaching reform guidelines for physical education and health education, and the further promotion of vocational education etc. In fact, the vocational training in China has become an important driving force for stabilising the education sector in recent years. Favourable educational reforms and policies are boosting further development in this area, which in turn will provide opportunities for the fast growing companies; such that they can participate in the activities such as trainings for the skilled work in new materials for the development and advanced manufacturing. In April 2022, the introduction of the Revised Vocational Education Law by the China Ministry of Education had upgraded the importance of vocational education in China. The revised law on vocational education scope and guideline encourages traditional secondary schools to offer courses on vocational education subjects, such that the vocational education graduates can have equal education and career opportunities as others. In 2023, there were over 6,000 vocational schools nationwide established with majors related to the digital economy, offering more than 25,000 programs in China. Factually, China's education sector is expansive, driven by a large student population and a growing demand for diverse educational services. It is dynamic, witnessing ongoing innovation and adaptation to address evolving educational needs and preferences. China has made a notable progress in delivering high-quality education, known for its rigorous standards and competitiveness. However, with the implementation of policies like the double reduction policy (to reduce the pressures of homework and after-school tutoring), the Chinese education sector is going through a period of adaptation.

BUSINESS REVIEW

In 2023, the Cybernaut Group comprised three segments of subsidiary groups, namely those engaged in the money lending business; eCommerce business and internet online education services.

The subsidiary of Cybernaut Group engaged in money lending business in Hong Kong under the Money Lenders Ordinance ("MLO", Chapter 163 of the Laws of Hong Kong), Time Credit Limited (TCL) prudently maintained business operation steadily with the existing market strategy in 2023. During the year under review, the subsidiary generated revenue by granting the first mortgage property loans to customers for their financial needs. In fact, Hong Kong government authority has periodically advised borrowers to be aware of the unstable and uncertain economic environment and the risks of increased interest rate etc. through media. The Hong Kong Monetary Authority (HKMA) maintained its base rate at 5.75 percent on December 14, 2023; just in hours after the U.S. Fed left its target rate in the 5.25 percent to 5.5 percent range after the Federal Open Market Committee's last meeting in 2023.

TCL does not deal with SME loans at retail level, but the customer basis of its potential borrowers are from the social and business networks of the management and the marketing team. TCL has good credit control efficiency with clientele mainly composed of the high net worth customers, or through the recommendation by the partnership alliance on sub-mortgage arrangements. TCL has kept its loan portfolio of clients of good standings, e.g. the Hong Kong Listco and big corporate clients. Although having the business reduced after the Covid-19 pandemic, TCL contributed a steady income stream to the Cybernaut Group during 2023.

With the trade name "VTZero", the eCommerce subsidiary group has strived extremely hard to meet its overseas market demand under the Covid-19 pandemic and the tough global economic fluctuation resulted from the U.S.-China trade war in recent years. Realized that the online marketplaces are booming vastly, highly competitive and with more restrictions and requirements of heavy money retention and returns logistics etc., the Company diversified the eCommerce segment business with main focus and engagement in Business to Business (B2B), by generating revenues from resellers of the refurbished second-handed mobile phones of good brand names during 2023. Fortunately, the eCommerce business shifted to B2B had generated better than expected performance in revenues in 2023.

Followed the July 2021 *shuangjian* (literally meaning "double reduction") the government policy imposed in China and to comply with its measures of the New and Revised Education Regulations to reduce the burden of homework and after school tutoring on students in compulsory education, our subsidiary business providing online after-school tutoring services for academic subjects to students in PRC by 京師沃學(北京)教育科技有限公司 Capital Wowxue (Beijing) Education Technology Limited (沃學 "Wowxue"), which was once operated under the arrangement of the VIE Agreements with 湖州公司 Huzhou Company, the wholly-owned subsidiary of the Company in China, had temporarily suspended daily operation since July 2021. The subsidiary business will and can only be resumed for restart when the updated and new regulatory requirements of education in China is fully clear for us to follow. The ICP license was surrendered to the regulatory department and cancelled in 2022, following the Revised PRC Education Regulations. The VIE arrangement by Huzhou with Wowxue will become invalid when all the binding contracts under the arrangement are gradually modified and fully cancelled at the time when the corporate restructuring of having Wowxue become a subsidiary of the Company group with the regulatory procedures in China completed fully in 2024. We realize that the temporary business suspension of the online education services by Wowxue had a material adverse impact on the Group's revenues for the financial year ending 31 December 2023, and the management of the Company will closely monitor the progress of the restructuring. With professional judgement and legal advice sought, the management of the Company continues to explore potential projects on education related business for the subsidiary segment, aiming to restart the business once the restructuring processes are completed. During 2023, Wowxue had undergone series of restructuring process, and we are expecting a favourable progress in the regulatory registration procedures in 2024. It is expected that Wowxue will be our wholly-owned subsidiary of the Company Group soon after the completion of procedures in compliance of local regulatory registration in PRC later this year; and Wowxue can ultimately resume business from its currently suspended operation to be a new revenue stream in education related operation.

FINANCIAL REVIEW

Revenue

Money Lending

Even though the keen market competition and the wide spread of the Coronavirus Disease 2019 ("Covid-19"), the revenue of our money lending business increased by approximately 6.3% when comparing to 2022. The revenue contributed by this business was approximately RMB20.4 million for the year ended 2023 (for the year ended 2022: approximately RMB19.2 million). The increase is mainly due to the increase of borrowing interest rate and the loan portfolio.

As at 31 December 2023, TCL had 19 customers as borrowers. The loan maturities ranged from 1 to 30 years. The loan size ranged from HK$0.85 million to HK$43.0 million. The loans receivables of the 5 largest borrowers accounted for approximately 63.9% of the total loan receivables.

ECommerce

The revenue contributed by this business was approximately RMB91.2 million for the year ended 2023 (for the year ended 2022: approximately RMB37.8 million). The revenue increased by approximately 141.3% is mainly due to the changes in terms of business models and operations from direct-to consumer (B2C) approach to direct-to business (B2B) approach.

Internet Education Services

As a result of the temporary business suspension of the internet education services which was acquired in November 2017, no revenue was contributed for the year ended 31 December 2023 (for the year ended 31 December 2022: Nil). The subsidiary of internet education is now undergoing a new restructuring for its future business operation in the Group.

Cost of Sales/Service Rendered

The Group's cost of sales mainly comprised costs of raw materials, labour and other direct costs of sales and services rendered. During the year, the Group's cost of sales increased by approximately 176.9% from approximately RMB32.1 million in 2022 to approximately RMB88.9 million in 2023. The increase was mainly due to the increase of revenue of eCommerce business.

Gross Profit

The Group experienced a gross profit of approximately RMB22.7 million for the year ended 31 December 2023. For the year ended 31 December 2022, the Group recorded a gross profit of approximately RMB24.9 million. There was a slightly decrease of approximately 8.8% in gross profit. The gross profit was from the segment business in money lending and eCommerce business.

Other gains or loss, net

For the year ended 31 December 2022, the Group had issued convertible preference shares for the settlement of partial promissory notes and also extended the date of repayment of promissory notes, which generate the gain of approximately RMB86.9 million (for the year ended 31 December 2023: Nil). As a result, the other gains or loss decreased by approximately 96.3% from approximately RMB88.7 million in 2022 to approximately RMB3.3 million in 2023.

Impairments Loss

Under the impact of the Covid-19 outbreak, it affected the repayment ability of the different industries. For the year ended 31 December 2023, impairment losses were reversed on trade and loan receivables and other receivables of approximately RMB16.6 million (for the year ended 31 December 2022: recognised of approximately RMB5.7 million).

Selling and Distribution Costs

The Group's selling and distribution costs comprised sales commissions, sales staff costs and transportation costs. During the year, the cost decreased by approximately 81.0% from approximately RMB2.1 million for the year ended 31 December 2022 to approximately RMB0.4 million for the year ended 31 December 2023. The decrease is mainly due to the changes in terms of business models and operations from direct-to consumer (B2C) approach to direct-to business (B2B) approach.

Administrative Expenses

The Group's administrative expenses decreased by approximately 32.2% from approximately RMB39.8 million for year ended 31 December 2022 to approximately RMB27.0 million for the year ended 31 December 2023. The decrease is mainly due to the expenses in relation to share options granted by the Company. For the year ended 31 December 2023, the Company recognised of approximately RMB0.23 million (for the year ended 31 December 2022: approximately RMB4.4 million).

Finance Costs

The Group's finance costs composed of bank loans and promissory notes were approximately RMB29.7 million for the year ended 31 December 2023 (2022: approximately RMB54.1 million). The decrease is mainly due to the redemption of promissory notes. For details, please refer to announcement dated 29 June 2022.

Taxation

The PRC subsidiary of the Company engaged in internet online education service provider still 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% until 24 October 2024.

(Loss)/Profit for the Year

As a result of the challenging conditions, the Group's loss for the year ended 31 December 2023 was approximately RMB14.5 million, compared to Group's profit of approximately RMB10.8 million for the previous year. Loss per share attributable to the owners of the Company was approximately RMB0.36 cents for the year ended 31 December 2023, as compared to earnings per share attributable to the owners of the Company of approximately RMB0.26 cents for the year ended 31 December 2022.

Final Dividends

The Board does not recommend the payment of a final dividend for year ended 31 December 2023 (2022: Nil).

Capital Structure, Liquidity and Financial Resources

As at 31 December 2023, the Group's bank balances and cash was approximately RMB32.3 million (2022: approximately RMB44.2 million).

Total equity of the Group as at 31 December 2023 was approximately RMB129.0 million (2022: approximately RMB141.8 million). The Group has an outstanding promissory notes of approximately RMB198.9 million as at 31 December 2023 (2022: approximately RMB159.3 million).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Material Disposal of Subsidiary and Investment

During the reporting period, the Group had no other material acquisitions or disposal.

Pledge of Assets

As at 31 December 2023, the Group pledged securities of a HK mainboard listed company for long-term borrowings with aggregate net carrying value of approximately RMB8.8 million (2022: Nil). Gearing ratio is calculated based on total debt at the end of the year divided by total assets at the end of the year multiplied by 100%. As at 31 December 2023, the gearing ratio of the Group was 49% (2022: 47%).

Contingent Liabilities

As at 31 December 2023, 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 31 December 2023, the Group had about 36 staff members employed in mainland China and Hong Kong (2022: 47). Total staff costs for the year were approximately RMB8.4 million (2022: approximately RMB11.5 million). During the year, the Group continued to reinforce the training to its staff by providing training and study opportunities for management staff and professional technicians. In addition, the Group has provided a timely update to all staff about the latest government policies of the industry to continuously enhance the professional standard and quality of the staff.

Meanwhile, the Group has provided competitive remuneration for staff which encourages them to commit themselves and serve customers wholeheartedly. The Group operates share option scheme for the purpose to provide incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group granted 117 million share options to the eligible consultants of the Company during the financial year as announced on 5 October 2023. The remuneration payable to the senior management of the Company (excluding Directors and Chief Executive Officer) for the year ended 31 December 2023 was determined with reference to their position, responsibilities and experience and prevailing market condition.

COMPLIANCE WITH MONEY LENDERS ORDINANCE (CHAPTER 163 OF THE LAWS OF HONG KONG) (THE "MLO")

Our money lending business is required to and has, at all times, strictly complied with all relevant laws and regulations. In the opinion of our Directors, in addition to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), MLO constituted a significant influence on our Group's money lending business during the year. The MLO is the principal ordinance which governs the money lending business in Hong Kong. Our money lending business has been conducted through the subsidiary of our Company. Since the first granting of money lenders licence to our subsidiary, we have never received any objection from and have never been investigated by the Registrar of Money Lenders nor the Commissioner of Police regarding the renewal of the money lenders licence. To the best of our knowledge, our Group has complied with the MLO in all material aspects, and that our Directors are not aware of any matters that might come to their attention that our money lenders licence would be suspended, terminated or would not be renewed in foreseeable future.

Our money lending segment's main target customers are high net worth individual, corporations and other licensed money lenders through referral from business networks. Most of loans are secured by first legal charge over properties in Hong Kong. The credit risk assessment of customers we conducted involves obtaining land search and valuation report from professional surveyors on properties; ascertaining the financial condition of the customers including reviewing income/asset proof of individual customers and financial reports of corporate customers; and conducting litigation and bankruptcy searches and credit search on customers. The loan terms are determined with reference to factors including customers' requirements; result of credit assessment of customers, including whether regular income of customers are sufficient to cover loan repayment instalments; value of collaterals; prevailing market interest rates for similar loans and our credit policy. The Company has adopted the procedures on monitoring loan repayment and recovery which involve (a) our money lending segment was directly managed by an executive director of the Company who is required to submit monthly management accounts to the Board 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; (b) the executive director is required to report to the Board on the repayment status of all loans on a monthly basis and to report any material defaulted loans immediately upon occurrence. In respect of delinquent loans, we will first issue standard demand letters. If no satisfactory response is received, we will instruct solicitors to issue formal legal demand letters. Thereafter formal legal proceedings may be issued where appropriate.

FUTURE PROSPECTS

According to the report of the January 2024 World Economic Outlook (WEO) Update by the International Monetary Fund (IMF), The forecast for 2024-25 is, however, below the historical (2000-19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. As China has stepped up monetary and fiscal support for its economic recovery, both global and domestic expectations for China's growth prospect in 2024 are rising. In its latest report, the IMF has further raised its forecast for China's growth in 2024 to 4.6 percent, up 0.4 percentage point from its previous projection. Economists have said that as China's top policymakers have prioritized stabilizing economic growth this year, more policy measures will likely be implemented throughout the year to boost economic activity. While risks and challenges remain, there are also emerging positive signs in the Chinese economy suggesting China's economic growth in 2024 could be higher than expected.

On 28 February 2024 the Finance Secretary of Hong Kong, Mr. Paul Chan unveiled the Hong Kong Budget for the fiscal year 2024-25 ("Budget"), represented a pivotal move in policy direction aimed at revitalizing the sluggish economy, addressing the downturn in the property market as well as a challenging global economic environment. By removing property market restrictions, implementing measures to support SMEs and attract high-quality development, the HKSAR Government aims to navigate the city through current economic challenges towards a more prosperous and sustainable future. The success of these initiatives will hinge on their execution and the global economic landscape, as Hong Kong seeks to reinforce its status as a vibrant international financial and cultural hub. Amid opinions from all sectors of the community, latest changes in the social and economic landscapes, and development of the external political and economic environment, the Budget focuses on "Advance with Confidence. Seize Opportunities. Strive for High-quality Development". In ensuring the resilience and sustainability of Hong Kong's public finances, the HKSAR Government endeavors to achieve fiscal balance and avoid deficits.

Hong Kong's real GDP is expected to grow by 2.1 percent in the first quarter of 2024; and the Hong Kong's economic growth is projected to be between 1.9 percent to 2.7 percent for the year 2024. Actually, Hong Kong as the Asian financial hub has been hit quite badly by its own pandemic measures since 2020, and its composite interest rate, which is a measure of the average cost of funds of banks, increased by 8 bps to 2.94 percent at the end of December 2023, from 2.86 percent at the end of November 2023. While Hong Kong's official base rate follows the Fed's policy rate, banks are not obliged to remain in lock-step with U.S. rates, especially when they see ample liquidity in the system, as interbank rates and banks' best lending rates are also influenced by demand and supply. The Hong Kong Monetary Authority (HKMA) on 27 July 2023 raised its base rate charged through the overnight discount window by 25 bps to 5.75 percent, the highest in 16 years, hours after the U.S. Fed delivered a rate hike of the same margin. We find that Hong Kong will continue to have an active and growing money-lending market though of greater fluctuation than before. The lending business segment of the Cybernaut Group, TCL will continue granting mortgage loan to clients in a prudent manner, so the subsidiary business can well meet the needs for the Hong Kong property market accordingly.

The eCommerce market has evolved from a simple counterpart of brick and mortar retail to a shopping ecosystem that involves multiple devices and store concepts. Despite the slowing Chinese economy since the outbreak of the Covid-19, there is a shift in purchasing power from the U.S. and Europe to China and Southeast Asia, and such a change were fueled by the growing number of consumers gaining access to eCommerce due to the growing purchasing power and internet penetration, especially through the application with mobile devices since 2020. The Chinese eCommerce market is expected to continue holding the status with the largest growth rates amongst the three major eCommerce regions in the globe. Consumers tend to tighten budgets in the face of economic uncertainty and look to get the best value from their everyday purchases. Many online retailers will continue to choose an omnichannel sales strategy of B2C eCommerce business in 2024. Moving beyond competing on price reduction, hardship on platform covenants and logistics etc. faced by the VTZero business on B2C, the eCommerce business segment was replaced by our new stream operation strategy of B2B to resellers. The management expects the B2B eCommerce business striving hard with resellers for market business with such strategy can have a better prospect and business development.

The China Ministry of Education has convened strategic consultation meetings on building a nation with a strong education system across the country, signing strategic cooperation agreements with organizations etc. to promote the high-quality development of education. Economists find that China will further tighten oversight over its battered online education sector, in a clear signal that the Chinese government is not yet prepared to unshackle the private tutoring arena despite loosening curbs on the tech giants. The Chinese government has pledged to address outstanding issues in the quality, safety, standards and pricing of tutoring services to alleviate household financial burdens. And all tutoring firms were required to meet the new educational regulatory standards of tutoring services in China by June 2023. For any organizations with business engaged in the non-curriculum tutoring in China, their services rendered must strictly comply with the updated guidelines under the revised educational laws and related regulatory measures for their business development. Under the China shuangjian reforms on education and the new education regulation governing on after school education and tutoring business activities, our management has to seek changes for the survival of our online education business in China. The Company group is still undergoing procedures to restructure Wowxue into our subsidiary group, so that we can finally resume operation in the education segment and developed similar field of business through providing educational or vocational training and activities while in compliance with the regulatory requirements after the completion of the corporate restructuring.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2023.

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 year ended 31 December 2023.

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.

REVIEW OF ANNUAL RESULTS

The audit committees of the Company (the "Audit Committee") has three members comprising three independent non-executive Directors, Mr. Tong Yiu On (Chairman of the Audit Committee), Mr. Li Yik Sang and Mr. Cao Ke, with written terms of reference in compliance with the Rules Governing the Listing of Securities on The Stock Exchange (The "Listing Rules"). The primary duties of the Audit Committee are mainly to communicate with external auditor; to review the remuneration, terms of engagement, independence and objectivity of the external auditor; to review the accounting policy, financial position and financial reporting procedures of the Company; and to assess the financial reporting system, internal control procedures and risk management function of the Company and making recommendations thereof. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2023.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2023.

SCOPE OF WORK OF MESSRS. ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Elite Partners CPA Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the year ended 31 December 2023.

EVENT AFTER THE REPORTING PERIOD

There were no other significant events occurred subsequent to December 31, 2023.

PUBLICATION OF ANNUAL RESULTS

This announcement will be published on the Company's website (www.cybernaut.com.hk) and Stock Exchange's website (www.hkexnews.hk). The 2023 Annual 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.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners, bankers and auditors for their support to the Group throughout the reporting period.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 28 March 2024

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