賽 伯 樂 國 際 控 股

CYBERNAUT INTERNATIONAL HOLDINGS COMPANY LIMITED
賽伯樂國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Cybernaut International Holdings Company Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2020, together with the comparative figures for the previous corresponding period, which has been reviewed and approved by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	*3*	**137,492**	124,952
Cost of sales/service rendered		**(110,241)**	(78,045)
Gross profit		**27,251**	46,907
Other gains/(losses), net		**4,440**	(5,135)
Impairment losses, net		**(23,893)**	(1,003)
Selling and distribution costs		**(1,139)**	(1,113)
Administrative expenses		**(34,883)**	(47,841)
Finance costs	*5*	**(9,993)**	(7,565)
Loss before taxation		**(38,217)**	(15,750)
Taxation	*6*	**451**	(1,363)
Loss for the period from continuing operations		**(37,766)**	(17,113)
Discontinued operations			
Profit for the period from discontinued operations		**24,051**	37,672
(Loss)/profit for the period	*7*	**(13,715)**	20,559
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**5,497**	576
Total comprehensive (expense)/income for the period		**(8,218)**	21,135
(Loss)/profit for the period attributable to:			
Owners of the Company		**(12,423)**	20,268
Non-controlling interests		**(1,292)**	291
		(13,715)	20,559
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(6,856)**	20,837
Non-controlling interests		**(1,362)**	298
		(8,218)	21,135
			(Restated)
(Loss)/earnings per share from continuing and discontinued operations	*9*		
Basic and diluted		**(RMB0.31 cents)**	RMB0.51 cents
Loss per share from continuing operations			
Basic and diluted		**(RMB0.91 cents)**	(RMB0.44 cents)
Earnings per share from discontinued operations			
Basic and diluted		**RMB0.60 cents**	RMB0.95 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	NOTES	**At 30 June 2020** ***RMB'000*** **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*10*	**11,361**	11,930
Right-of-use assets	*11*	**4,874**	3,405
Goodwill		**393,208**	385,919
Intangible assets	*12*	**66,174**	71,695
Financial assets at fair value through profit or loss		**664**	1,011
		476,281	473,960
Current assets			
Inventories		**5,102**	15,325
Trade receivables	*13*	**45,920**	56,891
Loan receivables	*14*	**157,931**	139,042
Other receivables, deposits and prepayments		**38,795**	61,942
Restricted bank deposits		**9,426**	12,305
Bank balances and cash		**141,059**	158,268
		398,233	443,773
Current liabilities			
Trade and bills payables	*15*	**49,309**	71,451
Other payables and accruals		**16,688**	12,569
Contract liabilities		**–**	3,995
Lease liabilities		**3,613**	2,688
Tax liabilities		**3,510**	5,902
Bank borrowings	*16*	**7,293**	26,952
Promissory notes	*17*	**96,221**	46,570
		176,634	170,127

	NOTES	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Net current assets		**221,599**	273,646
Total assets less current liabilities		**697,880**	747,606
Non-current liabilities			
Lease liabilities		**1,278**	592
Deferred tax liabilities		**11,774**	18,690
Promissory notes	*17*	**292,862**	289,072
Contingent consideration		**–**	39,068
		305,914	347,422
Net assets		**391,966**	400,184
Capital and reserves			
Share capital	*18*	**337,128**	337,128
Reserves		**59,788**	66,644
Equity attributable to owners of the Company		**396,916**	403,772
Non-controlling interests		**(4,950)**	(3,588)
Total equity		**391,966**	400,184

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

2.2 Impacts and accounting policies on application of Amendments to HKFRS 3 "Definition of a Business"

2.2.1 Accounting policies

Business combinations or asset acquisitions

<u>Optional concentration test</u>

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

2.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

3. REVENUE

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

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue from continuing operations:		
Interest income from money lending business	**8,162**	8,387
Revenue from trading of goods from eCommerce business	**119,613**	100,534
Revenue from provision of internet education services	**9,717**	16,031
	137,492	124,952
Revenue from discontinued operations:		
Revenue from trading of paper converting equipment and other relating equipment	**9,042**	18,893
Revenue from trading of advanced steel flow control products	**–**	14,306
	9,042	33,199

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 business; (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 manufacture and sale of paper converting equipment and other related equipment segment was disposed on 27 May 2020 and the manufacture and sale of advanced stell flow control products segment was disposed on 12 April 2019.

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

For the six months ended 30 June 2020 (Unaudited)

	Continuing operations			Discontinued operations		
	Money lending business	**eCommerce**	**Internet education services**	**Manufacture and sale of paper converting equipment and other relating equipment**	**Manufacture and sale of advanced steel flow control products**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**8,162**	**119,613**	**9,717**	**9,042**	**–**	**146,534**
Segment (loss)/profit	**(11,447)**	**(4,879)**	**6,575**	**24,051**	**–**	**14,300**
Unallocated corporate income						**2,824**
Unallocated corporate expenses						**(31,290)**
Loss before taxation						**(14,166)**

For the six months ended 30 June 2019 (Unaudited) (Restated)

	Continuing operations			Discontinued operations		
	Money lending business *RMB'000*	**eCommerce** *RMB'000*	**Internet education services** *RMB'000*	**Manufacture and sale of paper converting equipment and other relating equipment** *RMB'000*	**Manufacture and sale of advanced steel flow control products** *RMB'000*	**Consolidated** *RMB'000*
Revenue	8,387	100,534	16,031	18,893	14,306	158,151
Segment profit/(loss)	1,719	519	15,131	(457)	38,128	55,040
Unallocated corporate income						1,511
Unallocated corporate expenses						(34,629)
Profit before taxation						21,922

5. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Continuing operations:		
Interest charge on lease liabilities	**54**	204
Interest charge on promissory notes	**9,820**	7,356
Interest charge on bank borrowing	**119**	5
	9,993	7,565
Discontinued operations:		
Interest charge on bank borrowing	**363**	891
	363	891

6. TAXATION

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Hong Kong Profits Tax:		
Current period	**992**	666
PRC Enterprise Income Tax:		
Current period	**1,645**	3,785
Deferred tax:		
Current period	**(3,088)**	(3,088)
	(451)	1,363

Hong Kong Profits Tax was calculated at 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong for both periods.

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2019: 25%).

One PRC subsidiary obtained a Chinese High-Tech Enterprise Certificate in 2017. According to GuoShuiHan [2009] No. 203, entities qualifying for the Hi-tech status could enjoy a PRC Enterprise Income Tax preferential treatment for 3 years commencing from 25 October 2017 accordingly. As a result, the PRC subsidiary was subject to a PRC Enterprise Income Tax of 15%.

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

7. LOSS/PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss/profit for the period from continuing operations has been arrived at after charging:		
Cost of inventories recognised as an expense	**110,241**	77,794
Depreciation of property, plant and equipment	**933**	639
Depreciation of right-of-use assets	**2,162**	208
Amortisation of other intangible assets	**12,408**	12,351
Share-based payment	**–**	5,845
Loss/profit for the period from discontinued operation has been arrived at after charging:		
Cost of inventories recognised as an expense	**7,741**	34,254
Depreciation of property, plant and equipment	**23**	66
Depreciation of right-of-use assets	**22**	28

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the current period (2019 interim and final dividend: RMB Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
From continuing and discontinued operations		
(Loss)/earnings for the period attributable to the owners of the Company	**(12,423)**	20,268

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
From continuing operations		
Loss for the period attributable to the owners of the Company	**(36,474)**	(17,404)

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
From discontinued operations		
Earnings for the period attributable to the owners of the Company	**24,051**	37,672

	Six months ended 30 June	
	2020	2019
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**3,975,448**	3,975,448

Diluted (loss)/earnings per share for the six months ended 30 June 2020 and 2019 was the same as the basic (loss)/earnings per share because the computation of diluted (loss)/earnings per share did not assume the exercises of the Company's outstanding share options as the exercise price of the share option exceeded the average market price of ordinary shares during the period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately RMB195,000 (2019: RMB165,000), and no property, plant and equipment has been disposed of (2019: RMB Nil).

11. RIGHT-OF-USE ASSETS

During the period ended 30 June 2020, additions to right-of-use assets were RMB3,757,000 (2019: RMB Nil), which related to the capitalised lease payments payable under new tenancy agreements and disposed to right-of-use assets were RMB176,000 (2019: RMB Nil), which related to prepaid lease payments under disposal of subsidiary.

12. INTANGIBLE ASSETS

As at 30 June 2020, intangible assets included platform and contract backing of carrying value of approximately, RMB58,872,000 and RMB7,302,000, respectively (31 December 2019: RMB63,901,000 and RMB7,794,000). The intangible assets are amortised over their estimated useful life of 5 to 10 years using the straight line method.

13. TRADE RECEIVABLES

The credit period granted by the Group to certain customers is within 180 days (31 December 2019: 180 days), while payment from other customers are due immediately when goods are delivered and services are rendered. The following is an aged analysis of trade receivables presented based on the goods delivery date and services rendered date at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 30 June 2020 *RMB'000* **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
0 – 30 days	**1,300**	37,338
31 – 60 days	**27,055**	10,519
61 – 90 days	**–**	1,362
91 – 120 days	**2,542**	44
121 – 180 days	**–**	445
181 days to within 1 year	**15,023**	7,183
	45,920	56,891

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

Allowance on doubtful debts of RMB1,545,000 (30 June 2019: Reversal of allowance of RMB767,000) recognised during the six months ended 30 June 2020 is based on estimated irrecoverable amounts by reference to the creditability of individual customers, past default experience, subsequent settlement and payment history of the customers. Full provision has been made for individual trade receivables aged over one year with no subsequent settlement.

14. LOAN RECEIVABLES

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

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

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

	At 30 June 2020 ***RMB'000*** **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
Within 3 months	**80,121**	78,937
3 months to 1 year	**70,138**	42,764
Over 1 year with contain a repayment on demand clause	**7,672**	17,341
	157,931	139,042

Loss allowance of RMB15,878,000 (30 June 2019: RMB1,770,000) recognised during the six month ended 30 June 2020 is based on estimated irrecoverable amounts by reference to the creditability of individual borrowers, past default experience, subsequent settlement and payment history of the borrowers.

15. TRADE AND BILLS PAYABLES

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

	At 30 June 2020 ***RMB'000*** **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
0 – 30 days	**40,525**	52,773
31 – 60 days	**4,964**	3,248
61 – 90 days	**–**	1,632
Over 90 days but within 1 year	**3,364**	13,798
Over 1 year	**456**	–
	49,309	71,451

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

16. BANK BORROWINGS

Included in bank borrowings, was a bank borrowing of approximately RMB7,293,000 (31 December 2019: RMB26,952,000), which was secured by the Group's bank balance of RMB9,426,000 (31 December 2019: RMB8,940,000) and leasehold land and building with a net carrying value of RMB Nil (2019: RMB198,000) at the end of the reporting period and repayable within one year.

17. PROMISSORY NOTES

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Brought forward	**335,642**	237,056
Accrued interest charged	**9,820**	15,606
Issue of promissory note upon fulfillment of profit guarantee	**37,016**	78,499
Exchange realignment	**6,605**	4,481
Carried forward	**389,083**	335,642
Analysis as:		
Current	**96,221**	46,570
Non-current	**292,862**	289,072
	389,083	335,642

18. SHARE CAPITAL

	Number of shares at HK$0.10 per share	**Amount**
	'000	*HK$' 000*
Authorised:		
At 1 January 2019, 30 June 2019, 31 December 2019, 1 January 2020 and 30 June 2020	20,000,000	2,000,000
Issued and fully paid:		
At 1 January 2019, 30 June 2019, 31 December 2019, 1 January 2020 and 30 June 2020	3,975,448	397,545

Shown in the condensed consolidated financial statements

At 31 December 2019 (Audited)	RMB'000 equivalent	337,128
At 30 June 2020 (Unaudited)	**RMB'000 equivalent**	**337,128**

19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Remuneration of the Directors and other members of key management	**2,508**	1,072
Retirement benefit scheme contributions	**33**	9
	2,541	1,081

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

The Group have the following related party transactions:

			Six months ended 30 June	
		Nature of	**2020**	2019
Name of related party	**Relationship**	**transaction/balance**	***RMB'000***	*RMB'000*
			(Unaudited)	(Unaudited)
Zhu Min	Executive director	Promissory notes	**37,016**	78,499
Lu Yongchao	Executive director	Loan interest received	**63**	68
		Loan receivable	**2,689**	2,619
Sin Kwok Wai Ronald	Executive director	Loan receivable	**N/A** *(Note 2)*	1,318
Hongshanshu (Hangzhou) Information Technology Co., Ltd	Common directorship *(Note 1)*	Purchase of intangible assets	**1,887**	–
Hebichanjiao Integration Education Technology Co., Ltd	Subsidiary of Hongshanshu (Hangzhou) Information Technology Co., Ltd	Purchase of intangible assets	**3,000**	–

Notes:

1. The director of the Company has resigned as director of Hongshanshu (Hangzhou) Information Technology Co., Ltd on 1 July 2020.

2. Mr. Sin Kwok Wai Ronald has resigned as executive director and has been appointed as chief financial officer on 13 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Today, the global economy has become highly volatile and distorted in the financial market worldwide, under the continuous trade sanctions and all threatening economic measures of U.S. Trump administration on trade affairs amongst countries with particular on the absurb claims on the topics of China threat theory. The intensifying trade battle with the United States and efforts to deleverage debt and financial risks together with the huge hit devastated from the COVID-19 novel coronavirus outbreak, China recorded the country's first economy decline on gross domestic product (GDP) since 1992 when its official quarterly records started. The China GDP contracted with a decline of 6.8 percent year-on-year in the first quarter of 2020, and a slight growth of 3.2 percent for the second quarter.

According to the National Bureau of Statistics of China, the GDP of China had a year-on-year decline of 1.6 percent at comparable prices for the first half of 2020. In the first half of 2020, the total value added of the industrial enterprises above the designated size declined by 1.3 percent year-on-year; the Index of Services Production decreased by 6.1 percent year-on-year; the fixed-asset investment of China decreased by 3.1 percent year-on-year; the producer prices for industrial products went down by 1.9 percent year-on-year; and the purchasing prices for industrial producers also went down by 2.6 percent year-on-year.

During the first half of 2020, the COVID-19 outbreak has led China to post its weakest growth in decades. The Chinese economy returned to growth in the second quarter of 2020, due to a gradual normalization of work and production following the COVID-19 outbreak in the first quarter, with a catch-up in production, solid foreign demand for health products and government policy support. However, despite its incipient economic recovery, the lack of an effective vaccine will keep consumer sentiment depressed and restrain global demand. Additionally, in the political arena, the passing of the controversial Hong Kong national security law on 30 June 2020, added further fuel to the already tense relationship between U.S. and China, as well as with some Western countries.

There are popular operations of peer-to-peer (P2P) virtual lending platforms as social lending, a popular fintech application under which intermediaries gather funds from retail investors and lending the money to small and medium-sized enterprises (SMEs) and individual borrowers in China. In lieu of the trend of collapse in recent years, China's P2P lending industry had much more strictly regulated in the first half of 2020. In fact, there are higher risks for the lending business operation via different platforms in China, while the Hong Kong lending market are very distinctive to it.

On 8 April 2020, the Hong Kong Government (the "Government") unveiled a new round of stimulus package of HKD137.5 billion to support businesses and individuals as the COVID-19 outbreak continues to severely damage the global economy. The stimulus package represents approximately 5 percent of Hong Kong's GDP and covers a broad range of issues and sectors. These measures went towards helping businesses stay afloat, alleviate some of the financial burden suffered by individuals and businesses and ultimately assist the Hong Kong economy in recovering after the novel coronavirus COVID-19 crisis passes.

During the period under review, the Government introduced measures to provide financing support in the form of the SME Financing Guarantee Scheme (SFGS), the Employment Support Scheme, as well as introducing reduction in profits tax, income tax, property tax, specific-industries subsidies and other relief measures. The SFGS helps eligible SME from all sectors to secure loans from participating lenders ("Lenders") where the Government will provide guarantee coverage, to ease their cash flow difficulties. Loans that originate from Lenders will be transferred to the HK Mortgage Corporation Limited (a wholly owned entity of the Government through the Exchange Fund) after drawdowns, and all default risks will be borne by the Government with a 100% guarantee (if the SME applicant applies for the Special 100% Loan Guarantee Product), greatly enhancing the chances for businesses in securing loans. Despite the effects from the trade war between U.S. and China and the health crisis in the first half of the year, the low interest rate of borrowing, has still enhanced Hong Kong property market with a slight growth in property price and transaction volume.

Electronic commerce (eCommerce) is growing rapidly worldwide, but the trade war between U.S. and China and Brexit has posed unpredictable concerns on the worldwide economy, and has greatly affected the eCommerce and online shopping interest. With world market fluctuation financially, online shopping now become more accessible than ever, customers can have the most practical innovation being adopted by eCommerce sites in social payment options through trusted, secure digital wallets like Apple Pay, Alipay, WeChat Pay, and PayPal etc. In the first half of 2020, the world market has been eventful for eCommerce. There were technical innovation progresses: Shopify launched a marketplace, Google relaunched organic product listings, Facebook introduced 'shops', and thousands of other changes, and much more was shaped by the COVID-19 in the first half of 2020. The COVID-19 effects of 'SARS2' on eCommerce are tough to overstate. Tens of thousands of businesses sold online for the first time in the first half of 2020 and millions of transactions that would normally have taken place in stores shifted online. ECommerce went from of 'high priority' for most retail businesses to become 'the priority' one.

The China Ministry of Education has continuously promoted the application of information technology (IT) to advance education reforms and ensure equitable access to education. Right before the new school semester originally scheduled to start in early February this year, Chinese authorities had called on people to stay at home to help reduce the spread of the coronavirus through human contact. Millions of Chinese students were restricted to their homes for studies in the new semester due to a nationwide epidemic control mechanism, and primary and middle schools in China were required to open online curriculums by using official educational websites to ensure that 180 million students "are occupied with the guided study at home."

The Chinese municipal education authorities had entrusted the Advanced Innovation Center for Future Education of the Beijing Normal University to develop an online platform for senior students in junior high and senior high schools, where veteran teachers started to give lectures with interactive question and answer sessions to students studying online at home. Traditional bricks and mortar schools in China had explored online education options as authorities postponed the new semester of 2020. And students could click on their respective course links based on class schedules given by their teachers, while teachers give guidance and requirements via online group chats such as Wechat.

While primary and middle schools were testing the waters of online teaching, higher-learning institutes such as Beijing's prestigious Peking and Tsinghua universities officially set off the teaching work in the spring semester through various online tech means. Despite the influence from the market instability in the outside world, the market growth of online education business in China has steadily exceeded more than 20 percent yearly. The health crisis has put the spotlight on China's online education market with a bigger business growth, and during the period under review, the online education investors in China were still rational; and their business operation was expanded more healthily with modern technology.

Business Review

In the first half of 2020, the Cybernaut Group may still be regarded comprising four segments of subsidiary groups, namely those engaged in the manufacture and sales of paper converting equipments; money lending business; eCommerce business and internet online education services.

During the period under review, most manufacturing businesses were adversely affected by the escalating trade war between China and U.S. The Cybernaut Group subsidiary segment with business engaged in manufacturing of paper converting equipment had suffered severely from the harsh competition with reduced order size and market demand in the world market and the also the nationwide epidemic control and lockdown from the outbreak of COVID-19 coronavirus pandemic in the first half of 2020. On 11 February 2020, the subsidiary segment business was sold to an independent third party under a sales and purchase agreement, and the settlement for the disposal was completed on 27 May 2020.

The subsidiary of Cybernaut Group engaged in money lending business in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), Time Credit Limited (TCL) prudently maintained business operation with existing market strategy in the first half of 2020. During the period under review, the subsidiary generated revenue mainly from the first mortgage property loans to customers for their long and short term financial needs. Also with the high net worth customer base and partnership alliance on sub-mortgage arrangements, the TCL loan portfolio contributes a steady income stream to the Cybernaut Group. In consideration of the government measures to release the hardship of business in Hong Kong financially to face the COVID-19 pandemic, the TCL management had also considered helping entities with good past working history in need of loans for their business operation.

The eCommerce industry of today is highly competitive, online retailers are moving beyond competing on price to competing also on logistics. In the first half of 2020, our eCommerce business subsidiary with trade name of "VTZero" met the overseas market demands, recognized the product sales trends and product-mix for prominent sales of the second-handed and refurbished mobile phones of good brand names. Nowadays, local online marketplace is booming, they are launched mostly by traditional local retail enterprise and since they have years of reputation, and people are preferred to shop there instead. As a result, VTZero as a cross-border eCommerce trading company, has to evaluate the internet shopping habit country by country and explore more online marketplace platforms to sustain the business growth. With prior years' experience on sourcing used smartphones from America and Japan, the business management branched out more on the reverse logistic chain through internet to contribute additional value to the eCommerce business. Other than selling mainly through eBay and Amazon, VTZero also had established good sales through different selling channels and online marketplaces like Rakuten in Germany, cDiscount, Fnac and Darty in France etc. during the period under review. Besides, by established different business strategic alliances with the local agents in different countries including Europe and North America. In the first half 2020, the subsidiary has taken cautious procedures to reduce its market risks resulted from the U.S. and China trade war and the impact of the COVID-19 on market demand.

During the period under review, the subsidiary segment of Cybernaut Group engaged in the online education business, had built on the momentum of demands of last year. Though it was somehow affected by the COVID-19 pandemic, the subsidiary expanded steadily with good returns and increased market developments in the online education industry in China. The subsidiary management through the VIE arrangements had closely monitored the online business to provide users with the updated information and software accessible through the education platform and packages, so as to enhance the segment business growth strengthened with good resource allocated for market expansion.

Consolidation in Customer Base

Under the traffic restriction of nationwide epidemic control in the first quarter of 2020, the business and operation of the subsidiary engaged in manufacturing of paper converting equipment in China was severely affected. This subsidiary business was disposed upon settlement in May 2020, and the major customers during the review period were mainly domestic ones in China, namely Jiangsu Fu Xing Zhi Ye Co. Ltd. (Jiangsu Fu Xing), Zhang Qui Hengyuan Zhi Ye Co. Ltd., and Zhejiang Xingda Zhi Ye Co. Ltd. And the major customer, Jiangsu Fu Xing contributed approximately 20 percent revenue in the paper converting equipment segment business.

For our money lending business and its operation during the COVID-19 pandemic, we have cautiously taken steps and diversified different clients in order to disperse the risk and only focus on first mortgage clients in order to minimize the risk of the breach of contract. During the period under review, our major clients included business clients and also the Hong Kong listed companies.

In the first half of 2020, our eCommerce business included mainly online retail sale and the remaining was from wholesale. In future, we will enhance the customer royalty so that they will visit our site regularly. The major customers were USA, France and UK.

In November 2017, the Group acquired new business segment – Internet education services, which contributed approximately RMB9.7 million for the period ended 30 June 2020. During the period under review, the major customers of the internet education business were Hangzhou Zhi Ya Dianzi Keji Co. Ltd. (杭州印智亞科技有限公司), Hao Xue Hao Zhi (Beijing) Keji Gufen Co. Ltd. (好學好職（北京）科技股份有限公司), and Beijing Ke Rui Ta Dianzi Shangwu Co. Ltd. 北京科銳拓電子商務有限公司. Going forward, the Group will continue to explore business opportunities in our segments to drive further business growth.

Expanded Growth in Overseas Markets

For the half year of 2020, eCommerce contributed more than 87% of total revenue of the Group. In this period of health crisis and lockdown in different countries resulted from the COVID-19 pandemic, we will strive hard to expand more eCommerce business in France, Germany and Russia in order to capture more business opportunities and market share.

Since 2019, the prolonged Sino-US trade and political tension as well as the social unrests in Hong Kong continued to create economic uncertainty and great challenges to the Group. In addition, the outbreak of coronavirus disease 2019 ("COVID-19") dramatically impacted the global economy, business investment, consumers demand and spending during the first half of 2020. The management understands the importance of diversifying customer base and has devoted more efforts to further expand the overseas market with eCommerce business while consolidating other business in the Chinese market.

Development Diversified Business

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

Research and Development

Disregarding the research patents and development on the paper converting equipment business during the period under review, the Group's internet education segment business in China has a total of 10 patents as at 30 June 2020. The business engaged a team of 8 professionals in the business segment development and related research areas for the six months ended 30 June 2020.

Financial Review

Revenue

Paper Converting Equipment and Other Relating Equipment

The revenue contributed by the paper converting equipment business was approximately RMB9.0 million for the period under review (for the six months ended 30 June 2019: approximately RMB18.9 million). This business was disposed on 27 May 2020.

Money Lending

Due to the political and economic uncertainty of Hong Kong in the second half of 2019, our money lending business tend to be more conservative in the first half of 2020. As a result, the revenue contributed by this business was approximately RMB8.2 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB8.4 million).

ECommerce

The revenue contributed by this business was approximately RMB119.6 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB100.5 million). The increase of revenue of approximately 19.0% was mainly due to the trend of online shopping because of the whirlwind outbreak of COVID-19.

Internet Education Services

Due to an outbreak of novel COVID-19 and the subsequent quarantine measures imposed by the PRC government, our internet education services had been temporarily suspended in the first half of 2020 and were gradually resumed during the period according to the instruction of the PRC government. As a result, the revenue contributed by this business which was acquired in November 2017 was decreased to approximately RMB9.7 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB16.0 million).

Cost of Sales/Service Rendered

The Group's cost of sales mainly consists of costs of raw materials, labour and other direct costs of sales and services rendered. During the six months ended 30 June 2020, the Group's cost of sales increased by approximately 41.3% from approximately RMB78.0 million (Restated) for the six months ended 30 June 2019 to approximately RMB110.2 million for the six months ended 30 June 2020. The increase was mainly attributable to the increase of sale revenue of eCommerce business during the period under review.

Gross Profit

The Group engaged in the different industries had a gross profit of approximately RMB 27.3 million for the six months ended 30 June 2020. For the six months ended 30 June 2019, the Group recorded a gross profit of approximately RMB46.9 million (Restated). The gross profit was mainly contributed from effective cost control in money lending business and internet education service.

Loss allowance for Trade Receivables and Loan Receivables

Under the impact of the COVID-19 outbreak, the repayment ability of the different industries deteriorated in the first year of 2020, loss allowance for trade receivables and loan receivables amounted to approximately RMB17.4 million has been recognised for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB1.0 million (Restated)).

Selling and Distribution Costs

The Group's selling and distribution costs comprised sales commission, sales staff costs and transportation costs. During the six months ended 30 June 2020, the Group's selling and distribution costs was approximately RMB1.1 million for the six months ended 30 June 2020 (for the six month ended 30 June 2019: approximately RMB1.1 million (Restated)).

Administrative Expenses

The Group's administrative expenses decreased by around 27.1% from approximately RMB47.8 million (Restated) for the six months ended 30 June 2019 to approximately RMB34.9 million for the same period ended 30 June 2020. The amortization of the intangible asset of internet education services acquired on 22 November 2017 amounting to approximately RMB12.4 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB12.4 million).

Finance Costs

The Group's finance costs were approximately RMB10.0 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB7.6 million (Restated)). The interest rate for bank loan was at a floating rate at lower of prime rate minus 2% and 1-month HIBOR plus 3% (2019: fixed interest rate of 5.8%).

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 was entitled to the PRC Enterprise Income Tax ("EIT") rate of 15% for the period under review.

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

The Group's loss and total comprehensive expense for the six months ended 30 June 2020 was approximately RMB8.2 million while the income and total comprehensive income was approximately RMB21.1 million for the six months ended 30 June 2019. The Group's basic loss per share was approximately RMB0.31 cents for the six months ended 30 June 2020, compared to a basic profit per share of approximately RMB0.51 cents for the six months ended 30 June 2019. The loss for the period ended 30 June 2020 is due to the profit on disposal of discontinued operation of approximately RMB44 million during the period ended 30 June 2019.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

Capital Structure, Liquidity and Financial Resources

The Group's bank balances and cash as at 30 June 2020 was approximately RMB141.1 million (as at 31 December 2019: approximately RMB158.3 million).

Total equity of the Group as at 30 June 2020 was approximately RMB392.0 million (as at 31 December 2019: approximately RMB400.2 million). The Group has an outstanding bank loan and promissory notes of approximately RMB7.3 million and approximately RMB389.1 million, respectively as at 30 June 2020 (as at 31 December 2019: approximately RMB27.0 million and approximately RMB335.6 million). The interest rate for bank loan was at a floating rate at lower of prime rate minus 2% and 1-month HIBOR plus 3% (2019: fixed interest rate of 5.8%) per annum and is repayable within one year.

As at 30 June 2020, the Group's gearing ratio, which was calculated on the basis of total borrowings as a percentage of shareholder equity, was 45% (as at 31 December 2019: 39%).

Pledge of Assets

As at 30 June 2020, the Group pledged certain of its property, plant and equipment and land use rights with zero carrying value (as at 31 December 2019: Nil) as collaterals for the bank borrowing granted to the Group.

Disposal of Subsidiary and Investment

References are made to the announcement of Cybernaut International Holdings Company Limited (the "Company") dated 11 February 2020 and 20 February 2020 in relation to the disclosable transaction regarding the disposal of 100% equity interest in Accura Machinery & Manufacturing (Taicang) Company Limited. The Completion took place on 27 May 2020 in accordance with the terms and conditions of the Agreement and an announcement was then made. Accordingly, the Company has ceased to have any interests in the Disposal Group and the Disposal Group is no longer subsidiaries of the Company as of the date of the announcement.

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

Contingent Liabilities

As at 30 June 2020, the Group had not provided any form of guarantee to any company outside of the Group. The Group is not involved in any current material legal proceedings, nor is it aware of any pending or potential material legal proceedings involving the Group.

Currency Exchange Exposures

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

Human Resources and Staff Remuneration

As at 30 June 2020, the Group had 144 staff members employed in mainland China and Hong Kong (2019: 218). During the period under review, the Group had continued to devote significant resources to bolster its training programme, providing training and study opportunities for management staff and professional technicians. In addition, the Group has provided timely updates to all staff about the latest government policies related to the industry to continuously enhance the professional standard and quality of the staff. Meanwhile, the Group has provided fair remuneration for its staff which encourages their commitment and enhances their professionalism.

Events after the Reporting Period

From late January 2020, the outbreak of COVID-19 was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. Although the outbreak of COVID-19 had no material impacts on our financial performance during the review period, due to uncertainties of new developments regarding the COVID-19 outbreak, we expect that subsequent to the year end, the provision for impairment of loans receivable might be adversely affected. We shall continue to pay close attention to the development of the COVID-19 outbreak and to evaluate its impact on our financial performance and positions.

Reference is made to the announcement of Cybernaut (the "Company") dated 24 February 2020 in relation to the LOI of the Proposed Acquisition. As set out in the Announcement, the Company may conduct due diligence on the Target Group and the parties to the LOI shall negotiate on the relevant terms and conditions of the Proposed Acquisition with the aim of entering into the Formal Agreement within six months from the date of the LOI. Due to the outbreak of the coronavirus pandemic which continues to affect the due diligence procedures, the Directors wish to advise that, as more time is required by the Company to conduct due diligence on the Target Group and the preparation of the Formal Agreement, a supplemental LOI dated 17 August 2020 has been entered into between the parties to the LOI to extend the date before which the Formal Agreement must be signed within nine months from the date of the LOI. Save and except for the aforesaid amendment in the supplemental announcement, the terms of the extended LOI remain unchanged.

As at the date of the supplemental announcement, as informed by Mr. Xiao (being the potential vendor), a worldwide reputable audit firm is engaged by the Target Group to complete the audit for the results for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019 in accordance with Hong Kong Financial Reporting Standards (HKFRSs). The Target Group also engaged PRC law firm and consultant firms to assist the Target Group in corporate restructuring. According to Mr. Xiao, the Target Group recorded a considerable increase in both the revenue and net profit since the beginning of financial year 2020 as compared with the corresponding period in 2019, and it is expected to achieve revenue of RMB500 million and net profit of RMB150 million for the year 2020.

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

In the second half of the year, the global economy will still face huge uncertainties such as public health risks, geopolitical risks, and financial market risks. Looking back at the first half of the year, after the Covid-19 epidemic was brought under control domestically in China, "retaliatory consumption" was not evident but "retaliatory savings" were soaring, and the contribution of consumption to the economic recovery was significantly behind the investment engine, as commented by the economists in China. They also expect retail sales will probably be of positive growth in the third quarter 2020.

In fact, the China economy today is facing strong headwinds and decelerating. China's trading partners and investors are closely watching the health of the world's second-largest economy as the year-long trade war between U.S. and China takes a heavier toll on businesses and investment, fueling worries of a deep global recession. But the Wall Street Journal has cited that China's strategy of early lockdowns as well as the modest stimulus are paying economic dividends. After its V-shape recovery in the second quarter of 2020, it is expected that the sequential growth recovery of China will get weaker on a bunch of headwinds in the second half of the year. As a result, the Chinese central bank may consider cutting the reserve requirement ratio and interest rate slightly and frequently in the third quarter. And economists have said that the resilience advantage of the Chinese economy in the second half year of 2020 is expected to be a scarce resource in the global market, that the attractiveness of RMB assets will therefore remain high, and the long-term inflow of international capital is then expected to continue.

In regard to the lending business segment of the Cybernaut Group, TCL will continue granting first mortgage loan to clients in a prudent manner while taking into account of the Covid-19 impact, so the lending subsidiary business can well meet the needs for the Hong Kong property market and the environmental changes accordingly. TCL will be more alert on loan approval and adopt tight credit policy to grant mortgage loans or for loan renewals, and might restrict loans only to customers of good and healthy reference check.

On top of the health concerns, across the globe with eCommerce business of B2B, B2C, and brick-and-mortar brands alike are all bracing for the impact that coronavirus (Covid-19) will have on their eCommerce business as a whole. Moving into the second half of 2020, economists have said that it is likely that more of us will be shopping in stores once again; more of us will go back to working at least part of the time in offices; and some of us may even be tightening our belts. But it is unlikely that eCommerce will go back to the level as it was before March 2020.

ECommerce is in a very fortunate position: business has been protected a little vs offline retail, in demand from consumers, more agile, and are still largely able to operate among social distancing and lockdown, and with a demand for talent in the industry that also means a little better job security. Though the second half of 2020 is likely to be full of change, in theory it has greater predictability than the first half year, which brings a second opportunity for the eCommerce business. There is still great challenge for most businesses in eCommerce, and some of the bigger eCommerce businesses will benefit the most; and when thinking through in the context of our business goals and the market opportunities available, we will certainly aim for a more positive business turnover in the second half of the year. Our subsidiary engaged in eCommerce business, has its majority of business specialized on B2C retailing through the platforms of eBay and Amazon will increase its product-mix and expand market developments by creating more sales through other different marketplaces in different countries, for examples: Rakuten in Germany. cDiscount, Fnac and Darty in France.

In the second half of 2020, it is expected that the online education markets in China will be more vibrant and growing competitively. China's online learning applications have seen a noticeable increase in activity as schools, training centers, and parents collectively turn to digital platforms to combat the disruption caused by the *Covid-19* outbreak. Dingtalk for example, an office software developed by Alibaba and widely used by schools and students, has been installed 1.1 billion times in China during the epidemic period in the first half 2020. China's societal emphasis on learning and knowledge, along with its advanced technological infrastructure, encourage investing in online education an exciting prospect. The experience of online schooling in China have a lasting impact, and this unprecedented experience will provide wider lessons about how best to structure remote learning. It has also awakened an interest in online learning in teachers, parents, and students, as well as in the country's tech giants – Baidu, Alibaba, and Tencent. Realized that the current market situations and to face the keen competition, our subsidiary management would continue engaging highly qualified education expertise and supportive staff through the VIE arrangements to provide high-quality education packages and online platform for customers, with a close monitor on the market needs of the online education industry in China.

Going forward, the Group will allocate more resources on the profit-generating subsidiaries. The Group will continue to seek potential investment opportunities to create synergies for existing business segments and bringing growth potential and long-term benefits to the Company and the shareholders of the Company as a whole.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company had complied with all the code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report, contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2020, except for Code Provision A.6.7 in respect of the attendance of non-executive directors and independent non-executive directors in the general meetings.

According to Code Provision A.6.7, non-executive Directors and independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagement, one independent non-executive Director could not attend 2019 annual general meeting held on 26 June 2020. However, at the 2019 annual general meeting, there were executive and independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

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

The Company has adopted a code of conduct (the "Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 June 2020.

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 for Securities Transactions by Directors of Listed Issuers.

Audit Committee and Review of the Financial Statements

The Audit Committee comprises of three independent non-executive Directors, namely, Mr. Tong Yiu On, Mr. Li Yik Sang and Mr. Cao Ke. The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2020. The interim financial result for the six months ended 30 June 2020 is unaudited, but has been reviewed by Elite Partners CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA, whose unmodified review report will be included in the interim report to be sent to shareholders.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities for the six months ended 30 June 2020.

Publication of the Unaudited Interim Results and Interim Report

This announcement will be published on the Company's website (www.cybernaut.com.hk) and Stock Exchange's website (www.hkexnews.hk). The 2020 Interim Report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

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

Hong Kong, 27 August 2020

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