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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 2021

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 2021, 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 2021

	NOTES	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Continuing operations			
Revenue	*3*	**71,887**	137,492
Cost of sales/service rendered		**(50,740)**	(110,241)
Gross profit		**21,147**	27,251
Other gains, net		**986**	4,440
Impairment losses, net		**(5,665)**	(23,893)
Selling and distribution costs		**(1,130)**	(1,139)
Administrative expenses		**(32,979)**	(34,883)
Finance costs	*5*	**(18,723)**	(9,993)
Loss before taxation		**(36,364)**	(38,217)
Taxation	*6*	**2,704**	451
Loss for the period from continuing operations		**(33,660)**	(37,766)
Discontinued operations			
Profit for the period from discontinued operations		**–**	24,051
Loss for the period	*7*	**(33,660)**	(13,715)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**608**	5,497
Total comprehensive expense for the period		**(33,052)**	(8,218)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(33,678)**	(12,423)
Non-controlling interests		**18**	(1,292)
		(33,660)	(13,715)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(33,069)**	(6,856)
Non-controlling interests		**17**	(1,362)
		(33,052)	(8,218)
Loss per share from continuing and discontinued operations	*9*		
Basic and diluted		**(RMB0.85 cents)**	(RMB0.31 cents)
Loss per share from continuing operations			
Basic and diluted		**(RMB0.85 cents)**	(RMB0.91 cents)
Earnings per share from discontinued operations			
Basic and diluted		**RMB – cents**	RMB0.60 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

	NOTES	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**10,724**	11,550
Right-of-use assets	*11*	**4,723**	3,508
Goodwill		**282,933**	282,933
Intangible assets	*12*	**47,572**	58,783
Financial assets at fair value through profit or loss		**402**	569
		346,354	357,343
Current assets			
Inventories		**11,957**	12,659
Trade receivables	*13*	**26,481**	30,583
Loan receivables	*14*	**146,314**	152,450
Other receivables, deposits and prepayments		**89,700**	87,977
Restricted bank deposits		**8,649**	8,754
Bank balances and cash		**35,601**	87,175
		318,702	379,598
Current liabilities			
Trade and bills payables	*15*	**36,718**	30,200
Other payables and accruals		**12,109**	37,665
Lease liabilities		**4,414**	2,811
Tax liabilities		**931**	3,193
Bank borrowings	*16*	**7,485**	3,367
		61,657	77,236

	NOTES	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Net current assets		**257,045**	302,362
Total assets less current liabilities		**603,399**	659,705
Non-current liabilities			
Lease liabilities		–	470
Deferred tax liabilities		**9,426**	12,514
Promissory notes	*17*	**315,041**	334,737
		324,467	347,721
Net assets		**278,932**	311,984
Capital and reserves			
Share capital	*18*	**337,128**	337,128
Reserves		**(53,532)**	(20,463)
Equity attributable to owners of the Company		**283,596**	316,665
Non-controlling interests		**(4,664)**	(4,681)
Total equity		**278,932**	311,984

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 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise HKFRSs; Hong Kong Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020. A number of new or amended standards are effective from 1 January 2021 but they do not have a material effect on the Group's condensed consolidated financial statements.

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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from continuing operations:		
Interest income from money lending business	**7,842**	8,162
Revenue from trading of goods from eCommerce business	**56,970**	119,613
Revenue from provision of internet education services	**7,075**	9,717
	71,887	137,492
Revenue from discontinued operations:		
Revenue from trading of paper converting equipment and other relating equipment	**–**	9,042

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.

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

For the six months ended 30 June 2021 (Unaudited)

	Continuing operations			
	Money lending business	**eCommerce**	**Internet education services**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**7,842**	**56,970**	**7,075**	**71,887**
Segment (loss)/profit	**(22,316)**	**3,164**	**(2,608)**	**(21,760)**
Unallocated corporate income				**177**
Unallocated corporate expenses				**(14,781)**
Loss before taxation				**(36,364)**

For the six months ended 30 June 2020 (Unaudited)

	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*	**Consolidated** *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)

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Interest charge on lease liabilities	**47**	54
Interest charge on promissory notes	**18,594**	9,820
Interest charge on bank borrowing	**82**	119
	18,723	9,993
Discontinued operations:		
Interest charge on bank borrowing	**–**	363

6. TAXATION

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Hong Kong Profits Tax:		
Current period	**384**	992
PRC Enterprise Income Tax:		
Current period	**–**	1,645
Deferred tax:		
Current period	**(3,088)**	(3,088)
	(2,704)	(451)

Hong Kong Profits Tax was calculated at 16.5% (2020: 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% (2020: 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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss/profit for the period from continuing operations has been arrived at after charging:		
Cost of inventories recognised as an expense	**50,740**	110,241
Depreciation of property, plant and equipment	**891**	933
Depreciation of right-of-use assets	**1,924**	2,162
Amortisation of other intangible assets	**13,098**	12,408
Loss/profit for the period from discontinued operation has been arrived at after charging:		
Cost of inventories recognised as an expense	**–**	7,741
Depreciation of property, plant and equipment	**–**	23
Depreciation of right-of-use assets	**–**	22

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the current period (2020 interim and final dividend: RMB Nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
From continuing and discontinued operations		
Loss for the period attributable to the owners of the Company	**(33,678)**	(12,423)

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
From continuing operations		
Loss for the period attributable to the owners of the Company	**(33,678)**	(36,474)

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
From discontinued operations		
Earnings for the period attributable to the owners of the Company	**–**	24,051

	Six months ended 30 June	
	2021	2020
	'000	*'000*
	(Unaudited)	(Unaudited)
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

Diluted loss per share for the six months ended 30 June 2021 and 2020 was the same as the basic loss per share because the computation of diluted loss 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 2021, the Group acquired property, plant and equipment of approximately RMB198,000 (2020: RMB195,000), and no property, plant and equipment has been disposed of (2020: RMB Nil).

11. RIGHT-OF-USE ASSETS

During the period ended 30 June 2021, additions to right-of-use assets were RMB2,964,000 (2020: RMB3,757,000), which related to the capitalised lease payments payable under new tenancy agreements and disposed to right-of-use assets were RMB Nil (2020: RMB176,000), which related to prepaid lease payments under disposal of subsidiary.

12. INTANGIBLE ASSETS

As at 30 June 2021, intangible assets included platform and contract backing of carrying value of approximately, RMB41,255,000 and RMB6,317,000 respectively (31 December 2020: RMB51,973,000 and RMB6,810,000). 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 2020: 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 2021 ***RMB'000*** **(Unaudited)**	At 31 December 2020 *RMB'000* (Audited)
0 – 30 days	**6,044**	9,574
31 – 60 days	**611**	–
61 – 90 days	–	9,050
91 – 120 days	**1,423**	8,912
121 – 180 days	**7,711**	–
181 days to within 1 year	**10,692**	3,047
	26,481	30,583

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 RMB3,613,000 (30 June 2020: allowance of RMB1,545,000) 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 2021 *RMB'000* (Unaudited)	At 31 December 2020 *RMB'000* (Audited)
Within 3 months	**68,650**	19,362
3 months to 1 year	**71,372**	118,060
Over 1 year which contain a repayment on demand clause	**6,292**	15,028
	146,314	152,450

Loss allowance of RMB3,854,000 (30 June 2020: RMB15,878,000) recognised during the six month ended 30 June 2021 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 2021 *RMB'000* (Unaudited)	At 31 December 2020 *RMB'000* (Audited)
0 – 30 days	**8,878**	5,539
31 – 60 days	**8,165**	3,464
61 – 90 days	**–**	8,809
Over 90 days but within 1 year	**19,675**	12,388
	36,718	30,200

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 RMB7,485,000 (31 December 2020: RMB3,367,000), which was secured by the Group's bank balance of RMB8,649,000 (31 December 2020: RMB8,418,000) and leasehold land and building with a net carrying value of RMB Nil (2020: RMBNil) at the end of the reporting period and repayable within one year.

17. PROMISSORY NOTES

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Brought forward	**334,737**	335,642
Accrued interest charged	**18,594**	19,229
Issue of promissory note upon fulfillment of profit guarantee	**–**	37,016
Fair value change on extension on promissory notes	**(2,554)**	(35,521)
Repayment	**(31,798)**	–
Exchange realignment	**(3,938)**	(21,629)
Carried forward	**315,041**	334,737
Analysis as:		
Current	**–**	–
Non-current	**315,041**	334,737
	315,041	334,737

18. SHARE CAPITAL

	Number of shares at HK$0.10 per share	**Amount**
	'000	*HK$' 000*
Authorised:		
At 1 January 2020, 30 June 2020, 31 December 2020, 1 January 2021 and 30 June 2021	20,000,000	2,000,000
Issued and fully paid:		
At 1 January 2020, 30 June 2020, 31 December 2020, 1 January 2021 and 30 June 2021	3,975,448	397,545
Shown in the condensed consolidated financial statements		
At 31 December 2020 (Audited)	RMB'000 equivalent	337,128
At 30 June 2021 (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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Remuneration of the Directors and other members of key management	**2,299**	2,508
Retirement benefit scheme contributions	**63**	33
	2,362	2,541

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	**2021**	2020
Name of related party	**Relationship**	**transaction/balance**	***RMB'000***	*RMB'000*
			(Unaudited)	(Unaudited)
Zhu Min	Executive director	Promissory notes	**–**	37,016
Lu Yongchao	Executive director	Loan interest received	**20**	63
		Loan receivable	**2,453**	2,689
Yip Sum Yu	Executive director	Loan interest received	**73**	–
		Loan receivable	**2,412**	–
Sin Kwok Wai Ronald	Key management	Loan receivable	**416**	842
Hongshanshu (Hangzhou) Information Technology Co., Ltd	Common directorship *(Note 1)*	Purchase of intangible assets	**944**	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.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half year of 2021, faced with complicated and changing environment both at home and abroad, under the leadership of the Central Committee with President Xi Jinping, all regions over the country strictly implemented the government decisions and arrangements; and the State Council continued to consolidate and expand the achievements made in the Covid-19 epidemic prevention and control, and the economic and social development. And with the proper macro policies implemented in time, China's economy could sustain a steady recovery with the production and demand picking up, employment and prices remaining stable, new driving forces thriving fast, quality and efficiency enhancing, market expectations improving and major macro indicators staying within their reasonable range. Despite the continued trade battle with the United States and domestic efforts to deleverage debt and financial risks together with the hit devastated from the Covid-19 novel coronavirus epidemic, the national economy witnessed the steady and sound growth momentum consolidated, and the year-on-year GDP growth for the first quarter 2021 was 18.3 percent, with an average two-year growth of approximately 5.0 percent

According to the National Bureau of Statistics of China, the GDP of China had a year-on-year increase of 12.7 at comparable prices for the first half of 2021. In the first half of 2021, the total value added of the industrial enterprises above the designated size grew by 15.9 percent year-on-year; the fixed-asset investment of China increased by 12.6 percent percent year-on-year; the producer prices for industrial products went up by 5.1 percent year-on-year; and the purchasing prices for industrial producers went up by 7.1 percent year-on-year. In June, the Index of Services Production increased by 10.9 percent year on year, with an average two-year growth of around 6.5 percent.

According to the information disclosed by the China Banking and Insurance Regulatory Commission (CBIRC) in the first half of this year, the number of Chinese peer-to-peer (P2P) lenders dropped to approximately zero at the end of 2020, from a peak of 5,970 in 2017 after the country increased efforts to crack down on risky forms of financing over the past several years. The risks of shadow banking have continued to fall in recent years, with the scale of shadow banking shrinking by RMB20 trillion yuan (US$3.04 trillion) from its historical peak, said the CBIRC. Shadow banking refers to activities performed by financial firms outside the formal banking sector which have been subject to lower levels of regulatory oversight and higher risks. Just a few years ago, P2P lending platforms were touted as a model to reshape China's financial landscape, but a lack of financial regulations saw the fly-by-night operators run amok. Worries of the P2P investors soon turned into anger and despair as the Beijing-based Jieyue United made its way onto the Chinese government's liquidation list, and the chance of getting their money back appears to be dwindling.

In fact, China's P2P purge leaves millions of victims out in the cold, the shroud over peer-to-peer lending firms has fallen, and China's banking regulator says all such platforms across the country have ceased operations; and many people's life savings are feared to be lost. The CBIRC has at all times called for efforts to resolutely prevent and fend off systemic financial risks and make the financial sector better serve the real economy. Since the Hong Kong lending market are very distinctive to that of China, there are higher risks for the lending business operation with different platforms in China.

On Sunday, 22 August 2021 the Hong Kong Financial Secretary Paul Chan said that Hong Kong's economy was showing signs of improvement, with unemployment going down and the Hong Kong Government(the "Government")'s HK$5,000 voucher scheme was expected to boost people's spending. He said the unemployment rate had returned to 5 percent, down from its 7.2 percent early this year. Despite an improvement in the employment situation, business of the retail, catering and accommodation, he has noted that the economic growth rates of those segments still haven't returned to pre-pandemic levels. Mr. Chan also commented that whether the economy and the job market could continue to improve would depend on the local Covid-19 situation and Hong Kong's anti-epidemic efforts; adding that people in Hong Kong should get vaccinated to protect themselves in order to provide a stronger basis for the economy's recovery.

On 8 April 2020, the Government unveiled a new round of stimulus package of HKD137.5 billion to support businesses and individuals as the outbreak of Covid-19 continued to severely damage the global economy. Since then 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 to help businesses stay afloat, alleviate some of the financial burden suffered by individuals and businesses and ultimately assist the Hong Kong economy in recovering from the novel coronavirus Covid-19 crisis. And the Hong Kong Census and Statistics Department data revealed that, the real GDP grew 7.8 percent from the same period on last year during the first half of 2021. Although the effects resulted from the trade war between U.S. and China and the Covid-19 pandemic, the continuing low interest rate of borrowing in the first half 2021, 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 in recent years has posed unpredictable concerns on the worldwide economy, including the eCommerce expansion 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. The mobile revolution is continuing to dominate the eCommerce business world, as more than half the global consumers now have a smartphone, and this number is only slated to increase in the years to come. While a post-Covid-19 world is expected to recover more slowly than it did after the 2008-2009 global financial crisis, eCommerce is the economic sweet spot as brands and consumers rush online. It is estimated that nearly 150 million people shopped online for their first time in the Covid-19 pandemic during 2020, and the number of eCommerce buyers will continue to rise this year. ECommerce at a percentage of total global retail sales is expected will continue to grow over the next five years; and this trend of growth is not only a tailwind for digital brands, but also a headwind as the world of eCommerce becomes more crowded and competitive than ever.

To fully take advantage of the rapidly growing eCommerce wave, businesses consider selling products on as many channels as possible, i.e. through online, retail, and social platforms. And the top eCommerce stores are now using artificial intelligence (AI) to provide an automated and yet personalized shopping experience to their customers. Along with the big data and machine learning, AI is helping eCommerce businesses understand their customers' buying preferences and practices; and this kind of technology is tough to replicate in a physical shopping scenario. ECommerce has once focused entirely on Business-to-Consumers (B2C) since its inception, but Business-to-Business (B2B) is finally waking up to the benefits of selling online. Few years earlier, B2B relied heavily on sales representatives to do the selling, but this trend is fading slowly and getting replaced more by self-service options in 2021.

The China Ministry of Education has continuously promoted the application of information technology (IT) to advance education reforms and ensure equitable access to education. The number of online education users in China skyrocketed in 2020 and reached 341.7 million, accounting for approximately 34.6 percent of internet users as at 31 December 2020; and K-12 training, tertiary education, and vocational education are the most important parts of the online education in China. It is estimated that China's online education was a RMB400.38 billion yuan (US$58.51 billion) market in 2020, with an annual growth rate of over 24 percent.

In fact, the Covid-19 coronavirus pandemic has a positive impact on the K-12 sector of school education going online in China, but slows down territory education and vocational education due to the delayed or cancelled academic examinations and overseas study. According to a 2020 report by Oliver Wyman of Marsh McLennan Management Consultancy, the market size for China's after-school tutoring for kindergarten to 12th grade students reached RMB800 billion yuan ($123.7 billion) in 2019. The consultancy has once predicted the online education market will break RMB1 trillion yuan by 2025; and the online education business growth was further accelerated by the Covid-19 pandemic, as that for online tutoring during 2020. In China, where parents urge their children to pursuit a good education; and the good grades of academic results play an outsized role in determining the future ambition and career opportunities of their children. Thus, tens of millions of students across China get drown in after-school tutoring courses every year.

Since the Chinese central government officially released the so-called double reduction policy on education in July 2021, local authorities in several provinces, such as Shanxi and Hunan, have ordered private businesses to suspend online and offline tutoring classes for the children from kindergarten to 9th grade. The policy states that one of its major goals is to ease the burden and anxiety for Chinese parents wanting to give their children a good education. The guidelines focus on the nine years of compulsory education before high school i.e. the education from elementary to middle school in China; and that also call for academic tutoring businesses to restructure as of non-profit running business. Besides, the policy also prohibits those businesses from offering classes on weekends, holidays, summer and winter school breaks, therefore effectively allowing tutoring only on weekdays with a limited number of hours. "The scale of the tutoring crackdown is far beyond expectations. The education industry was preparing for some regulations, but it didn't expect an order for restructuring that included even a ban on public listings, making the sector basically as not investable." said by an analyst of the asset manager, Harvest Fund Management in China in early August 2021.

Before such crackdown in China, some of China's largest after-school tutoring companies – the U.S. listed firms, namely Gaotu Techedu, New Oriental and TAL Education, were riding at a business boom before the summer crackdown. These three tutoring giants in China, each reported a double-digit growth in their latest quarterly earnings reports. But badly affected by the policy measures announced, Chinese education stocks listed in the U.S. plunged after such news of the government crackdown on tutoring, and lost more than half their value on that day in August this year.

Business Review

In the first half of 2021, the Cybernaut Group comprises of three segments of subsidiary groups, namely those engaged in the money lending business; eCommerce business and internet online education services.

During the period under review, the Cybernaut Group subsidiary segment businesses have operations in both Hong Kong and overseas were still adversely affected by the trade war between China and U.SA., despite the Administration under the new U.S. President Joe Biden since January 2021.

Time Credit Limited (TCL), 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), prudently maintained business operation with its existing strategy in the first half of 2021. During the period under review, the subsidiary continued its business policy to generate revenue from the first mortgage property loans to customers of the high net worth and through referrals. Additionally, with partnership alliance on sub-mortgage arrangements, the TCL loan portfolio could contribute a steady income stream to the Cybernaut Group in the first half of 2021. In consideration of the government measures to release the hardship of business in Hong Kong financially to face the Covid-19 pandemic in 2020, the TCL management had also helped 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 2021, 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 through eBay and Amazon, VTZero also worked with best efforts through different online marketplaces like Rakuten, cDiscount, Fnac and Darty to maintain business under the global Covid-19 pandemic during the period under review. In the first half 2021, the subsidiary has taken cautious procedures to reduce its market risks and uncertainties resulted from the U.S. - China trade war and the impact of the Covid-19 on market demand. Unfortunately, the subsidiary of eCommerce operation was adversely affected in revenue in the first half 2021, due to the continual absence of flights and local logistics for overseas customers during the Covid-19 pandemic and different country lockdowns; besides, some marketplace platforms had implemented restrictive clauses of high retention money on our business for any of our potential claims on logistic delays.

During the period under review, the subsidiary segment of Cybernaut Group engaged in the online education business, had built on the increased demands of last year. Though it was partly resulted from the Covid-19 pandemic effects in China, the subsidiary could steadily maintained business returns and market developments in the online education industry in the first half 2021. The subsidiary management through the VIE arrangements had closely monitored the online business to provide users with the best updated information and software accessible through the education platform and packages. In July 2021, the Group management noted that the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the People's Republic of China had issued the Opinions on Further Reducing the Burden of Compulsory Education Students' Homework and Off-campus Training* (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the "Opinions"), which regulates institutions offering tutoring on the school curriculum. Since then, the holding Company and our subsidiary management have been in close communication with our PRC legal advisers to assess the potential impact of the Opinions and seek for operation advice for our subsidiary. Until now, the implementation of the Opinions and the impact on the subsidiary operation of the Group are still unclear.

Consolidation in Customer Base

The outbreak of the Covid-19 pandemic has intermittently caused some traffic restriction of nationwide epidemic control in different countries in 2021; and the business and operation of our subsidiaries were affected in different extend during the period under review.

For our money lending business and its operation during the Covid-19 pandemic in Hong Kong, 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 2021, our eCommerce business included mainly online retail sale. In future, we will enhance business growth and the customer royalty to encourage them to visit our site more regularly and particularly in the pandemic lockdown time. The major customers were mainly those in USA, France and UK.

In November 2017, the Group acquired new business segment – Internet education services, which contributed approximately RMB7.1 million for the period ended 30 June 2021. 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 follow the government new education guidelines and continue to explore business opportunities in our segments to drive further business growth.

Expanded Growth in Overseas Markets

For the half year of 2021, eCommerce contributed more than 79% 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 buying habits changes due to the social unrests in Hong Kong continued to create economic uncertainty and great challenges to the Group. In addition, the outbreak of coronavirus disease Covid-19 dramatically impacted the global economy, business investment, consumers demand and spending during 2020 and the first half of 2021. The management realises the business hardship and 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

During the period under review, the research patents and development on the Group's internet education segment business in China has a total of 16 patents as at 30 June 2021. The business engaged a team of 13 professionals in the business segment development and related research areas for the six months ended 30 June 2021.

Financial Review

Revenue

Money Lending

Due to the keen market competition and the wide spread of Coronavirus Disease ("Covid-19"), our money lending business tend to be more conservative in the first half of 2021. As a result, the revenue contributed by this business was approximately RMB7.8 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB8.2 million).

ECommerce

The revenue contributed by this business was approximately RMB57.0 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB119.6 million). The decrease of revenue of approximately 52.4% was mainly due to price and supply fluctuation on second hand iPhone from USA in 1st season; continuous logistics cost increase hits the margin; and logistics time to European warehouse unstable and mostly delay and hit the sales stability on marketplace.

Internet Education Services

Due to an outbreak of novel Covid-19 and the subsequent quarantine measures imposed by the PRC government intemiently, our internet education services had gradually resumed business and performed well according to the instruction of the PRC government during the period under review. As a result, the revenue contributed by this business, which was acquired in November 2017 was decreased to approximately RMB7.1 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB9.7 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 2021, the Group's cost of sales decreased by approximately 54.0% from approximately RMB110.2 million for the six months ended 30 June 2020 to approximately RMB50.7 million for the six months ended 30 June 2021. The decrease was mainly attributable to the decrease 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 RMB21.1 million for the six months ended 30 June 2021. For the six months ended 30 June 2020, the Group recorded a gross profit of approximately RMB27.3 million. There was an increase in the gross profit ratio in ECommerce business.

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 2021, an increase for loss allowance for trade receivables and loan receivables amounted to approximately RMB7.5 million has been recognised for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB17.4 million).

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 2021, the Group's selling and distribution costs was approximately RMB1.1 million for the six months ended 30 June 2021 (for the six month ended 30 June 2020: approximately RMB1.1 million).

Administrative Expenses

The Group's administrative expenses decreased by around 5.5% from approximately RMB34.9 million for the six months ended 30 June 2020 to approximately RMB33.0 million for the same period ended 30 June 2021. 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 2021 (for the six months ended 30 June 2020: approximately RMB12.4 million).

Finance Costs

The Group's finance costs were approximately RMB18.7 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB10.0 million). The interest rate for bank loan for the six months ended 30 June 2020 and 2021 were at a floating rate at lower of prime rate minus 2% and 1-month HIBOR plus 3%. The increase of the finance cost was due to the interest payment of the promissory notes.

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. For the six months ended 30 June 2021, 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% (for the six months ended 30 June 2020: 15%). The subsidiary was entitled to the PRC EIT rate of 15% until 24 October 2020.

Loss and total Comprehensive Expense for the Period

The Group's loss and total comprehensive expense for the six months ended 30 June 2021 was approximately RMB33.1 million while the loss and total comprehensive expense was approximately RMB8.2 million for the six months ended 30 June 2020. The Group's basic loss per share was approximately RMB0.85 cents for the six months ended 30 June 2021, compared to a basic loss per share of approximately RMB0.31 cents for the six months ended 30 June 2020. There was a profit on disposal of discontinued operation of approximately RMB24.1 million during the period ended 30 June 2020.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

Capital Structure, Liquidity and Financial Resources

The Group's bank balances and cash as at 30 June 2021 was approximately RMB35.6 million (as at 31 December 2020: approximately RMB87.2 million).

Total equity of the Group as at 30 June 2021 was approximately RMB278.9 million (as at 31 December 2020: approximately RMB312.0 million). The Group has an outstanding bank loan and promissory notes of approximately RMB7.5 million and approximately RMB315.0 million, respectively as at 30 June 2021 (as at 31 December 2020: approximately RMB3.4 million and approximately RMB334.7 million). The interest rate for bank loan for the six months ended 30 June 2020 and 2021 were at a floating rate at lower of prime rate minus 2% and 1-month HIBOR plus 3% per annum and is repayable within one year.

As at 30 June 2021, the Group's gearing ratio, which was calculated on the basis of total borrowings as a percentage of shareholder equity, was 48% (as at 31 December 2020: 46%).

Pledge of Assets

As at 30 June 2021, the Group pledged certain of its property, plant and equipment and land use rights with zero carrying value (as at 31 December 2020: Nil) as collaterals for the bank borrowing granted to the Group.

Disposal of Subsidiary and Investment

During the period under review, the Company did not hold any significant investment of equity interest in any other company.

Contingent Liabilities

As at 30 June 2021, the Group had not provided any form of guarantee to any company outside of the Group. The Group is not involved in any current material legal proceedings, nor is it aware of any pending or potential material legal proceedings involving the Group.

Currency Exchange Exposures

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

Human Resources and Staff Remuneration

As at 30 June 2021, the Group had 96 staff members employed in mainland China and Hong Kong (2020: 144). 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

The board of directors (the "Directors") (the "Board") noted that the General Office of the Central Committee of the Communist Part of China and the General Office of the State Council of the People's Republic of China recently issued the Opinions on Further Reducing the Burden of Compulsory Education Students' Homework and Off-campus Training* (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the "Opinions"), which regulates institutions offering tutoring on the school curriculum.

The Company has been in close communication with its PRC legal advisers with a view to assess the potential impact of the opinion. The implementation of the Opinions and the impact on the operation of the Group are still unclear. The Company will make appropriate adjustment of its business model of online education whenever needed to ensure the compliance with the new policies under the Opinions. The Board believes that, when facing the challenges posed by the new policies under the Opinions, the Company will actively follow the instructions of the PRC regulatory authority and advance the comprehensive and diversified development of its business.

The Company will continue to closely monitor the development of the Opinions and will make further announcement(s) as and when appropriate in compliance with the Listing Rules and the applicable laws and regulations.

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

China's economy has continued to recover from the Covid-19 pandemic but its growth is uneven, and China's growth rate in 2021 appears significantly larger than the usual increase of around 6-7 percent before the pandemic, as the economic contraction has affected the statistical base used for the comparison. "In the first half of this year, the economy continued to recover steadily. The cycle of supply and demand was smooth. The fundamentals laid a relatively good foundation for economic operation in the second half of this year." a spokesperson for the National Bureau Statistics of China, sounded with cautious optimism in her remarks in July 2021, "However, it should also be noted that the pandemic continues to evolve globally, and there are many external uncertainties. The recovery of the domestic economy is uneven, and we still need efforts to consolidate the foundation for recovery and development."

It is noticed that there are external challenges that could negatively impact China's economic performance in the second half 2021, including the trade disruptions and weak demand because of the pandemic, as well as the soaring prices for commodities and key technologies like the semiconductors. And there are challenges for government measures to generate economic growth activities in China internally on the weak domestic consumption, especially for large purchases, as consumers take a cautious approach to spending amid economic uncertainty and the slowing wage growth. Additionally, the Chinese regulators' continuing campaigns to rein tech giants, to crack down on debt and after school tutoring in China have further created more uncertainty in the economy in the second half year 2021.

Though the Covid-19 epidemic was brought under control domestically in China, the year-long trade war between U.S. and China has not been solved; and that might still have a heavier toll on businesses and investment, fueling worries for the coming of a deep global recession. In the second half of this year, the global economy will continue facing huge uncertainties on issues, such as public health risks of the mutated Delta Covid-19 coronavirus epidemic, geopolitical risks, and financial market risks. China will continue to lead the global economic recovery while facing a number of challenges to sustain its economic growth. Although China's economy will face strong headwinds in the second half 2021, it is on the right track to maintain its moderate level of national growth. In June this year, the World Bank released an estimate on the China economy, projecting China's GDP growth rate to hit 8.5 percent for 2021, before its slowing to 5.4 percent in 2022.

In regard to the lending business segment of our Cybernaut Group, TCL will continue granting first mortgage loan to good clients in a prudent manner while monitoring the Covid-19 impact closely, so as to meet the needs for the Hong Kong property market and the environmental changes accordingly. TCL will be more cautious on loan approval and continue its tight credit policy to grant mortgage loans and for loan renewals. Besides, TCL will grant loans only to customers of good and healthy reference check in the second half of 2021.

On top of the public health concerns, across the globe with eCommerce business of B2B, B2C, and brick-and-mortar brands alike are all bracing for the impact that Covid-19 coronavirus will have on their eCommerce business as a whole since 2020. Lockdowns and social restrictions in different countries due to the outbreak of Covid-19 have not been the only impediments to business in retailing industry over the course of the past year-and-a-half. Disruptions to manufacturing and global supply chains have wreaked havoc on retailers as well, resulting in delayed shipments and inefficient inventory levels. This similar disruption happens to eCommerce world somehow, because of the flight restrictions and different country health controls and lockdowns. In fact, the digital online channels have not only helped sustain sales, they have also significantly changed the way the retail business operates. And social commerce built through social media platform is leading the future of eCommerce business.

Moving into the second half of 2021, social commerce will no doubt continue to thrive as consumers are accustomed to their digital habits of shopping, and as both traditional and eCommerce retailers make adjustments to the post-Covid-19 climate. The social commerce trend emerged initially from China, the world's largest eCommerce market, and the eMarketer has estimated that China's social commerce contributes to about 13 percent of its total retail eCommerce sales every year. With the boom of social commerce, shoppers now perceive it as the new norm and expect their favourite brands to adopt a social commerce presence. With the click of a button, shoppers can easily purchase products off popular platforms such as TikTok, WeChat and Little Red Book, where influencer marketing, livestream campaigns, digital advertising, and other creative social media marketing campaigns have been common business models.

In comparison to China, businesses in the U.K. are not as tech savvy and have yet to jump on the social commerce bandwagon. At present, about 45 percent of consumers in the U.K. would purchase products through social media, but only 24 percent of the UK businesses are selling products through social media. China's successful examples of harnessing the use of social commerce is revolutionising the eCommerce industry by infusing a social characteristic for customers and retailers to interact with the other party. As eCommerce becomes increasingly interactive and a pervasive aspect of our social media use, brands will have to learn to incorporate social elements into their eCommerce strategy. The emerging markets like the US, the UK, Germany and France etc. will play a huge role in social commerce activities. And trade economic analysis has revealed that online buying behaviour has accelerated fastest in the emerging markets.

Though the second half of 2021 is likely to be full of uncertainty and competitive challenges, our subsidiary engaged in eCommerce business with its majority of business specialized on B2C retailing initially through the platforms of eBay and Amazon will be more cautious to maintain or even seek for better trade developments through other different marketplaces in different countries, i.e. Rakuten. cDiscount, Fnac and Darty etc.

Since the Covid-19 outbreak in 2020, China's online learning applications have noticeably increased as schools, training centers, and parents collectively turn to digital platforms to combat the disruption caused. However, in July 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the People's Republic of China issued the Opinions on Further Reducing the Burden of Compulsory Education Students' Homework and Off-campus Training* (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the "Opinions"), which regulates institutions offering tutoring on the school curriculum. We have been in close communication with our PRC legal advisers to assess the potential impact of the Opinions. Until now, the implementation of the Opinions and the impact on the subsidiarty operation of the Group are still unclear. The Cybernaut holding company (the "Company") will make appropriate adjustment of the business model on the existing online education subsidiary business, whenever needed to ensure the compliance with the new policies under the Opinions in China. When facing the challenges posed by the new policies under the Opinions, the Company will actively follow the instructions of the PRC regulatory authority and advance the comprehensive and diversified development of its subsidiary business.

We forsee that the online education subsidiary business in China will be quite hard to run under the proposed education regulation in the second half 2021. Realized that the current market situations and to face the new educational guidelines and government measures on tutoring, our subsidiary management would closely monitor the impact and market changes in providing good online education to students in China.

Going forward, our Group will allocate its resources well on the different subsidiary businesses. Besides, the Group will continue to seek potential investment opportunities to create synergies for our existing business operation and bringing in better 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 2021, except for Code Provision A.6.7 in respect of the attendance of non-executive directors and independent non-executive directors in the general meetings.

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

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

The Company has adopted a code of conduct (the "Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 June 2021.

Relevant employees who are likely to be in possession of unpublished price-sensitive information regarding the Group are subject to compliance with the Company's Code for Securities Transactions by Relevant Employees (the "RE Code") in respect of their dealings in the securities of the Company. The terms of the RE Code are likewise no less exacting than the required standards set out in the Model Code 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 results for the six months ended 30 June 2021.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities between 31 December 2020 and the date of this announcement.

Publication of Interim Results Announcement and Interim Report

This results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cybernaut.com.hk). The Company's 2021 interim report will be despatched to its shareholders based on the means of receipt and election of language selected by the shareholders of the Company and published on websites of the Stock Exchange and the Company in due course.

Acknowledgement

The Company would like to express our gratitude to the Board, the management and all employees of the Group for their hard work, loyal service and contribution, and also thank shareholders, property owners and customers, the government, suppliers, business partners and professional consultants for their continued support to the Group.

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

Hong Kong, 31 August 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.