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賽伯樂國際控股

CYBERNAUT INTERNATIONAL HOLDINGS COMPANY LIMITED

賽伯樂國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR
THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the announcement dated 31 March 2022 (the “Unaudited Results Announcements”) made by Cybernaut International Holdings Company Limited (the “Company”, together with its subsidiaries, the “Group”) in relation to the unaudited annual results of the Group for the year ended 31 December 2021. Capitalised terms used herein in this announcement, unless the context otherwise specified, shall have the same meanings as defined in the Unaudited Results Announcements.

The auditor of the Group (the “Auditor”), Messrs. Elite Partners CPA Limited, has completed the audit process on the Group’s consolidated financial statements for the year ended 31 December 2021. The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Continuing operations			
Revenue	4	126,377	285,208
Cost of sales/service rendered		<u>(101,061)</u>	<u>(218,751)</u>
Gross profit		25,316	66,457
Other gains or loss, net		64,752	41,738
Impairment loss		(273,534)	(117,973)
Selling and distribution costs		(1,604)	(4,154)
Administrative expenses		(52,929)	(69,568)
Finance costs		<u>(28,125)</u>	<u>(19,581)</u>
Loss before taxation	5	(266,124)	(103,081)
Income tax credit	6	<u>10,265</u>	<u>1,647</u>
Loss for the year from continuing operations		<u><u>(255,859)</u></u>	<u><u>(101,434)</u></u>
Discontinued operations			
Profit for the year from discontinued operations	13	<u>–</u>	<u>24,051</u>
Loss for the year		<u><u>(255,859)</u></u>	<u><u>(77,383)</u></u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(2,371)</u>	<u>(10,817)</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u><u>(2,371)</u></u>	<u><u>(10,817)</u></u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u><u>(258,230)</u></u>	<u><u>(88,200)</u></u>
Loss for the year attributable to owners of the Company:			
Continuing operations		(257,924)	(100,278)
Discontinued operations		<u>–</u>	<u>24,051</u>
		<u><u>(257,924)</u></u>	<u><u>(76,227)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Profit/(loss) for the year attributable to non-controlling interests:			
Continuing operations		2,065	(1,156)
Discontinued operations		<u>–</u>	<u>–</u>
		<u>2,065</u>	<u>(1,156)</u>
		<u>(255,859)</u>	<u>(77,383)</u>
Total comprehensive (expense)/income for the year attributable to owners of the Company:			
Continuing operations		(260,258)	(111,158)
Discontinued operations		<u>–</u>	<u>24,051</u>
		<u>(260,258)</u>	<u>(87,107)</u>
Total comprehensive expense for the year attributable to non-controlling interests:			
Continuing operations		2,028	(1,093)
Discontinued operations		<u>–</u>	<u>–</u>
		<u>2,028</u>	<u>(1,093)</u>
		<u>(258,230)</u>	<u>(88,200)</u>
Loss per share:	8		
From continuing and discontinued operations			
Basic (RMB cents per share)		<u>(6.49)</u>	<u>(1.92)</u>
Diluted (RMB cents per share)		<u>(6.49)</u>	<u>(1.92)</u>
From continuing operations			
Basic (RMB cents per share)		<u>(6.49)</u>	<u>(2.52)</u>
Diluted (RMB cents per share)		<u>(6.49)</u>	<u>(2.52)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		9,319	11,550
Right-of-use assets		3,770	3,508
Goodwill		67,013	282,933
Intangible assets		–	58,783
Financial assets at fair value through profit or loss		–	569
		80,102	357,343
Current assets			
Inventories		4,244	12,659
Trade receivables	<i>9</i>	27,192	30,583
Loan receivables	<i>10</i>	171,268	152,450
Other receivables, deposits and prepayment		22,279	87,977
Restricted bank deposits		–	8,754
Bank balances and cash		44,596	87,175
		269,579	379,598
Current liabilities			
Trade and bills payables	<i>11</i>	30,848	30,200
Other payables and accruals		11,727	37,665
Lease liabilities		2,275	2,811
Tax liabilities		7,388	3,193
Bank and other borrowings		–	3,367
		52,238	77,236

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Net current assets		<u>217,341</u>	<u>302,362</u>
Total assets less current liabilities		<u>297,443</u>	<u>659,705</u>
Non-current liabilities			
Lease liabilities		916	470
Deferred tax liabilities		–	12,514
Promissory notes		<u>242,773</u>	<u>334,737</u>
		<u>243,689</u>	<u>347,721</u>
Net assets		<u>53,754</u>	<u>311,984</u>
Capital and reserves			
Share capital	12	337,128	337,128
Reserves		<u>(280,721)</u>	<u>(20,463)</u>
		56,407	316,665
Non-controlling interests		<u>(2,653)</u>	<u>(4,681)</u>
Total equity		<u>53,754</u>	<u>311,984</u>

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, internet education services and money lending.

For the prior year up to 27 May 2020, the Group was engaged in manufacturing and sale of paper converting equipment and other relating equipment. Detail of the disposal was set out in Note 13.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following 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 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of amendments to HKFRSs in the current year had no material input on the Group’s financial performance and positions for the current years and prior and/or the disclosures set out in these consolidated financial statements.

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all new and 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.

On 27 May 2020, the manufacture and sale of paper converting equipment and other relating equipment segment was disposed.

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 2021

	Continuing operations			Consolidated RMB’000
	Money lending RMB’000	eCommerce RMB’000	Internet education services RMB’000	
Revenue	<u>17,521</u>	<u>102,761</u>	<u>6,095</u>	<u>126,377</u>
Gross profit	<u>15,615</u>	<u>9,313</u>	<u>388</u>	<u>25,316</u>
Segment profit/(loss)	<u>13,583</u>	<u>(110,481)</u>	<u>(199,780)</u>	(296,678)
Unallocated corporate income				64,534
Unallocated corporate expenses				<u>(33,980)</u>
Loss before taxation				<u>(266,124)</u>

For the year ended 31 December 2020

	Continuing operations			Consolidated RMB'000
	Money lending RMB'000	eCommerce RMB'000	Internet education services RMB'000	
Revenue	<u>16,921</u>	<u>243,664</u>	<u>24,623</u>	<u>285,208</u>
Gross profit	<u>14,778</u>	<u>31,907</u>	<u>19,772</u>	<u>66,457</u>
Segment profit	<u>12,989</u>	<u>3,680</u>	<u>14,693</u>	31,362
Unallocated corporate income				6,213
Unallocated corporate expenses				<u>(140,656)</u>
Loss before taxation				<u>(103,081)</u>

Segment (loss)/profit represents the (loss)/profit 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 2021

	Continuing operations			Consolidated RMB'000
	Money lending RMB'000	eCommerce RMB'000	Internet education services RMB'000	
ASSETS				
Segment assets	<u>182,600</u>	<u>43,253</u>	<u>36,871</u>	<u>262,724</u>
Unallocated corporate assets				<u>86,957</u>
Consolidated total assets				<u>349,681</u>
LIABILITIES				
Segment liabilities	<u>3,443</u>	<u>36,172</u>	<u>8,122</u>	<u>47,737</u>
Unallocated corporate liabilities				<u>248,190</u>
Consolidated total liabilities				<u>295,927</u>

	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	189	39	–	6	234
Addition to right-of-use assets	2,936	416	741	–	4,093
Depreciation of property, plant and equipment	21	1,324	22	765	2,132
Depreciation of right-of-use assets	1,413	406	206	1,720	3,745
Interest income	(1)	–	(13)	(30)	(44)
Interest expense	26	44	33	28,022	28,125
Income tax expense/(credit)	2,208	–	(12,473)	–	(10,265)
Impairment loss recognised/(reversal) in respect of trade and loan receivables	(14,338)	2,572	7,329	–	(4,437)
Impairment loss recognised in respect of other receivables	–	12,605	200	–	12,805
Impairment loss recognised in respect of goodwill	–	88,803	123,572	–	212,375
Impairment loss recognised in respect of intangible assets	–	–	52,790	–	52,790
Amortisation of intangible assets	–	–	14,527	–	14,527

For the year ended 31 December 2020

	Continuing operations			
	Money lending RMB'000	eCommerce RMB'000	Internet education services RMB'000	Consolidated RMB'000
ASSETS				
Segment assets	227,559	72,929	64,918	365,406
Unallocated corporate assets				371,535
Consolidated total assets				736,941
LIABILITIES				
Segment liabilities	19,529	41,386	6,950	67,865
Unallocated corporate liabilities				357,092
Consolidated total liabilities				424,957

	Money lending <i>RMB'000</i>	eCommerce <i>RMB'000</i>	Internet education services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	–	2,296	–	–	2,296
Addition to right-of-use assets	–	984	–	3,688	4,672
Depreciation of property, plant and equipment	173	978	28	785	1,964
Depreciation of right-of-use assets	2,024	363	–	1,818	4,205
Interest income	(409)	–	(207)	(197)	(813)
Interest expense	43	42	–	19,496	19,581
Income tax expense/(credit)	–	854	3,675	(6,176)	(1,647)
Impairment loss recognised/(reversal) in respect of trade and loan receivables	18,892	(455)	1,623	–	20,060
Impairment loss recognised in respect of other receivables	58	5,148	184	–	5,390
Impairment loss recognised in respect of goodwill	–	92,523	–	–	92,523
Amortisation of intangible assets	–	–	25,499	–	25,499

Information about geographical areas

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

	For the year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
The People's Republic of China (the "PRC") (country of domicile)	8,064	27,259
Europe	59,273	218,423
Asia (other than the PRC and Hong Kong)	9	10,442
North America	531	1,960
Hong Kong	58,500	27,124
	<u>126,377</u>	<u>285,208</u>

Non-current assets

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Hong Kong	79,550	221,369
PRC	552	135,405
	<u>80,102</u>	<u>356,774</u>

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 2021 and 2020.

5. LOSS BEFORE TAXATION

	2021 <i>RMB'000</i>	2010 <i>RMB'000</i>
Continuing operations		
Loss before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration	739	792
(Reversal of) Impairment loss recognised in respect of trade and loan receivables	(4,437)	20,060
Impairment loss recognised in respect of other receivables	12,806	5,390
Impairment loss recognised in respect of goodwill	212,375	92,523
Impairment loss recognised in respect of intangible asset	52,790	–
Amortisation of intangible assets	14,527	25,499
Cost of inventories recognised as an expense	93,448	211,757
Depreciation of property, plant and equipment	2,132	1,964
Depreciation of right-of-use assets	3,745	4,205
Short-term lease payment	–	385
Net exchange loss	314	1,869
Staff costs (including directors' emoluments)		
– Salaries and other benefits	13,579	20,504
– Retirement benefit scheme contributions	247	974
	<u>402,265</u>	<u>385,922</u>

6. INCOME TAX (CREDIT)/EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Continuing operations		
Hong Kong Profits Tax:		
– Current year	2,208	854
PRC Enterprise Income Tax:		
– Current year	40	3,675
Deferred tax:		
– Current year	(12,513)	(6,176)
	<u>(10,265)</u>	<u>(1,647)</u>

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 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

For continuing operations

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

Loss figures are calculated as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss for the year attributable to the owners of the Company	(257,924)	(76,227)
Add:		
Profit for the year from discontinued operation	<u> –</u>	<u> (24,051)</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u><u> (257,924)</u></u>	<u><u> (100,278)</u></u>
	Number of shares	Number of shares
	2021	2020
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u> 3,975,448</u></u>	<u><u> 3,975,448</u></u>

The calculation of diluted loss per share for each of the two years ended 31 December 2021 and 2020 had not taken into consideration the assumed exercised of the Company's outstanding share options as it would reduce the loss per share.

From continuing and discontinued operations

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share	<u><u> (257,924)</u></u>	<u><u> (76,227)</u></u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is RMB nil cents per share (2020: earning RMB0.60 cents per share), based on the profit for the year from discontinued operation of RMB nil (2020: profit RMB24,051,000).

The denominators used are the same as those detailed above for both basic and diluted loss per share.

9. TRADE RECEIVABLES

The credit period granted by the Group to certain customers is within 180 days (2020: 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 – 30 days	6,890	9,574
31 – 60 days	5,330	–
61 – 90 days	4,820	9,050
91 – 120 days	6,215	8,912
121 – 180 days	3,496	–
181 days to within 1 year	441	3,047
	<hr/> 27,192 <hr/>	<hr/> 30,583 <hr/>

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	21,924	19,362
3 months to 1 year	119,542	118,060
Over 1 year which contain a repayment on demand clause	29,802	15,028
	<hr/> 171,268 <hr/>	<hr/> 152,450 <hr/>

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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 – 30 days	4,662	5,539
31 – 60 days	1,230	3,464
61 – 90 days	3,372	8,809
Over 90 days	21,584	12,388
	<hr/> 30,848 <hr/>	<hr/> 30,200 <hr/>

12. SHARE CAPITAL

	Number of shares at HK\$0.10 per share '000	Amount HK\$'000
Authorised:		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	20,000,000	2,000,000
Issued and fully paid:		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	3,975,448	397,545
Shown in the consolidated financial statements		
As at 31 December 2021	RMB'000 equivalent	337,128
As at 31 December 2020	RMB'000 equivalent	337,128

13. DISCONTINUED OPERATIONS

On 11 February 2020, the Company entered into a sale agreement to disposal of its 100% equity interest in Accura Machinery & Manufacturing (Taicang) Co., Ltd at cash consideration of HK\$7 million. It carried out all of the Group's manufacture and sale of paper converting equipment and other related equipment segment. The purpose of the disposal is to focus the Group's resources in its other principal business. The disposal was completed on 27 May 2020, on which date the Group lost control of Accura Machinery & Manufacturing (Taicang) Co., Ltd. The Group's manufacture and sale of paper converting equipment and other related equipment segment is treated as discontinued operations.

The comparative figure for the consolidated statement of profit or loss and other comprehensive income and related notes have been represented as if the operations of manufacture and sale of advanced steel flow control products segment and manufacture and sale of paper converting equipment and other related equipment segment discontinued during the year had been discontinued at the beginning of the comparative period.

Profit for the year from the discontinued operations are analysed as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss for the year from manufacture and sale of paper converting equipment and other related equipment	-	(1,789)
Loss for the year from manufacture and sale of advanced steel flow control products	-	-
Gain on disposal of manufacture and sale of paper converting equipment and other related equipment	-	25,840
Gain on disposal of manufacture and sale of advanced steel flow control products	-	-
Profit for the year from discontinued operations	-	24,051

The result of the discontinued operations for the year, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
Revenue	–	9,042
Cost of sales	–	(7,528)
Gross profit	–	1,514
Other income	–	25
Impairment loss	–	(582)
Selling and distribution costs	–	(829)
Administrative expenses	–	(1,530)
Finance costs	–	(387)
Loss before taxation	–	(1,789)
Taxation	–	–
Loss for the year	–	(1,789)
Gain on disposal of Sinoref Group	–	–
Gain on disposal of Taicang	–	25,840
Profit for the year from discontinued operations	–	24,051

Profit for the year from discontinued operations has been arrived at after charging/(credit):

	2021 RMB'000	2020 <i>RMB'000</i>
Discontinued operations		
Cost of inventories sold	–	7,528
Depreciation of property, plant and equipment	–	–
Depreciation of right-of-use assets	–	22
Interest expense	–	387
Impairment loss recognised in respect of trade and loan receivables	–	1,486
Written down of inventories	–	704

Cash flows of the discontinued operations for the year were as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
Net cash used in operating activities	–	(6,570)
Investing activities	–	–
Net cash generated from financing activities	–	2,087
Net decrease in cash and cash equivalents	–	(4,483)

MARKET REVIEW

The global economy was still volatile and distorted in the financial market worldwide during 2021. Though facing the complicated unstable changing environment both at home and abroad, all regions over China have strictly implemented the Central government decisions, and the State Councils continue to consolidate and expand the achievements made in the prevention and control of Covid-19 epidemic, and in areas for the economic and social development as well. Despite U.S.-China trade war, the Covid-19 epidemic and the global supply-chain disruptions, the China economy had sound growth momentum consolidated with the recovering demand in U.S. and Europe plus ASEAN supply woes boosted exports; China's trade surplus in 2021 had reached the largest ever and up about 30 percent from the previous year, said by the China General Administration of Customs in January 2022.

According to National Bureau of Statistics of China, the Chinese economy in 2021 had the gross domestic product (GDP) of 8.1 percent growth over the previous year, amidst the intensifying tariff battle with the United States, the drastic impacts of the Covid-19 pandemic, and efforts to deleverage debt and financial risks in the economy. In 2021, the year-on-year growth rate of total value added of the industrial enterprises above the designated size increased by 9.6 percent and the value added of the wholesale and retail trades was up by 11.3 percent over the previous year. The additional information from the National Bureau of Statistics of China for the year 2021 also showed that the fixed-asset investment of the country increased by 4.9 percent year-on-year; and on its average estimation, the producer price of industrial products increased by 8.1 percent over the same period of last year, and the purchasing price of industrial products increased by 11.0 percent.

After having experienced the severe recession in the previous two years, Hong Kong economy staged a visible recovery in 2021. The economy turned to have a strong year-on-year expansion of 7.8 percent in the first half of 2021 and thanks to a sharp rebound of global demand, that posted further solid growth of 5.5 percent and 4.8 percent respectively in the third and fourth quarters of 2021 as the local epidemic was well contained during the period. However, the recovery of the economy was uneven mainly due to the still frozen inbound tourism; and for 2021 as a whole, the Hong Kong economy expanded by 6.4 percent though its size was still about 2 percent below that of 2018.

In recent years, the massive collapse of the virtual lending platforms: peer-to-peer (P2P) for online social lending in China has spread panic among stakeholders particularly investors in losing confidence at their stakes, operators' liquidity and even the solvency of the platforms. With the restrictive government regulations on the P2P lending industry in China, a slew of Chinese fintech and P2P lending platforms have sought for expansion in lenient markets in Southeast Asia (SEA), after the prolonged industry crackdown in China.

The lending business in China are of huge potential but more risks than that in Hong Kong, and both markets have very distinctive regulatory requirements for the business operation. The Hong Kong government has always reminded borrowers on the risks while borrowing, and all moneylenders must operate business in strict compliance with Money Lenders Ordinance and license restrictions. Besides, the Companies Registry (CR) has issued new guidelines and revised licensing conditions to money lenders, with a view to address increasing public concerns over irresponsible lending practices of certain money lenders. The new CR guidelines took effect from 1 April 2021 and the new licensing conditions apply to licenses granted or renewed on or after 16 March 2021.

In 2021, the world market fluctuated financially on both the political and economic grounds with online shopping became more accessible than ever, and the Covid-19 pandemic had posed unpredictable concerns further on the worldwide economy. The lockdowns, travel restrictions, social hygiene and distance, and government regulations on group gathering prohibitions etc. in response the outbreak of the Covid-19 variants in different countries had greatly affected people's living and business activities. The restrictive measures by different countries on flight and local transport had posed serious logistic problems and losses to consumers and eCommerce business. In fact, eCommerce activity in different countries has seen a huge jump over the past two years, with the Covid-19 pandemic forcing customers to find alternative means to browse and buy, due to lockdowns, store closures and other hygiene restrictions. That has accelerated the already rising trend towards online shopping, which now remains a key focus for some time, with the new Covid-19 variants causing more outbreaks, increasing concerns about a return to physical interaction. Further, consumers are getting accustomed to use internet and mobile apps daily for online shopping where, they can have the practical innovative features and bonus being adopted by eCommerce sites through trusted, secure digital wallets.

Despite the market instability in the outside world, the market growth of online education business in China was expanding steadily in a rational way with the enhancement of the modern technology and knowledge in the first half of 2021. Since July 2021, China imposed *shuangjian* (literally meaning 'double reduction'), 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. A broad set of reforms for private and online K-12 education was then announced by the local governments in China.

According to data compiled by Chinese research firm 100EC that at least 25 large Chinese online education firms closed up their shops in 2021 after the government banned for the profit private tutoring business operation. Amongst the companies that disappeared including firms that saw their founders disappear and those that filed for bankruptcy, nearly half of them were located in Beijing, as reviewed in a recent 100EC report.

BUSINESS REVIEW

In 2021, 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 2021. During the year under review, the subsidiary generated revenue mainly from 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. Our subsidiary group, TCL does not conduct business to SMEs at retail level, but target on the potential borrowers sought from the social and business networks of the management and marketing team, with its good credit control efficiency. With the high net worth customer base and partnership alliance on sub-mortgage arrangements, the TCL loan portfolio continues serving potential clients like Hong Kong Listco and big corporate clients under the current market conditions and the Covid-19 pandemic in Hong Kong. TCL contributed a steady income stream to the Cybernaut Group during the year under review.

Today, online marketplaces are booming and highly competitive. In 2021, our eCommerce business subsidiary group with the trade name of “VT Zero” strived extremely hard to meet overseas market demand under the Covid-19 pandemic and the global economic fluctuation. Moreover, with the new requirements issued by the online market platform, the platform policy changes on eCommerce collection activities and retention money increase, VT Zero could not maintain steady business to achieve expected business revenues in the product sales trends for the second-handed refurbished mobile phones of good brand names. Various restrictions, absence and bans on hygiene arrangement and international flight in both Hong Kong and overseas had further increase the burdens to provide punctual delivery of goods to the consumers. During the year under review, VT Zero not only had to face the fluctuated global market product price competition resulted from the U.S.-China trade war and the Covid-19 pandemic, but also encountered headaches and high cost involved for the unusual logistic arrangements for the punctual delivery promise to the customers.

In the first half of 2021, the subsidiary segment of Cybernaut Group engaged in the online education business through the VIE arrangements had maintained its business operation steadily to meet the market demand. Followed the July 2021 *shuangjian* (literally meaning ‘double reduction’) government policy imposed in China, the Company made a voluntary announcement on 27 July 2021 for the Opinions issued in July by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the People’s Republic of China (PRC), on Further Reducing the Burden of Compulsory Education Students’ Homework and Off-campus Training* (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the “Opinions”), which regulated institutions offering tutoring on the school curriculum. Additionally, a further announcement was made on 28 December 2021 for the business update of the online education business in China; where it mentioned that together with the Opinions, the Beijing Municipality’s Measures to Further Reduce the Burden of Homework and After School Tutoring on Students in Compulsory Education in Beijing issued in August 2021 by the Beijing Municipality Government and the Beijing Municipal Committee of the Communist Party of China was then regarded as the “New Regulations” for after school K-9 tutoring and education business.

In compliance with the New Regulations, the subsidiary business providing online after-school tutoring services for academic subjects included in China’s compulsory education system offered to Kindergarten to Year Nine (“K-9” or “Compulsory Education”) 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 operated under the arrangement of the VIE Agreements with 湖州公司 Huzhou Company, the wholly-owned subsidiary of the Company in China, was temporarily ceased with operation suspended since July 2021, until the new regulatory requirements of education is clear enough for the subsidiary to follow and resume business completely. The existing VIE arrangement by Huzhou with Wowxue will become invalid at the time the ICP license is cancelled. Such a temporary cessation of the current online education services by Wowxue has a material adverse impact on the Group’s revenues for the financial year ending 31 December 2021 and the subsequent periods. After seeking professional advice, the management of the Company will continue to explore potential projects on education business for the subsidiary segment. Anyhow, Wowxue will continue as an education provider in PRC for the Group; and the Company will undergo series of restructuring process, so as for Wowxue to become a wholly-owned subsidiary, and ultimately as part of the Group to resume education business activities from its currently suspended 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 3.6% when comparing to 2020. The revenue contributed by this business was approximately RMB17.5 million for the year ended 2021 (for the year ended 2020: RMB16.9 million). The increase is mainly due to the increase of borrowing interest rate.

ECommerce

The revenue contributed by this business was approximately RMB102.8 million for the year ended 2021 (for the year ended 2020: RMB243.7 million). The revenue decreased by approximately 57.8% is mainly due to price and supply fluctuation on second hand iPhone from USA; continuous logistics cost increase hits the margin; and logistics time to European warehouse unstable and mostly delay and hit the sales stability on marketplace.

Internet Education Services

The revenue contributed by this business which was acquired in November 2017 was approximately RMB6.1 million for the year ended 2021 (for the year ended 2020: RMB24.6 million). The revenue decreased by approximately 75.2% is mainly due to the subsequent quarantine measures imposed by the PRC Government intermittently and the suspension of this segment on mid 2021.

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 decreased by approximately 53.8% from RMB218.8 million in 2020 to approximately RMB101.1 million in 2021. The decrease is mainly due to the decrease of revenue of eCommerce business and internet education services business.

Gross Profit

The Group experienced a gross profit of approximately RMB25.3 million for the year ended 31 December 2021. For the year ended 31 December 2020, the Group recorded a gross profit of approximately RMB66.5 million. There was a decrease of approximately 62.0% in gross profit. The gross profit was from the segment business in money lending, eCommerce and internet education services business.

Impairments Loss

During the year under review, the Group had incurred the following major impairments:

- (a) Impairment loss was recognised on goodwill of eCommerce business and internet education services business of approximately RMB212.4 million (for the year ended 2020: RMB92.5 million) mainly due to some possibility of unexpected performance and business growth due to the Covid-19 pandemic and fierce competition in the eCommerce business and the cessation of internet education services business on 28 December 2021.
- (b) Impairment loss was recognised on intangible assets of internet education services business of approximately RMB52.8 million (for the year ended 2020: Nil) mainly due to the suspension of this business on mid 2021.

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 61.9% from approximately RMB4.2 million for the year ended 31 December 2020 to approximately RMB1.6 million for the year ended 31 December 2021. The decrease is mainly due to the decrease of transportation expenses in the operation volume decrease of eCommerce business.

Administrative Expenses and Other Expenses

The Group's administrative expenses and other expenses decreased by approximately 24.0% from approximately RMB69.6 million for year ended 31 December 2020 to approximately RMB52.9 million for the year ended 31 December 2021. The decrease is mainly due to the effective cost control in subsidiaries and the downsize of eCommerce business in 2021.

Finance Costs

The Group's finance costs composed of bank loans and promissory notes were approximately RMB28.1 million for the year ended 31 December 2021 (2020: RMB19.6 million). The interest rate for bank loan was at a floating interest rate ranging from prime rate -2% or IBOR rate 1 month +3% whichever is lower to 7% per annum (2020: 3.25%).

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 for the Year

As a result of the challenging conditions, the Group's loss (included the discontinued operations) for the year ended 31 December 2021 was approximately RMB255.9 million, compared to approximately RMB77.4 million for the previous year. The loss decreased when comparing to previous year was mainly due to the impairment loss of intangible assets of internet education services business of approximately RMB52.8 million (for the year ended 2020: Nil) and the impairment loss of goodwill of eCommerce business and internet education services business of approximately RMB212.4 million (for the year ended 2020: RMB92.5 million). The Group's loss per share from continuing and discontinued operations increased from RMB1.92 cents for the year ended 31 December 2020 to RMB6.49 cents in 2021.

Final Dividends

The Board does not recommend the payment of a final dividend for year ended 31 December 2021 (2020: Nil).

Capital Structure, Liquidity and Financial Resources

As at 31 December 2021, the Group's bank balances and cash was approximately RMB44.6 million (2020: RMB87.2 million).

Total equity of the Group as at 31 December 2021 was approximately RMB53.8 million (2020: RMB312.0 million). The Group has an outstanding bank loan and promissory notes of Nil and RMB242.8 million, respectively as at 31 December 2021 (2020: RMB3.4 million and RMB334.7 million, respectively).

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 2021, the Group did not pledge any buildings and leasehold land as collaterals for bank loan granted to the Group (2020: 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 2021, the gearing ratio of the Group was 69% (2020: 46%).

Contingent Liabilities

As at 31 December 2021, 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 2021, the Group had about 83 staff members employed in mainland China and Hong Kong (2020: 145). Total staff costs for the year were approximately RMB14.9 million (2020: RMB21.5 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 120 million share options to its eligible employees during the financial year as announced on 7 May 2019. The remuneration payable to the senior management of the Company (excluding Directors and Chief Executive Officer) for the year ended 31 December 2021 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.

FUTURE PROSPECTS

The trading partners and investors of China, have been closely watching the health of the world's second-largest economy as the trade war between U.S. and China intensified, takes a heavier toll on businesses and investment, and been fueling worries of a global recession. In fact, the China economy has recovered and grown in a quicker than expected pace though the major drainage on economic growth was due to the Covid-19 outbreak; the coronavirus disruptions around the world has fuelled the demand for the Chinese goods and exports.

Government authorities in Hong Kong and China have so far stuck to "dynamic zero covid" policy seeking to curb outbreaks as soon as they occur by extensive contact tracing, testing and isolation. Dr. Albert Au of the Centre of Health Protection (CHP) said on 10 March 2022, that likely the Omicron (Covid-19 variant) outbreak in Hong Kong might have peaked at the beginning of March and there were signs that infections were dropping.

Hong Kong's economy is expected to grow by 2 to 3.5 percent in 2022, with a better performance in the second half of this year, Financial Secretary of the Hong Kong Special Administrative Region (HKSAR), Mr. Paul Chan Mo-po said on 23 February 2022, seeking to inject confidence in the city's economy amid a severe wave of COVID-19 cases as the forecast as international financial institutions and a local business chamber downgraded the city's growth outlook. Underlying consumer price inflation of Hong Kong will likely pick up, but is forecast to remain moderate at 2 percent for the year as a whole. Mr. Chan has made the remarks that his department will also allocate HK\$24 billion to cover spending on quarantine facilities, vaccine programs, testing, drugs and services procurement to fight the outbreak of the Covid-19. Besides, he also said that the strong and stable growth in the Chinese mainland will become the key driver for global growth in 2022 and will also provide the most solid foundation for the HKSAR to prosper and develop.

Hong Kong will continue to have an active and growing money-lending market. 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. Facing the Covid-19 pandemic in Hong Kong, TCL will be more cautious to the market demand and defaulting possibility of customers. TCL will also pay close attention on the application of the updated MLO and Guidelines, and will only grant new mortgage loans or for loan portfolio renewals to customers of good reference check.

Today, the latest eCommerce trends via different online platforms tell us about the evolving consumer preferences, so the online business can have business growth with well-aligned arrangement during the logistic restrictions and disruptions in different places. In 2022, it is expected that many online retailers will continue to choose an omnichannel sales strategy. To meet the competitiveness in the industry, our subsidiary VT Zero has not just moving beyond competing on price, but also on logistics, so have to strive for survival, especially at this harsh period of the Covid-19 pandemic, distorted logistic and lockdown situations. The subsidiary will adopt different business strategy to strive for better business operation development with the existing clientele.

Teaching students in-person versus online are two entirely different experiences that require refinement of content and teaching approach. Incorporating different applications to engage with students and overall enhancing engagement are critical to increasing student satisfaction. This means that teachers have to put more effort into their virtual classes beyond regurgitating text from their PowerPoint slide. Forecasters have once predicted that the K-12 online education market in China is a huge market for education business.

However, the *shuangjian* reforms on education in China have adversely inflicted more stress on parents seeking once common place extra-curricular courses for their children. Pressures for children to work even harder during their spare time have been further complicated by fluctuating lockdown policies, causing parents to look online for tutoring services.

Other than the keen competition in the industry and faced with the new regulation governing on after school education and tutoring business activities, our online education subsidiary management has to seek for changes for its business survival. The Company will undergo restructuring of the subsidiary group, shift its online education business operation and cancel the ICP license and VIE arrangements, so can resume business operation in the education sector in compliance with the regulatory requirements.

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 2021, except for Code Provision A.6.7 in respect of the attendance of non-executive directors and independent non-executive directors in the general meetings.

According to Code Provision A.6.7, non-executive directors and independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagements, one independent non-executive Director could not attend the 2020 annual general meeting held on 10 June 2021. However, at the 2020 annual general meeting, there were executive and independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct (the “Code of Conduct”) regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the year ended 31 December 2021.

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 2021.

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 2021.

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 2021 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 2021.

EVENT AFTER THE REPORTING PERIOD

Reference is made to the voluntary announcement of the Company dated 11 January 2022 in relation to the commencement of new business activity.

As stated in the annual report of the Company for the year ended 31 December 2020, the Group planned to carefully explore business potential to create more value for the Shareholders. The board (the "Board") of directors (the "Directors") hereby announces that in view of the constantly increasing demand for location-based services in Hong Kong and the Asian-Pacific region, the Group has established a new business division for the relevant business of providing application of the technology of satellite data navigation and location-based services (the "New Business"). As at the date of this announcement, the Group primarily engages in eCommerce business, internet education services and money lending business.

The Board believes that with the popularisation of 5G internet, thriving development of portable internet, drone, and self-driving industries, and the emergence of a large number of digital map applications in particular, the demand and requirement for location information services are increasing day by day. There is demand for more accurate satellite location-based services in sectors such as smart city development, communication, the Internet of Vehicles, self-driving, the Internet of Things, engineering surveying, infrastructure maintenance, logistics, transportation and shipping as well as circumstances related to preventing and addressing sudden disasters. Accordingly, if the Group timely captures the valuable opportunity to commence the New Business, the Group can not only build a more diversified business portfolio, but also create more sources of income for the Group, which will in turn increase the interests of the Shareholders. The Board is of the view that commencing the New Business will be in the interest of the Company and the Shareholders as a whole.

Further announcement(s) in relation to the latest development of the business of the Group will be made by the Company as and when appropriate.

Also, reference is made to the inside information of the Company dated 16 February 2022 in relation to the receipt of writ of summons.

The Board also announced that on 15 February 2022, VT Zero Limited (“Subsidiary Company”), a subsidiary of the Company, has received a writ of summons issued in Court of First Instance of the High Court of the Hong Kong Special Administrative Region by AHS Device Hong Kong Limited as plaintiff against the Subsidiary Company as defendant. Pursuant to an Internet Sales Service Cooperation Agreement entered between the Plaintiff and the Subsidiary Company dated 1 August 2020 (the “Cooperation Agreement”), as set out in the indorsement of claim, the plaintiff claims against the Subsidiary Company, among others, for the liquidated sum of approximately HK\$25,800,000 being balance of the value of the plaintiff’s goods sold through the Subsidiary Company in accordance with the Cooperation Agreement, return of the plaintiff’s goods together with interest and costs.

The Company is currently seeking legal advice regarding the relevant proceedings and is of the view that the claims made under the writ of summons has no merits and therefore will defend vigorously against them. The Company will keep its shareholders and investors informed of any significant development of the above proceedings and will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

With reference to the Company announcements on 27 July 2021 and 28 December 2021, in relation to the regulatory and business update under the New Regulations for institutions offering tutoring on the school curriculum and after school off-campus training, the Company is currently undergoing business restructuring on Wowxue and upon completion the existing VIE Agreements between Wowxue and Huzhou will become invalid.

PUBLICATION OF ANNUAL RESULTS

There are no major differences between the announcements of 2021 Audited Annual Results and the 2021 Unaudited Annual Results, which was published on 31 March 2022. This 2021 Audited Annual Results announcement will be published on the Company’s website (www.cybernaut.com.hk) and Stock Exchange’s website (www.hkexnews.hk). The 2021 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
Cybernaut International Holdings Company Limited
Zhu Min
Chairman

Hong Kong, 14 April 2022

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.