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 2022

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 2022, 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 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
Continuing operations			
Revenue	*4*	**56,940**	126,377
Cost of sales/service rendered		**(32,055)**	(101,061)
Gross profit		**24,885**	25,316
Other gains or loss, net		**88,696**	64,752
Impairment loss		**(5,666)**	(273,534)
Selling and distribution costs		**(2,131)**	(1,604)
Administrative expenses		**(39,813)**	(52,929)
Finance costs		**(54,119)**	(28,125)
Profit/(loss) before taxation	*5*	**11,852**	(266,124)
Income tax (expense)/credit	*6*	**(1,048)**	10,265
Profit/(loss) for the year		**10,804**	(255,859)
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,657**	(2,371)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**2,657**	(2,371)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**13,461**	(258,230)
Profit/(loss) for the year attributable to:			
– Owners of the company		**10,751**	(257,924)
– Non-controlling interests		**53**	2,065
		10,804	(255,859)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
Total comprehensive income/(expense) for the year attributable to:			
– Owners of the company		**13,287**	(260,258)
– Non-controlling interests		**174**	2,028
		13,461	(258,230)
Earnings/(loss) per share:	*8*		
Basic (RMB cents per share)		**0.26**	(6.49)
Diluted (RMB cents per share)		**0.25**	(6.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**8,197**	9,319
Right-of-use assets		**3,204**	3,770
Goodwill		**72,938**	67,013
		84,339	80,102
Current assets			
Inventories		**505**	4,244
Trade receivables	*9*	**5,701**	27,192
Loan receivables	*10*	**176,460**	171,268
Other receivables, deposits and prepayment		**24,742**	22,279
Financial assets at fair value through profit or loss		**5,000**	–
Bank balances and cash		**44,247**	44,596
		256,655	269,579
Current liabilities			
Trade and bills payables	*11*	**22,718**	30,848
Other payables and accruals		**7,456**	11,727
Lease liabilities		**2,508**	2,275
Tax liabilities		**6,920**	7,388
		39,602	52,238

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Net current assets		**217,053**	217,341
Total assets less current liabilities		**301,392**	297,443
Non-current liabilities			
Lease liabilities		**264**	916
Promissory notes		**159,288**	242,773
		159,552	243,689
Net assets		**141,840**	53,754
Capital and reserves			
Share capital	*12*	**337,128**	337,128
Reserves		**(192,809)**	(280,721)
		144,319	56,407
Non-controlling interests		**(2,479)**	(2,653)
Total equity		**141,840**	53,754

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 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 and prior years 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or 1 January 2024.

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.

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 2022

	Continuing operations			
	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**

For the year ended 31 December 2021

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

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 2022

	Continuing operations			
	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**

For the year ended 31 December 2021

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

	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

Information about geographical areas

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

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
The People's Republic of China (the "PRC") (country of domicile)	**433**	8,064
Europe	**11,182**	59,273
Asia (other than the PRC and Hong Kong)	**–**	9
North America	**131**	531
Hong Kong	**45,194**	58,500
	56,940	126,377

Non-current assets

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Hong Kong	**84,052**	79,550
PRC	**287**	552
	84,339	80,102

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 2022 and 2021.

5. PROFIT/(LOSS) BEFORE TAXATION

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Loss before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration	**730**	739
Impairment loss recognised/(reversal of impairment loss) in respect of trade and loan receivables	**3,337**	(4,437)
Impairment loss recognised in respect of other receivables	**2,329**	12,806
Impairment loss recognised in respect of goodwill	**–**	212,375
Impairment loss recognised in respect of intangible assets	**–**	52,790
Amortisation of intangible assets	**–**	14,527
Cost of inventories recognised as an expense	**30,128**	93,448
Depreciation of property, plant and equipment	**1,906**	2,132
Depreciation of right-of-use assets	**3,708**	3,745
Net exchange loss	**1,425**	314
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**10,619**	13,579
– Retirement benefit scheme contributions	**842**	247
	55,024	402,265

6. INCOME TAX EXPENSE/(CREDIT)

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Hong Kong Profits Tax:		
– Current year	**–**	2,208
PRC Enterprise Income Tax:		
– Current year	**1,048**	40
Deferred tax:		
– Current year	**–**	(12,513)
	1,048	(10,265)

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 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

8. EARNINGS/(LOSS) PER SHARE

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

	2022	2021
	RMB'000	*RMB'000*
Earnings/(loss) for the purpose of basic and diluted loss per share	**10,751**	(257,924)

	Number of shares	Number of shares
	2022	2021
	'000	*'000*
Weighted average number of ordinary shares	**3,975,448**	3,975,448
Effect of exercise of convertible preference shares	**209,680**	–
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**4,185,128**	3,975,448
Effect of exercise of share options	**37,479**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**4,222,607**	3,975,448

The calculation of diluted loss per share for the year ended 31 December 2021 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 (2021: 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:

	2022	2021
	RMB'000	*RMB'000*
0 – 30 days	**3,508**	6,890
31 – 60 days	**635**	5,330
61 – 90 days	**1,558**	4,820
91 – 120 days	**–**	6,215
121 – 180 days	**–**	3,496
181 days to within 1 year	**–**	441
	5,701	27,192

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:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**13,822**	21,924
3 months to 1 year	**150,421**	119,542
Over 1 year which contain a repayment on demand clause	**12,217**	29,802
	176,460	171,268

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.

	2022	2021
	RMB'000	*RMB'000*
0 – 30 days	**693**	4,662
31 – 60 days	**289**	1,230
61 – 90 days	**45**	3,372
Over 90 days	**21,691**	21,584
	22,718	30,848

12. SHARE CAPITAL

	Number of shares at HK$0.10 per share	**Amount**
	'000	*HK$'000*
Authorised:		
As at 1 January 2021, 31 December 2021 and 1 January 2022	20,000,000	2,000,000
Designated convertible preference shares	(933,000)	(93,300)
As at 31 December 2022	19,067,000	1,906,700
Issued and fully paid:		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	3,975,448	397,545
Shown in the consolidated financial statements		
As at 31 December 2022	**RMB'000 equivalent**	337,128
As at 31 December 2021	**RMB'000 equivalent**	337,128

MARKET REVIEW

In the January 2023 World Economic Outlook (WEO) Update, the International Monetary Fund (IMF) projected the global economic growth to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then it might rise to 3.1 percent in 2024. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and then to 4.3 percent in 2024. It mentioned that the rise in the U.S. central bank rates to fight for inflation in U.S. and the Russia's war in Ukraine continue to weigh on the global economic activities. The rapid spread of Covid-19 in China dampened global economic growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery in 2023. The balance of risks remains tilted to the downside of the global economy, as Russia's war in Ukraine could escalate, and tighter global financing costs could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper the global economic progress.

Faced with the complicated, unstable changing global economic and political environments, while with vaccination and efforts in the prevention and control of Covid-19 epidemic, the global economy was somehow distorted and volatile in the financial market worldwide during 2022. According to China National Bureau of Statistics (NBS), the Chinese economy in 2022 had a slight expansion with the gross domestic product (GDP) of 3.0 percent growth over the previous year, amidst the 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 2023, "Despite the headwinds from both at home and abroad, China's GDP in 2022 was RMB121.02 trillion yuan, up by 3 percent over the 2021." The estimated figures from the China NBS showed that the total added value for all industries exceeded RMB40 trillion yuan for the first time in 2022; and the added value of the manufacturing sector reached RMB33.5 trillion yuan, showing that China maintained its status as the leading manufacturing hub in the world in 2022. Mr. Sheng also commented, "China has a strong resilience in economic development with huge and vigorous potential, while all the factors supporting the high-quality development remain unchanged. China has the strong and steady basis in economy, self confidence and capability to withstand various challenges, despite the uncertainties resulting from complex external factors such as a contraction in domestic demand, supply disruptions and weakening expectations." It was noted that the added value of industries above designated size increased by 3.6 percent in 2022 over the previous year; and the value added of the wholesale and retail trades was up by 0.9 percent over 2021. The additional information from the China NBS for the year 2022 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 decreased by 1.4 percent over the same period of last year, and the purchasing price of industrial products increased by 7.6 percent.

The Hong Kong economy weakened notably and experienced recession in 2022. The Hong Kong GDP contracted by 3.5 percent in real terms, while having that expanded visibly by 6.4 percent in the preceding year. As the private consumption plunged due to the fifth wave of the local Covid-19 epidemic, real GDP contracted by 3.9 percent year-on-year in the first quarter of 2022. During the year there was a fall moderated to 1.2 percent in the second quarter as the epidemic stabilised, but widened to 4.6 percent and 4.2 percent in the third and fourth quarters respectively as the deteriorated external environment and tightened financial conditions weighed on exports of goods and fixed asset investment. The sharply deteriorated external environment and the disruptions to cross-boundary truck movements between Hong Kong and the Mainland China dealt a heavy blow to Hong Kong's goods exports in 2022. Exports of services from Hong Kong declined slightly in 2022 alongside the difficult external environment, though inbound tourism showed some revival towards the end of the year. And the Hong Kong domestic demand was dampened first by the fifth wave of the local epidemic and then affected by the tightened financial conditions in 2022.

In China, the massive collapse of the virtual lending platforms for online social lending in China has spread panic among stakeholders in recent years. 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 having higher risks than that in Hong Kong, and both markets have very distinctive regulatory requirements for their business operation. The Hong Kong Government has adopted a four-pronged approach to enhance the compliance standards of non-bank money lenders since 2016; and Hong Kong continues to have an active and growing money lending market. In 2021, the Hong Kong Government enhanced conditions on money lenders licences, including 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. Besides, the regulations of advertisements of money lenders and protection of loan referees were also enhanced. The Hong Kong government has always reminded borrowers on the risks while borrowing, and all money lenders must operate business in strict compliance with Money Lenders Ordinance and license restrictions. "There are growing concerns about interest rates charged on lending in recent years, including fears that the excessively high interest would harm the borrowers, particularly those with low incomes, and the consequence might lead to other social problems." once said by the Secretary for Hong Kong Financial Services and the Treasury, Mr. Christopher Hui in public. Mr. Hui welcomed the passage of the amendments to the Money Lenders Ordinance by the Legislative Council on October 26, 2022. According to the Amended Lenders Ordinance, which takes effect from December 30, 2022 that the statutory interest rate cap for lending in Hong Kong will be lowered from 60 percent to 48 percent per annum, while the threshold of extortionate rate will be lowered from 48 percent to 36 percent per annum.

In recent years, the retail industry has faced a multitude of changes. While the adoption of the digital technology has brought of innovation, specific retail formats such as convenience and franchise stores are growing significantly faster than others. 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. The lockdowns, travel restrictions, social hygiene and distance, and government regulations on group gathering prohibitions etc. in response the pandemic of the Covid-19 variants in different countries have greatly affected the daily life and business activities of their people. The restrictive measures by the different countries on flight and local transport have 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 three years, resulted from the Covid-19 pandemic forcing customers to seek alternative means to browse for buying, due to lockdowns, store closures and other hygiene restrictions etc. Further, consumers are now 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. Amongst the three major eCommerce markets – the U.S., China and Europe – in the globe, China was the biggest eCommerce market in 2022; and analysts expect that China will stay in the lead in eCommerce market through 2027. In 2022, the Chinese eCommerce market was of US$1,156.3 billion with electronic products being the biggest segment; revenues generated in the U.S. market were of US$904.9 billion; and Europe as the third biggest eCommerce market with revenues of US$662.5 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 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.

Since 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 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, so that the vocational education graduates can have equal education and career opportunities as others.

BUSINESS REVIEW

In 2022, 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 2022. 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) raised the base rate by 50 basis points to 4.75 percent on December 15, 2022 the seventh rate hike in 2022, just in hours after the U.S. Federal Reserve delivered a similar rate hike to stick with efforts to cool its surging inflation. Our subsidiary group, TCL does not deal with SME loans at retail level, but the customer basis of potential borrowers from the social and business networks of the management and 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 such as the Hong Kong Listco and big corporate clients. During 2022, TCL contributed a steady income stream to the Cybernaut Group though facing with the reduced business under the Covid-19 pandemic.

Realized that the online marketplaces are booming vastly and highly competitive, our eCommerce business subsidiary group with the trade name “VTZero” strived extremely hard to meet its overseas market demand under the Covid-19 pandemic and the tough global economic fluctuation during 2022. The various revised restrictions of fund retention requirement, logistics, and business policy changes issued by the different online market platforms in 2022, had created further hardship for VTZero to maintain steady business and generate revenues in the product sales of the refurbished second-handed mobile phones of good brand names. Besides, the 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 our consumers. During 2022, VTZero not only had to face the fluctuated global market product price competition resulted mainly from the U.S.-China trade war and the Covid-19 pandemic, but also encountered sudden need to pay high cost for the unusual logistic arrangements for the punctual delivery of our products to the customers as we have once promised.

Followed the July 2021 *shuangjian* (literally meaning 'double reduction') Beijing government policy imposed in China and to comply with the government 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, was temporarily ceased with operation suspended since July 2021. The subsidiary business will be resumed for restart when the new regulatory requirements of education is clear enough for us to follow. The ICP license was surrendered to the regulatory department and cancelled in 2022. 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 is completed in 2023. 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 2022. With professional judgement and legal advice sought, the management of the Company will continue to explore potential projects on education related business for the subsidiary segment to restart once the restructuring processes are completed. During 2022, Wowxue had undergone series of restructuring process, and we are expecting a favourable outcome in mid 2023, for Wowxue to become a wholly-owned subsidiary, and as part of the Company Group engaged in education related business Wowxue can ultimately resume business from its currently suspended business 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 9.3% when comparing to 2021. The revenue contributed by this business was approximately RMB19.2 million for the year ended 2022 (for the year ended 2021: RMB17.5 million). The increase is mainly due to the increase of borrowing interest rate.

ECommerce

The revenue contributed by this business was approximately RMB37.8 million for the year ended 2022 (for the year ended 2021: RMB102.8 million). The revenue decreased by approximately 63.2% 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. Also, with returns due to the defective products from our previous supplier, eCommerce business was negatively affected in sales channels, so inhibiting our exposure in marketplace and led to a small revenue size of business in the period under review.

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 2022 (for the year ended 31 December 2021: RMB6.1 million). 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 decreased by approximately 68.3% from RMB101.1 million in 2021 to approximately RMB32.1 million in 2022. The decrease is mainly due to the decrease of revenue of eCommerce business and the suspension of the internet education services business.

Gross Profit

The Group experienced a gross profit of approximately RMB24.9 million for the year ended 31 December 2022. For the year ended 31 December 2021, the Group recorded a gross profit of approximately RMB25.3 million. There was a slightly decrease of approximately 1.7% 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 Decemebr 2021: RMB64.4 million).

Impairments Loss

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

(a) Under the impact of the Covid-19 outbreak, it affected the repayment ability of the different industries. For the year ended 31 December 2022, impairment losses were recognized on trade and loan receivables of approximately RMB5.7 million (for the year ended 31 December 2021: RMB8.4 million).

(b) No impairment loss was recognized on goodwill of eCommerce business and internet education services business for the year ended 31 December 2022 (for the year ended 31 December 2021: RMB212.4 million).

(c) No impairment loss was recognized on intangible assets of internet education services business for the year ended 31 December 2022 (for the year ended 31 December 2021: RMB52.8 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 increased by approximately 32.9% from approximately RMB1.6 million for the year ended 31 December 2021 to approximately RMB2.1 million for the year ended 31 December 2022. The increase is mainly due to the increase of transportation expenses in eCommerce business.

Administrative Expenses and Other Expenses

The Group's administrative expenses and other expenses decreased by approximately 24.8% from approximately RMB52.9 million for year ended 31 December 2021 to approximately RMB39.8 million for the year ended 31 December 2022. The decrease is mainly because no amortization of intangible assets is recognised for the year ended 31 December 2022 (for the year ended 2021: 12.4 million).

Finance Costs

The Group's finance costs composed of bank loans and promissory notes were approximately RMB54.1 million for the year ended 31 December 2022 (2021: RMB28.1 million). The increase is mainly due to the interest expense of the extension of promissory notes. The interest rate for bank loan for the years ended 31 December 2021 and 2022 were at a floating interest rate ranging from prime rate -2% or IBOR rate 1 month +3% whichever is lower to 7% per annum.

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.

Profit/(Loss) for the Year

As a result of the challenging conditions, the Group's profit for the year ended 31 December 2022 was approximately RMB10.8 million, compared to Group's loss of approximately RMB255.9 million for the previous year. The reason of the profit is mainly due to the impairment loss of intangible assets of internet education services business of nil (for the year ended 2021: RMB52.8 million) and the impairment loss of goodwill of eCommerce business and internet education services business of nil (for the year ended 2021: RMB212.4 million). Earning per share attributable to the owners of the Company was approximately RMB0.26 cents for the year ended 31 December 2022, as compared to loss per share attributable to the owners of the Company of approximately RMB6.49 cents for the year ended 31 December 2021.

Final Dividends

The Board does not recommend the payment of a final dividend for year ended 31 December 2022 (2021: Nil).

Capital Structure, Liquidity and Financial Resources

As at 31 December 2022, the Group's bank balances and cash was approximately RMB44.2 million (2021: RMB44.6 million).

Total equity of the Group as at 31 December 2022 was approximately RMB141.8 million (2021: RMB53.8 million). The Group has an outstanding promissory notes of approximately RMB159.3 million as at 31 December 2022 (2021: RMB242.8 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 2022, the Group did not pledge any buildings and leasehold land as collaterals for bank loan granted to the Group (2021: 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 2022, the gearing ratio of the Group was 47% (2021: 69%).

Contingent Liabilities

As at 31 December 2022, 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 2022, the Group had about 47 staff members employed in mainland China and Hong Kong (2021: 183). Total staff costs for the year were approximately RMB11.5 million (2021: RMB13.8 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 the eligible consultants of the Company during the financial year as announced on 9 September 2022. The remuneration payable to the senior management of the Company (excluding Directors and Chief Executive Officer) for the year ended 31 December 2022 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 2023 World Economic Outlook (WEO) Update by the International Monetary Fund (IMF), amid the cost-of-living crisis, the priority remains achieving sustained disinflation in most economies. The tighter monetary conditions and lower economic growths potentially affect the country's financial and debt stability, and it is necessary for the countries to deploy macroprudential tools and strengthen debt restructuring frameworks. It is expected that the accelerating Covid-19 vaccinations in China would further safeguard the global economic recovery in 2023, with the positive cross-border spillovers. Fiscal support to countries should be better targeted at those that are most affected by the elevated food and energy prices, and the broad-based fiscal relief measures should be withdrawn.

As the Asian financial hub, Hong Kong has been hit quite badly by its own pandemic measures since 2020; and the spillover from China's Covid-19 zero policy, while risks from cost pressure persisted in the economy during 2022. Mr. Christopher Hui, the Secretary for Hong Kong Financial Services and the Treasury has once said that the Government's plan is to lower the statutory interest rate cap for lending after having taken into consideration of the recommendations from the Consumer Council, the effective interest rates adopted by the local money lending sector, the interest rate cap for lending overseas, as well as other market statistics. And the banks in Hong Kong had already increased their prime rate of interest three times in 2022, by a total of 62.5 basis points to 4.75 percent. On February 2, 2023 the Hong Kong Monetary Authority (HKMA) raised the interest rate by 25 basis points to 5.0 percent, just hours after the U.S. Fed delivered a rate hike of a similar margin. 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.

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. By viewing at the eCommerce landscape we can see a relatively mature business market with established players and a clear set of rules in the market. However, this impression can be misleading, as the digital transformation of eCommerce business is not over yet, and it is unlikely to ever come to a halt for it, mainly driven by the flow of innovation coming from numerous start-ups and the growing cashflow from the fast-developing Asian economies.

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. In the coming few years, the Chinese eCommerce market is expected to show the largest growth rates amongst the three major eCommerce regions in the globe. We believe that many online retailers will continue to choose an omnichannel sales strategy in 2023. To meet the competitiveness in the industry, our subsidiary VTZero has not just moving beyond competing on price, but also on logistics etc.; and vary business tactics will be adopted by the subsidiary to strive for its business operation and survival in the highly competitive eCommerce environments.

It is noted by Economists that China will further tighten oversight over its battered online education sector, in a clear signal that the Beijing 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 will be 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 is still undergoing procedures to restructure Wowxue into our subsidiary group, so that we can resume business operation in the education sector 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 2022.

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 2022.

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 2022.

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 2022.

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 2022 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 2022.

EVENT AFTER THE REPORTING PERIOD

Granting of loans

On 18 January 2023 and 21 February 2023, Time Credit Limited, a subsidiary of the Company, entered into the loan agreements with the borrowers pursuant to which the lender has agreed to grant the loans in the principal amount of HK$8 million and HK$19 million to the borrowers, respectively.

Further details regarding the grant of loans are disclosed in the announcements of the Company dated 18 January 2023 and 21 February 2023, respectively.

Save as disclosed the above, there were no other significant events occurred subsequent to December 31, 2022 and up to the date of this announcement.

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 2022 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, 31 March 2023

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.