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 2020

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 2020, together with the comparative figures for the previous corresponding period, which have been reviewed by the audit committee of the Company prior to recommending them to the Board for approval.

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Represented)
Continuing operations			
Revenue	4	**285,208**	286,860
Cost of sales/service rendered		**(218,751)**	(213,353)
Gross profit		**66,457**	73,507
Other gains or loss, net		**41,738**	(6,072)
Impairment loss		**(117,973)**	(108,306)
Selling and distribution costs		**(4,154)**	(3,092)
Administrative expenses		**(69,568)**	(77,925)
Finance costs		**(19,581)**	(15,808)
Loss before taxation	5	**(103,081)**	(137,696)
Income tax credit/(expense)	6	**1,647**	(592)
Loss for the year from continuing operations		**(101,434)**	(138,288)
Discontinued operations			
Profit for the year from discontinued operations	13	**24,051**	33,245
Loss for the year		**(77,383)**	(105,043)
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(10,817)**	3,794
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(10,817)**	3,794
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(88,200)**	(101,249)
(Loss)/profit for the year attributable to owners of the Company:			
Continuing operations		**(100,278)**	(131,648)
Discontinued operations		**24,051**	33,245
		(76,227)	(98,403)

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Represented)
Loss for the year attributable to non-controlling interests:			
Continuing operations		**(1,156)**	(6,640)
Discontinued operations		**–**	–
		(1,156)	(6,640)
		(77,383)	(105,043)
Total comprehensive (expense)/income for the year attributable to owners of the Company:			
Continuing operations		**(111,158)**	(128,429)
Discontinued operations		**24,051**	33,245
		(87,107)	(95,184)
Total comprehensive expense for the year attributable to non-controlling interests:			
Continuing operations		**(1,093)**	(6,065)
Discontinued operations		**–**	–
		(1,093)	(6,065)
		(88,200)	(101,249)
Loss per share:	*8*		(Restated)
From continuing and discontinued operations			
Basic (RMB cents per share)		**(1.92)**	(2.48)
Diluted (RMB cents per share)		**(1.92)**	(2.48)
From continuing operations			
Basic (RMB cents per share)		**(2.52)**	(3.31)
Diluted (RMB cents per share)		**(2.52)**	(3.31)

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		**11,550**	11,930
Right-of-use assets		**3,508**	3,405
Goodwill		**282,933**	385,919
Intangible assets		**58,783**	71,695
Financial assets at fair value through profit or loss		**569**	1,011
		357,343	473,960
Current assets			
Inventories		**12,659**	15,325
Trade receivables	*9*	**30,583**	56,891
Loan receivables	*10*	**152,450**	139,042
Other receivables, deposits and prepayment		**87,977**	61,942
Restricted bank deposits		**8,754**	12,305
Bank balances and cash		**87,175**	158,268
		379,598	443,773
Current liabilities			
Trade and bills payables	*11*	**30,200**	71,451
Other payables and accruals		**37,665**	12,569
Contract liabilities		**–**	3,995
Lease liabilities		**2,811**	2,688
Tax liabilities		**3,193**	5,902
Bank and other borrowings		**3,367**	26,952
Promissory notes		**–**	46,570
		77,236	170,127

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	**2020** **_RMB'000_**	2019 *RMB'000*
Net current assets		**302,362**	273,646
Total assets less current liabilities		**659,705**	747,606
Non-current liabilities			
Lease liabilities		**470**	592
Deferred tax liabilities		**12,514**	18,690
Promissory notes		**334,737**	289,072
Contingent consideration		**–**	39,068
		347,721	347,422
Net assets		**311,984**	400,184
Capital and reserves			
Share capital	*12*	**337,128**	337,128
Reserves		**(20,463)**	66,644
		316,665	403,772
Non-controlling interests		**(4,681)**	(3,588)
Total equity		**311,984**	400,184

1. GENERAL

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

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (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 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

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[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 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

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

3. BASIS OF PREPARATION

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

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

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

4. OPERATING SEGMENTS

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the executive directors) ("CODM") in order to allocate resources to segments and to assess their performance.

The Group's operating activities are attributable to three operating segments focusing on: i) money lending; ii) eCommerce; and iii) internet education services. These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM.

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

On 12 April 2019, the manufacture and sale of advanced steel flow control products segment was disposed.

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

Segment revenue and results

For the year ended 31 December 2020

	Continuing operations			
	Money lending *RMB'000*	**eCommerce** *RMB'000*	**Internet education services** *RMB'000*	**Consolidated** *RMB'000*
Revenue	**16,921**	**243,664**	**24,623**	**285,208**
Gross profit	**14,778**	**31,907**	**19,772**	**66,457**
Segment profit	**5,975**	**3,680**	**14,693**	**24,348**
Unallocated corporate income				**6,213**
Unallocated corporate expenses				**(133,642)**
Loss before taxation				**(103,081)**

For the year ended 31 December 2019

	Continuing operations			
	Money lending *RMB'000*	eCommerce *RMB'000*	Internet education services *RMB'000*	Consolidated *RMB'000*
Revenue	16,218	241,680	28,962	286,860
Gross profit	14,098	30,688	28,721	73,507
Segment (loss)/profit	(35,524)	3,158	24,140	(8,226)
Unallocated corporate income				932
Unallocated corporate expenses				(130,402)
Loss before taxation				(137,696)

Segment (loss)/profit represents the (loss)/profit incurred by each segment include depreciation, amortisation and impairment, but without allocation of certain administration costs and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

For the year ended 31 December 2020

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

	Money lending *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	**–**	**2,296**	**–**	**–**	**2,296**
Addition to right-of-use assets	**–**	**984**	**–**	**3,688**	**4,672**
Depreciation of property, plant and equipment	**173**	**978**	**28**	**785**	**1,964**
Depreciation of right-of-use assets	**2,024**	**363**	**–**	**1,818**	**4,205**
Interest income	**(409)**	**–**	**(207)**	**(197)**	**(813)**
Interest expense	**43**	**42**	**–**	**19,496**	**19,581**
Income tax expense/(credit)	**–**	**854**	**3,675**	**(6,176)**	**(1,647)**
Impairment loss recognised/(reversal) in respect of trade and loan receivables	**18,892**	**(455)**	**1,623**	**–**	**20,060**
Impairment loss recognised in respect of other receivables	**58**	**5,148**	**184**	**–**	**5,390**
Impairment loss recognised in respect of goodwill	**–**	**92,523**	**–**	**–**	**92,523**
Amortisation of intangible assets	**–**	**–**	**25,499**	**–**	**25,499**

For the year ended 31 December 2019

	Continuing operations			
	Money lending *RMB'000*	eCommerce *RMB'000*	Internet education services *RMB'000*	Consolidated *RMB'000*
ASSETS				
Segment assets	239,990	95,888	53,904	389,782
Unallocated corporate assets				485,309
Assets relating to discontinued operations				42,642
Consolidated total assets				917,733
LIABILITIES				
Segment liabilities	2,135	57,683	6,962	66,780
Unallocated corporate liabilities				400,834
Liabilities relating to discontinued operations				49,935
Consolidated total liabilities				517,549

	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	–	1,866	9	–	1,875
Addition to right-of-use assets	3,620	459	–	–	4,079
Depreciation of property, plant and equipment	165	699	42	1,240	2,146
Depreciation of right-of-use assets	1,023	172	–	1,673	2,868
Interest income	(10)	–	(30)	(932)	(972)
Interest expense	37	4	–	15,767	15,808
Income tax expense/(credit)	–	730	6,038	(6,176)	592
Impairment loss recognised in respect of trade and loan receivables	39,293	632	1,714	–	41,639
Impairment loss recognised in respect of other receivables	3,372	1,823	247	–	5,442
Impairment loss recognised in respect of goodwill	–	61,225	–	–	61,225
Amortisation of intangible assets	–	–	24,702	–	24,702

Information about geographical areas

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

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
The People's Republic of China (the "PRC") (country of domicile)	**27,259**	29,058
Europe	**218,423**	211,812
Asia (other than the PRC and Hong Kong)	**10,442**	890
North America	**1,960**	3,625
Hong Kong	**27,124**	41,475
	285,208	286,860

Non-current assets

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Hong Kong	**221,369**	277,394
PRC	**135,405**	195,555
	356,774	472,949

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 2020 and 2019.

5. LOSS BEFORE TAXATION

	2020	2019
	RMB'000	*RMB'000*
Continuing operations		
Loss before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration	**792**	793
Impairment loss recognised in respect of trade and loan receivables	**20,060**	41,639
Impairment loss recognised in respect of other receivables	**5,390**	5,442
Impairment loss recognised in respect of goodwill	**92,523**	61,225
Amortisation of intangible assets	**25,499**	24,702
Cost of inventories recognised as an expense	**211,757**	210,992
Depreciation of property, plant and equipment	**1,964**	2,146
Depreciation of right-of-use assets	**4,205**	2,868
Short-term lease payment	**385**	1,309
Net exchange loss/(gain)	**1,869**	(161)
Share-based payment expense	**–**	5,956
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**20,504**	19,694
– Retirement benefit scheme contributions	**974**	909
	21,478	20,603

6. INCOME TAX (CREDIT)/EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Continuing operations		
Hong Kong Profits Tax:		
– Current year	**854**	730
PRC Enterprise Income Tax:		
– Current year	**3,675**	6,038
Deferred tax:		
– Current year	**(6,176)**	(6,176)
	(1,647)	592

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 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

For continuing operations

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

Loss figures are calculated as follows:

	2020	2019
	RMB'000	*RMB'000*
Loss for the year attributable to the owners of the Company	**(76,227)**	(98,403)
Add:		
Profit for the year from discontinued operation	**(24,051)**	(33,245)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(100,278)**	(131,648)

	Number of shares	Number of shares
	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,975,448**	3,975,448

The calculation of diluted loss per share for each of the two years ended 31 December 2020 and 2019 had not taken into consideration the assumed exercised of the Company's outstanding share options as it would reduce the loss per share.

From continuing and discontinued operations

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

	2020	2019
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic and diluted loss per share	**(76,227)**	(98,403)

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is RMB0.60 cents per share (2019: earning RMB0.83 cents per share), based on the profit for the year from discontinued operation of RMB24,051,000 (2019: profit RMB33,245,000).

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

9. TRADE RECEIVABLES

The credit period granted by the Group to certain customers is within 180 days (2019: 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:

	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**9,574**	37,338
31 – 60 days	**–**	10,519
61 – 90 days	**9,050**	1,362
91 – 120 days	**8,912**	44
121 – 180 days	**–**	445
181 days to within 1 year	**3,047**	7,183
	30,583	56,891

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:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**19,362**	78,937
3 months to 1 year	**118,060**	42,764
Over 1 year which contain a repayment on demand clause	**15,028**	17,341
	152,450	139,042

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.

	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**5,539**	52,773
31 – 60 days	**3,464**	3,248
61 – 90 days	**8,809**	1,632
Over 90 days	**12,388**	13,798
	30,200	71,451

12. SHARE CAPITAL

	Number of shares at HK$0.10 per share *'000*	Amount *HK$'000*
Authorised:		
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	20,000,000	2,000,000
Issued and fully paid:		
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	3,975,448	397,545
Shown in the consolidated financial statements		
As at 31 December 2020	**RMB'000 equivalent**	337,128
As at 31 December 2019	**RMB'000 equivalent**	337,128

13. DISCONTINUED OPERATIONS

On 1 August 2018, the Company entered into an agreement with an independent third party to disposal of 100% equity interest in a subsidiary, namely Sinoref (BVI) Limited and its subsidiaries ("Sinoref Group") at cash consideration of HK$82.8 million.

The disposal of Sinoref Group was completed on 12 April 2019. Furthermore, the final consideration is adjusted to HK$53.8 million with the prepayment of HK$2 million at completion date. Upon completion of the disposal, Sinoref Group ceased to be a non-wholly owned subsidiaries of the Group.

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

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

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

	2020 ***RMB'000***	2019 *RMB'000*
Loss for the year from manufacture and sale of paper converting equipment and other related equipment	**(1,789)**	(5,770)
Loss for the year from manufacture and sale of advanced steel flow control products	**–**	(6,739)
Gain on disposal of manufacture and sale of paper converting equipment and other related equipment	**25,840**	–
Gain on disposal of manufacture and sale of advanced steel flow control products	**–**	45,754
Profit for the year from discontinued operations	**24,051**	33,245

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

	2020	2019
	RMB'000	*RMB'000*
Revenue	**9,042**	54,392
Cost of sales	**(7,528)**	(49,038)
Gross profit	**1,514**	5,354
Other income	**25**	197
Impairment loss	**(582)**	(7,377)
Selling and distribution costs	**(829)**	(4,289)
Administrative expenses	**(1,530)**	(5,319)
Finance costs	**(387)**	(1,075)
Loss before taxation	**(1,789)**	(12,509)
Taxation	**–**	–
Loss for the year	**(1,789)**	(12,509)
Gain on disposal of Sinoref Group	**–**	45,754
Gain on disposal of Taicang	**25,840**	–
Profit for the year from discontinued operations	**24,051**	33,245

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

	2020	2019
	RMB'000	*RMB'000*
Discontinued operations		
Cost of inventories sold	**7,528**	49,038
Depreciation of property, plant and equipment	**–**	202
Depreciation of right-of-use assets	**22**	54
Interest expense	**387**	1,047
Impairment loss recognised in respect of trade and loan receivables	**1,486**	5,918
Written down of inventories	**704**	1,460

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

	2020	2019
	RMB'000	*RMB'000*
Net cash used in operating activities	**(6,570)**	(1,432)
Investing activities	**–**	–
Net cash generated from financing activities	**2,087**	1,814
Net (decrease)/increase in cash and cash equivalents	**(4,483)**	382

MARKET REVIEW

During 2020, the global economy was very volatile and distorted in the financial market worldwide, under the continuous threatening economic measures of Donald Trump's political administration on global trade affairs. The economic engine of China roared back to life after a government brutal lockdown measure for the control of the novel coronavirus ("Covid-19") spread saw the Chinese economy contracted by a historic 6.8 percent in the first quarter of 2020. While the rest of the world struggles with insufficient market demand, millions of job losses, and businesses shutting down; the Chinese economy has seen a better and stronger rebound since the second quarter of 2020. According to the estimation of the National Bureau of Statistics of China, the Chinese economy in 2020 had the gross domestic product (GDP) of 2.3 percent growth over the previous year, amidst the intensifying tariff battle with the United States, the drastic impacts of the Covid-19 pandemic, and efforts to deleverage debt and financial risks in the economy. In 2020, the year-on-year growth rate of total value added of the industrial enterprises above the designated size increased by 2.8 percent and the value added of the wholesale and retail trades was down by 1.3 percent over the previous year. The additional information from the National Bureau of Statistics of China for the year 2020 also showed that the fixed-asset investment of China increased by 2.7 percent year-on-year; the producer prices for industrial products went down by 1.8 percent year-on-year, and the purchasing prices for industrial producers went down by 2.3 percent over the previous year.

In 2020, the industrial production in China had considerable reduction of excess industrial capacity and its utilization rate nationwide under the hard push industry reform by the China National Development and Reform Commission. Manufacturers of industrial production were urged to cut on any substandard industrial production capacity carefully, to meet the domestic demand and for the global market, particularly under the unfavourable influence for business by the outbreak of Covid-19 pandemic worldwide.

The virtual lending platforms: peer-to-peer (P2P) for online lending known as social lending is a popular fintech application for intermediaries to gather funds from retail investors and lending the money to small and medium-sized enterprises (SMEs) and individual borrowers. The P2P lending is an easy way for some investors to have access and diversify their investments with expectations of higher returns in P2P lending operation despite of a higher risk and the possibility of the borrower defaulting. In China the massive collapse of the P2P platforms in recent years has spread panic among stakeholders particularly investors in losing confidence at their stakes, operators' liquidity and even the solvency of the platforms. With the tightened government regulation on the P2P lending industry during 2020, a slew of Chinese fintech and P2P lending platforms continued to seek for lenient markets in Southeast Asia (SEA), after the prolonged industry crackdown in China.

The huge potential market in the lending business are of more risks in China than the distinctive operation of lending business in Hong Kong market. Hong Kong government has always reminded borrowers on the risks while borrowing, and all moneylenders must operate business in strict compliance with Money Lenders Ordinance and license restrictions. In September 2019, the Hong Kong Consumer Council published a report, setting out recommendations for better regulation of money lending practices in Hong Kong. Despite the adverse effects from the trade war between U.S. and China in recent years and the 2019 social devastation and demonstration in Hong Kong, the low interest rate of borrowing still boosted the Hong Kong property market growth both in terms of property price and transaction volume in 2020. Recently, the Companies Registry (CR) has issued new guidelines and revised licensing conditions to money lenders, with a view to address increasing public concerns over irresponsible lending practices of certain money lenders. The new CR guidelines will take effect from 1 April 2021 and the new licensing conditions apply to licenses granted or renewed on or after 16 March 2021.

Today, for a retail business running with an online version of a physical store is not enough anymore, as consumers do not merely want to grab and go; and they want their shopping to be an experience of involvement and of itself as an interactive, immersive and enjoyable one. The traditional retail business model continues to lose ground and electronic commerce (eCommerce) continues its expansion from such shift of consumer behaviour. Consumers are getting accustomed to use internet and mobile apps daily for online shopping where, they 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 and Google Pay etc.

In 2020, the world market fluctuated financially on both the political and economic grounds with online shopping became more accessible than ever. eCommerce has been a bright spot among retail channels during the coronavirus pandemic, as consumers became reliant on digital transactions amid the physical store closures and a fear of the virus infection. eCommerce transactions were affluent and growing enormously worldwide during 2020, when all countries worked their very best exhaustedly to face the Covid-19 pandemic with ad hoc government measures on social hygiene and lockdown restrictions etc.

The trade war between U.S. and China, the Brexit situations and the Covid-19 pandemic had not only factually posed unpredictable concerns on the worldwide economy in 2020; but the continual geographic lockdowns, travel restrictions, social hygiene and distance, and government regulations on group gathering prohibitions etc. in different countries had greatly affected people’s living and business activities. The inconvenience from these restrictions and social hygiene measures affected people’s online shopping interest, but they had then inversely led the eCommerce activities growing in a positive way worldwide. However, the impact on eCommerce retail spending has not been felt evenly across the world.

The China Ministry of Education has continuously promoted the application of information technology (IT) to advance education reforms and ensure equitable access to education. Since January 2020, the Chinese economy has been walloped due to the outbreak of the coronavirus Covid-19, and many businesses have been shut temporarily due to the quarantine rules in China. But the lockdown measures in China, came as an unexpected boon for the online education sector there. According to the financial research and publication in China, the software DingTalk developed by Alibaba has been installed approximately 1.1 billion times in China during the Covid-19 pandemic and it is being used extensively by schools and students in China. Approximately 220 million Chinese students, including those of primary, secondary and tertiary were homebound due to regulated travel and hygiene restrictions during the Lunar New Year holidays because of the epidemic. In fact, the Covid-19 pandemic offers an enormous opportunity for the companies operating in online education space in China, nonetheless, factors like the lack of supervision of online platforms may hinder the market growth of China online education.

As over 800 million Chinese people are internet users, and with the application of the impressive fiber, broadband, and internet coverage even in many remote regions in China, STEAM (science, technology, engineering, art, mathematics) education constitutes K-12 education, the largest segments of China's (Educational Technology) EdTech market which in 2018 had already reached RMB300 billion in revenues. EdTech's potential user base further expanded in early 2020, when the Chinese Ministry of Education decided to postpone the spring semester of schools and kindergartens to curb the spread of the novel coronavirus Covid-19. In fact, some students have been quick to pick up on the flexibility of online learning; and even teachers also acknowledge the flexibility that comes with online learning, which they have never used before.

Amid the Covid-19 pandemic, the online education industry in China witnesses its golden age. As the Covid-19 epidemic shuttered schools for months in 2020, online education has therefore obtained an unexpected opportunity to thrive while many industries have been affected. Since the kids are spending more time than ever before in front of their computer screens, leaders in the education industry are busy cashing in. Despite the market instability in the outside world, the market growth of online education and EdTech business in China expanding steadily in a rational and healthy way each year with the enhancement of the modern technology and knowledge. In 2020, Chinese online learning iHuman Inc. even capitalized by going public on the U.S. stock market at New York Stock Exchange, regardless of the increasing tensions between the world's two biggest economies. This is by no means the first time that a Chinese education firm has made the plunge overseas, and particularly in U.S. And the NASDAQ and New York Stock Exchange websites indicate that there are now thirteen Chinese educational companies listed in the U.S.

BUSINESS REVIEW

In 2020, the Cybernaut Group might still be regarded as comprising segments of subsidiary groups, namely those engaged in the manufacture and sales of paper converting equipments (which was disposed in May 2020); money lending business; eCommerce business and internet online education services.

During the year under review, the manufacturing businesses in China were adversely affected by the escalating trade war between U.S. and China. Our subsidiary segment business of manufacturing paper converting equipment of Cybernaut Group, operating in China was of no exception and suffered from the harsh competition and trade suppression resulted from the U.S.-China trade war. Facing huge reduced order size and market demand in the competitive world market, and the lockdown for production at the occurrence of Covid-19 epidemic in China, management decided to dispose the non-profit making subsidiary business in 2020.

References were then made to the announcement of Cybernaut International Holdings Company Limited (the "Company") dated 11 February 2020 in relation to the disclosable transaction regarding the disposal of 100 percent equity interest in Great Select Global Limited. Accura Machinery & Manufacturing (Taicang) Company Limited, a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of the Great Select Global Limited, a company established under the laws of the Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, was disposed at cash consideration of HK$7 million. And this disposal of the subsidiary segment engaged in the manufacturing paper converting equipment of Cybernaut Group was then completed with settlement on 27 May 2020.

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 2020. Moreover, the Hong Kong government authority periodically advises borrowers to be aware of the risks of increased interest rate and the implication of the unstable and uncertain economic environment. During the year under review, the subsidiary generated revenue mainly from the first mortgage property loans to customers for their long and short term financial needs. To maintain credit control efficiency, TCL did not conduct business to SMEs at retail level, and potential borrowers were mainly sought from the social and business networks of the management and marketing team. With the high net worth customer base and partnership alliance on sub-mortgage arrangements, the TCL loan portfolio continued to target on serving potential clients like Hong Kong Listco and big corporate clients under the unfavourable market conditions in Hong Kong at the outbreak of Covid-19 pandemic, and contribute a steady income stream to the Cybernaut Group in 2020.

In 2020, our eCommerce business subsidiary with the trade name of "VTZero" met the expanded overseas market demands under the Covid-19 pandemic, despite the global political unrest and economic fluctuation; and the subsidiary had recognized good revenues in 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 marketplaces are booming and are launched mostly by traditional local retail enterprise and since they have years of reputation that people are preferred to shop there instead. As a result, VTZero as a cross-border eCommerce trading company, has evaluated the online shopping habit country by country and explored 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 during 2020. Despite the U.S.-China trade war and the Covid-19 pandemic, the subsidiary could barely reduce its market risks with product diversification strategy to maintain its profit margin with an overall increase of business turnover during 2020. Other than selling mainly through eBay and Amazon, VTZero also sold products through different selling channels and online marketplaces like Rakuten in Germany, cDiscount, Fnac and Darty in France etc. through the established different business strategic alliances with the local agents in different countries including Europe and North America during the year under review.

During 2020, the subsidiary segment of Cybernaut Group engaged in the online education business with continued great momentum of demands of last year, and due to the lockdown and hygiene restrictions in regulation, expanded with good returns and increased market developments in the EdTech and online education industry in China. The subsidiary management through the VIE arrangements had closely monitored the changes of 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.

FINANCIAL REVIEW

Revenue

Paper Converting Equipment and Other Relating Equipment

The revenue generated from paper converting equipment business contributed approximately RMB9.0 million for the period from 1 January 2020 to 27 May 2020 (for the year ended 2019: RMB40.1 million). The business was disposal on 27 May 2020.

Money Lending

Even though the keen market competition, the wide spread of the Coronavirus Disease 2019 ("Covid-19") epidemic and the continuous social unrest in Hong Kong, the revenue contributed by this business was approximately RMB16.9 million for the year ended 2020 (for the year ended 2019: RMB16.2 million). The revenue increased by approximately 4.3% when comparing to previous year is mainly due to the increase of lending interest rate.

ECommerce

The revenue contributed by this business was approximately RMB243.7 million for the year ended 2020 (for the year ended 2019: RMB241.7 million). The revenue increased by approximately 0.8% is mainly due to the trend of online shopping because of the whirlwind outbreak of Covid-19.

Internet Education Services

The revenue contributed by this business which was acquired in November 2017 was approximately RMB24.6 million for the year ended 2020. (for the year ended 2019: RMB29.0 million). The revenue decreased by approximately 15.2% is mainly due to the effect of the temporary suspended operation and more competition of new market entrants of internet education services in the first quarter of 2020 due to an outbreak of novel Covid-19 and business resume momentum in the second half of 2020.

Cost of Sales/Service Rendered

The Group's cost of sales mainly comprised costs of raw materials, labour and other direct costs of sales and services rendered. During the year, the Group's cost of sales increased by approximately 2.5% from RMB213.4 million (Represented) in 2019 to approximately RMB218.8 million in 2020. The increase is mainly due to the increase of revenue of eCommerce business.

Gross Profit

The Group experienced a gross profit of approximately RMB66.5 million for the year ended 31 December 2020. For the year ended 31 December 2019, the Group recorded a gross profit of approximately RMB73.5 million (Represented). There was a decrease of approximately 9.5% in gross profit. The gross profit was from the segment business in money lending, eCommerce and internet education services business, and a slight drop in the gross profit ratio in the money lending and internet education business.

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 2020, impairment losses were recognised on trade and loan receivables of approximately RMB20.1 million. (for the year ended 2019: RMB41.6 million (Represented).).

(b) Impairment loss was recognised on goodwill of eCommerce business of approximately RMB92.5 million (for the year ended 2019: RMB61.2 million) mainly due to some possibility of unexpected performance and business growth due to the Covid-19 pandemic and fierce competition in the eCommerce business.

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 35.5% from approximately RMB3.1 million (Represented) for the year ended 31 December 2019 to approximately RMB4.2 million for the year ended 31 December 2020. The increase is mainly due to the increase of transportation expenses in the operation volume increase of eCommerce business.

Administrative Expenses and Other Expenses

The Group's administrative expenses and other expenses decreased by approximately 7.9% from approximately RMB77.9 million (Represented) for year ended 31 December 2019 to approximately RMB69.6 million for the year ended 31 December 2020. The decrease is mainly due to the effective cost control in subsidiary business of the Company in 2020.

Finance Costs

The Group's finance costs composed of bank loans and promissory notes were approximately RMB19.6 million for the year ended 31 December 2020 (2019: RMB15.8 million (Represented)). The interest rate for bank loan was at a fixed interest rate of 3.25% per annum (2019: 3.25% and 5.22% per annum, respectively).

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 2020.

Loss for the Year

As a result of the challenging conditions, the Group's loss (included the discontinued operations) for the year ended 31 December 2020 was approximately RMB77.4 million, compared to approximately RMB105.0 million for the previous year. The loss decreased when comparing to previous year was mainly due to the fair value gains on extension of promissory notes of approximately 35.5 million(for the year ended 2019: Nil). The Group's loss per share from continuing and discontinued operations decreased from RMB2.48 cents for the year ended 31 December 2019 to RMB1.92 cents in 2020.

Final Dividends

The Board does not recommend the payment of a final dividend for year ended 31 December 2020 (2019: Nil).

Capital Structure, Liquidity and Financial Resources

As at 31 December 2020, the Group's bank balances and cash was approximately RMB87.2 million (2019: RMB158.3 million).

Total equity of the Group as at 31 December 2020 was approximately RMB312.0 million (2019: RMB400.2 million). The Group has an outstanding bank loan and promissory notes of approximately RMB3.4 million and RMB334.7 million, respectively as at 31 December 2020 (2019: RMB27.0 million and RMB335.6 million, respectively).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Material 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.

Pledge of Assets

As at 31 December 2020, the Group did not pledge any buildings and leasehold land as collaterals for bank loan granted to the Group (2019: RMB0.10 million). 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 2020, the gearing ratio of the Group was 46% (2019: 36%).

Contingent Liabilities

As at 31 December 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.

CONTINGENT CONSIDERATION AND LIABILITIES

On 26 July 2017, the Company entered into the Share Purchase Agreement (the "SPA") with Cybernaut Education Limited, a company which is owned as to 90% by Mr. Zhu Ming, an executive director and a substantial shareholder of the Company, (the "Vendor"). Pursuant to the SPA, the consideration will be subject to adjust based on the net profit after tax generating from operating activities (the "Net Profit") of the Cybernaut Technology International Limited and its subsidiaries as shown in the audited consolidated financial statements for:

(i) the Net Profit for the six-month period ending 30 June 2018 shall not be less than HK$7.5 million;

(ii) the Net Profit for the six-month period ending 31 December 2018 shall not be less than HK$7.5 million;

(iii) the Net Profit for the six-month period ending 30 June 2019 shall not be less than HK$9 million; and

(iv) the Net Profit for the six-month period ending 31 December 2019 shall not be less than HK$9 million.

The fair value of the contingent consideration was determined by an independent professional valuer not connected with the Group based on Binomial Option Pricing Model. The fair value as at 31 December 2020 was Nil (2019: RMB39.1 million).

As at 31 December 2020, saved as disclosed in above, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor is the Group aware of any pending or potential material legal proceedings involving the Group.

HUMAN RESOURCES AND STAFF REMUNERATION

As at 31 December 2020, the Group had about 145 staff members employed in mainland China and Hong Kong (2019: 211). Total staff costs for the year were approximately RMB21.5 million (2019: RMB20.6 million (Represented)). During the year, the Group continued to reinforce the training to its staff by providing training and study opportunities for management staff and professional technicians. In addition, the Group has provided a timely update to all staff about the latest government policies of the industry to continuously enhance the professional standard and quality of the staff.

Meanwhile, the Group has provided competitive remuneration for staff which encourages them to commit themselves and serve customers wholeheartedly. The Group operates share option scheme for the purpose to provide incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group granted 120 million share options to its eligible employees during the financial year as announced on 7 May 2019. The remuneration payable to the senior management of the Company (excluding Directors and Chief Executive Officer) for the year ended 31 December 2020 was determined with reference to their position, responsibilities and experience and prevailing market condition.

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

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

FUTURE PROSPECTS

In recent years, China's trading partners and investors have been closely watching the health of the world's second-largest economy as the trade war between U.S. and China intensified, takes a heavier toll on businesses and investment, and been fuelling worries of a global recession. The China economy grew at the slowest pace in more than four decades in 2020, while facing the strong headwinds ahead in global competition, but remained on course to be the only major economy in the world to have expanded, with the merit on its prompt, strict virus containment measures and emergency relief for businesses to help the economy recovery since the Covid-19 coronavirus outbreak. The coronavirus disruptions around the world has fuelled the demand for the Chinese goods and exports are expected to grow more than last year, however, Covid-19 will still a major drain on the growth of Chinese economy in 2021.

Hong Kong continues to have an active and growing money-lending market. Since 2016, the Hong Kong Government has adopted a four-pronged approach to enhancing the compliance standards of non-bank money lenders. The Hong Kong Companies Registry (CR), which currently performs the role of Registrar of Money Lenders ("Registrar") pursuant to the Money Lenders Ordinance (MLO), has recently released a new Guideline on Fit and Proper Criteria for Licensing of Money Lenders ("Fit and Proper Guideline") and a Guideline on Submission of Business Plan by Applicant of a Money Lenders Licence ("Business Plan Guideline"). And the new guidelines ("Guidelines") will be effective from 1 April 2021. In regard to the lending business segment of the Cybernaut Group, TCL will continue granting mortgage loan to clients in a prudent manner, so the lending subsidiary business can well meet the needs for the Hong Kong property market accordingly. Facing the Covid-19 pandemic in Hong Kong, TCL will be more cautious to the market demand and defaulting possibility of customers. TCL will also pay close attention on the application of the updated MLO and Guidelines, and with its tight credit policy to grant mortgage loans or for loan renewals, strictly to customers only of good reference check.

Our subsidiary engaged in eCommerce business, has majority of business specialized on B2C retailing through the platforms including eBay and Amazon will increase its product-mix and expand market developments. Besides, selling through other different marketplaces in different countries, for examples: Rakuten in Germany. cDiscount, Fnac and Darty in France, and ePrice in Italy; VTZero in eCommerce can diversify market risks and expand with more business, as these European marketplaces are growing rapidly and are mostly welcomed by their local people. Today, the eCommerce industry is highly competitive and eCommerce activities are difficult to manage. According to a study by Paypal, approximately 86 percent of mid to large eCommerce enterprises' had problems with logistics and fulfilling orders, 43 percent of the merchants' cash flow also suffered due to coronavirus Covid-19 outbreak in Hong Kong during 2020.

Online retailers today are not just moving beyond competing on price to competing also on logistics, but have to strive for survival through alliance with reputable delivery companies on prompt and quality services, especially at the time of the Covid-19 pandemic and lockdown situations. To enhance the market penetration overseas, the eCommerce subsidiary management of the Company has liaised with different local business partners of the existing alliance and logistic network, by selling more diversified new eCommerce products to overseas consumers with an efficient delivery arrangement.

In 2020, the online education markets in China was more vibrant and growing competitively. With the coronavirus pandemic under control in early spring 2020 in China, there are now fewer courses and fewer students attending classes than before, and some people even find that the online education more helpful and convenient. In fact, the competition among online education companies become increasingly brutal. Technology giants including Alibaba, Tencent, and ByteDance want to cash in on their online traffic in the education industry. ByteDance has the education business sector built through acquisitions and self-incubation in English language training, K12, higher education, and education hardware segments. Tencent's investment arm has made 34 investments in education with a total investment of approximately RMB11.7 billion, and has invested in K12, quality education, preschool education, and even examination preparation segments. Covid-19 epidemic has impacted offline education more directly but it also means online education has become more crowded and harder to compete. Only leaders and tech giants of online education are capable of sector consolidation that many analysts have believed that they will reshape the online education sector in future.

Facing the keen competition, our online education subsidiary management has engaged highly qualified education expertise and supportive staff through the existing VIE arrangements to provide high-quality updated education packages and online platforms for customers, and monitored closely the market needs and changes of the online education industry in China.

Money lending business

The second half of the current financial year remains challenging and highly unpredictable. The Covid-19 pandemic continuously impacts on Hong Kong economy and her business environment. It is also expected that the Sino-US trade war and political tension will be on-going in 2021. We expect these unfavourable factors will continue to affect our loan product demand and our business operations for the coming financial periods, but the development of the Greater Bay Area is expected to improve growth prospects in the medium term. Although the Hong Kong Government has rolled out several relief measures and support schemes to back enterprises and to support employment, it is expected the global economy and the Hong Kong economic outlook will remain sluggish during 2021. Our money lending subsidiary, TCL will continue its tight credit policy when granting mortgage loans or loan renewals, and will restrict only to customers of good reference check or in referral business with strategic partnership via sub-mortgage arrangements, so as to maintain steady business in an effective manner. TCL will continue to adopt its existing lending policy with prudent and flexible business strategies to meet the environmental changes and property market trends in Hong Kong accordingly. It will focus and continue to seize business opportunities on the increasing demand for first-mortgage property loans with interest income as its revenue source from its clients.

ECommerce business

The growth momentum for the Group's eCommerce business continued in 2020 as a result of the increased "home" time and less desire of the people to go to crowded areas under the Covid-19 outbreak. The outbreak is an unprecedented challenge which is still difficult for everyone to estimate how long it will remain, but the Group observes that the consumers now have a higher tendency and frequency to shop for their needs online than before. The Group expects some of our customers may change their shopping behavior from offline to online. Our subsidiary engaged in eCommerce business, has specialized on B2C retailing through the platforms including Amazon and eBay will increase its product-mix and expand market developments. Besides, in regard to B2B segment sales, it has been selling second-handed mobile phones and accessories to Europe while the sales turnover in B2B is growing month by month. The eCommerce subsidiary management has found the turnover from the B2B sales fruitful and will continue with current strategy to seek greater market penetration overseas with more involvement from different local partners through the existing logistic network. Besides, the subsidiary has also enhanced brand awareness in its self-hosted websites on search engine marketing and after sales services. It has expanded more eCommerce business transactions through sales channels and platforms like Rakuten, Newegg, Walmart and Cdiscount marketplaces etc., with an aim at higher business growth in the non-English speaking markets. The subsidiary management realizes that the easy access to its own website and the eCommerce sales platforms can enable customers to choose their products conveniently worldwide, and adopting its current marketing strategy will continue to generate increasing revenue return for the Group.

Internet online education business

Online education industry in China has grown rapidly in the past few years, but research analysts believe that more business opportunities will surface as technology advances and capital pours in. To achieve this, we will continue to invest more in recruiting, retaining, training and promoting high calibre teaching, course research and marketing staff. Along with the development of 5G technology and increasing penetration in the online education market, the competition in the online education industry is intensifying. We will continue adopting good strategy to optimise our product portfolio in response to the fast-changing industry landscape and customers' booming demand for new technology and new content in China despite the coronavirus pandemic.

China will become one of the world's most vibrant online education markets in future, as there are growing household spending power, an undersupply of education resources, and the introduction of the two-child policy in the country. Through working for the online learning service, the teachers can publish schedules online based on their own time arrangements and teach classes from wherever there is internet accessible. The Group will allocate more resources from its pool of education experts in China to manage the subsidiary business growth and development of the online education in 2020.

Looking forward, the global economy is unstable and the spread of Covid-19 worldwide, so the Group will allocate sufficient resources for market expansion in the profit-generating subsidiaries, namely the money lending business, eCommerce business and the online education business. Moreover, the management is still prudently optimistic about the operating environments of these profitable segment business and will devote more corporate efforts to restructure cautiously the underperformed or phase out the non-contributing ones.

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 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 engagements, one independent non-executive Director could not attend the 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 year ended 31 December 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.

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 2020.

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 2020.

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 2020 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 2020.

EVENT AFTER THE REPORTING PERIOD

Reference is made to the voluntary announcements of the Company dated 24 February 2020, 17 August 2020 and 24 November 2020 (the "Announcements") in relation to the LOI of the Proposed Acquisition.

The Board wished to announce that as no Formal Agreement been entered into between the Group and Mr. Xiao on or before 23 February 2021 nor there be an agreement reached in extending the date of entering into the Formal Agreement, the LOI has automatically lapsed and ceased to have any effect.

On 23 February 2021, an announcement relating to the above-mentioned voluntary announcements was made for the lapse of letter of intent in respect of the proposed acquisition.

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 2020 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 2021

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.