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賽伯樂國際控股

CYBERNAUT INTERNATIONAL HOLDINGS COMPANY LIMITED

賽伯樂國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 June 2024 amounted to approximately RMB44.5 million, representing an increase of approximately RMB10.4 million or approximately 30.5% comparing with that in the same period of 2023.

Gross profit of the Group for the six months ended 30 June 2024 amounted to approximately RMB9.1 million, representing a decrease of approximately RMB3.6 million or approximately 28.3% comparing with that in the same period of 2023.

Loss the Group for the six months ended 30 June 2024 amounted to approximately RMB22.8 million, representing an increase of approximately RMB2.1 million or approximately 10.1% comparing with that in the same period of 2023.

Basic and diluted loss per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2024 amounted to approximately RMB0.45 cents, representing an increase of approximately RMB0.02 cents or approximately 4.7% comparing with that in the same period of 2023.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

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 2024, together with the comparative figures for the previous corresponding period, which has been reviewed and approved by the audit committee of the Company.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2024	2023
	<i>NOTES</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	44,505	34,068
Cost of sales/service rendered		<u>(35,388)</u>	<u>(21,369)</u>
Gross profit		9,117	12,699
Other (losses)/gains, net		(2,362)	560
Reversal of impairment losses/(impairment losses), net	5	2,002	(1,527)
Selling and distribution costs		–	(330)
Administrative expenses		(14,510)	(16,101)
Finance costs	6	<u>(17,050)</u>	<u>(16,020)</u>
Loss before taxation		(22,803)	(20,719)
Taxation	7	<u>–</u>	<u>(10)</u>
Loss for the period	8	(22,803)	(20,729)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>1,683</u>	<u>10,080</u>
Total comprehensive expense for the period		<u>(21,120)</u>	<u>(10,649)</u>
Loss for the period attributable to:			
Owners of the Company		(22,149)	(21,308)
Non-controlling interests		<u>(654)</u>	<u>579</u>
		<u>(22,803)</u>	<u>(20,729)</u>
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(19,832)	(10,755)
Non-controlling interests		<u>(1,288)</u>	<u>106</u>
		<u>(21,120)</u>	<u>(10,649)</u>
Loss per share	10		
Basic and diluted		<u>(RMB0.45 cents)</u>	<u>(RMB0.43 cents)</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024	31 December 2023
	NOTES	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	7,021	7,231
Right-of-use assets	12	2,190	278
Goodwill		75,291	74,512
Intangible assets		—	—
		<u>84,502</u>	<u>82,021</u>
Current assets			
Inventories		121	129
Trade receivables	13	19,002	48,741
Loan receivables	14	193,525	214,095
Other receivables, deposits and prepayments		17,797	20,693
Financial assets at fair value through profit or loss		15,125	12,831
Bank balances and cash		51,557	32,266
		<u>297,127</u>	<u>328,755</u>
Current liabilities			
Trade payables	15	38,126	67,781
Other payables and accruals		5,528	5,210
Promissory notes	16	218,252	6,800
Lease liabilities		1,291	269
Tax liabilities		6,935	6,921
		<u>270,132</u>	<u>86,981</u>
Net current assets		<u>26,995</u>	<u>241,774</u>
Total assets less current liabilities		<u>111,497</u>	<u>323,795</u>

		30 June 2024	31 December 2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Lease liabilities		911	–
Borrowings		2,738	2,711
Promissory notes	<i>16</i>	–	192,116
		3,649	194,827
Net assets		107,848	128,968
Capital and reserves			
Share capital	<i>17</i>	337,128	337,128
Reserves		(225,153)	(205,321)
Equity attributable to owners of the Company		111,975	131,807
Non-controlling interests		(4,127)	(2,839)
Total equity		107,848	128,968

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited.

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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

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 2024. 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 2023. A number of new or amended standards are effective from 1 January 2024 but they do not have a material effect on the Group’s 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	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Interest income from money lending business	8,937	9,924
Revenue from trading of goods from eCommerce business	35,568	24,144
	44,505	34,068

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

For the six months ended 30 June 2024 (Unaudited)

	Money lending business <i>RMB’000</i>	eCommerce <i>RMB’000</i>	Internet education services <i>RMB’000</i>	Consolidated <i>RMB’000</i>
Revenue	<u>8,937</u>	<u>35,568</u>	<u>–</u>	<u>44,505</u>
Segment (loss)/profit	<u>8,345</u>	<u>(1,695)</u>	<u>(2,272)</u>	<u>4,378</u>
Unallocated corporate income				68
Unallocated corporate expenses				<u>(27,249)</u>
Loss before taxation				<u>(22,803)</u>

For the six months ended 30 June 2023 (Unaudited)

	Money lending business <i>RMB’000</i>	eCommerce <i>RMB’000</i>	Internet education services <i>RMB’000</i>	Consolidated <i>RMB’000</i>
Revenue	<u>9,924</u>	<u>24,144</u>	<u>–</u>	<u>34,068</u>
Segment (loss)/profit	<u>6,046</u>	<u>(2,958)</u>	<u>(2,682)</u>	<u>406</u>
Unallocated corporate income				465
Unallocated corporate expenses				<u>(21,590)</u>
Loss before taxation				<u>(20,719)</u>

Segment (loss)/profit represents the loss incurred/profit earned by each segment 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.

5. REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES), NET

	For the six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Trade and loan receivables	<u>2,002</u>	<u>(1,527)</u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest charge on lease liabilities	43	58
Interest charge on promissory notes	16,868	15,962
Interest charge on bank borrowing	139	—
	<u>17,050</u>	<u>16,020</u>

7. TAXATION

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Continuing operations:		
Hong Kong Profits Tax:		
Current period	—	—
PRC Enterprise Income Tax:		
Current period	—	10
Deferred tax:		
Current period	—	—
	<u>—</u>	<u>10</u>

The Group is subject to income tax on an enterprise basis, based on profits arising in or derived from the jurisdictions in which the group companies of the Group are domiciled and operate.

Pursuant to the enactment of two-tiered profits tax rates issued by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the qualifying group entity's first HK\$2 million of assessable profits under Hong Kong profits tax for the six months ended 30 June 2024 and 2023 are subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%.

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% (30 June 2023: 25%) for the period on their respective taxable profit, except for certain subsidiaries, which have been identified as the small and micro enterprises, and is entitled to a preferential tax rate of 5% for the six months ended 30 June 2024 and 2023.

One PRC subsidiary of the Company engaged in internet online education service provider 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 until 21 December 2024 accordingly. As a result, this PRC subsidiary was subject to a PRC Enterprise Income Tax of 15%.

8. LOSS FOR THE PERIOD

For the six months ended 30 June	
2024	2023
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Loss for the period has been arrived at after charging:

Cost of inventories recognised as an expense	34,447	20,835
Depreciation of property, plant and equipment	281	240
Depreciation of right-of-use assets	716	1,035
	<u> </u>	<u> </u>

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the current period (2023 interim and final dividend: Nil).

10. 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:

For the six months ended 30 June	
2024	2023
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Loss for the period attributable to the owners of the Company	(22,149)	(21,308)
	<u> </u>	<u> </u>

Six months ended 30 June	
2024	2023
<i>'000</i>	<i>'000</i>
(Unaudited)	(Unaudited)

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share

4,908,781	4,908,781
<u> </u>	<u> </u>

Diluted loss per share for the six months ended 30 June 2024 and 2023 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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group did not acquired any property, plant and equipment (2023: Nil), and no property, plant and equipment has been disposed of (2023: Nil).

12. RIGHT-OF-USE ASSETS

During the period ended 30 June 2024, additions to right-of-use assets were approximately RMB2,615,000 (2023: Nil), which related to the capitalised lease payments payable under new tenancy agreements.

13. TRADE RECEIVABLES

The credit period granted by the Group to certain customers is within 180 days (31 December 2023: 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 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
0 – 30 days	7,562	15,632
31 – 60 days	11,066	16,025
61 – 90 days	374	17,084
Over 90 days but within 1 year	–	–
	<u>19,002</u>	<u>48,741</u>

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.

Reversal of allowance on doubtful debts of approximately RMB53,000 (30 June 2023: loss allowance of approximately RMB1,480,000) recognised during the six months ended 30 June 2024 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 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Within 3 months	143,460	86,823
3 months to 1 year	45,232	115,424
Over 1 year which contain a repayment on demand clause	4,833	11,848
	<u>193,525</u>	<u>214,095</u>

Reversal of allowance of approximately RMB1,949,000 (30 June 2023: loss allowance of approximately RMB47,000) recognised during the six months ended 30 June 2024 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 PAYABLES

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

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
0 – 30 days	6,859	12,022
31 – 60 days	6,023	14,512
61 – 90 days	–	16,589
Over 90 days but within 1 year	25,244	24,658
	<u>38,126</u>	<u>67,781</u>

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

16. PROMISSORY NOTES

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
At 1 January	198,916	159,288
Accrued interest charged	16,868	29,345
Redemption of promissory notes	(2,271)	–
Issue of new promissory notes by a subsidiary	2,725	6,739
Exchange realignment	2,014	3,544
	<u>218,252</u>	<u>198,916</u>
At 30 June/31 December	<u>218,252</u>	<u>198,916</u>
Analysis as:		
Current	218,252	6,800
Non-current	–	192,116
	<u>218,252</u>	<u>198,916</u>

17. SHARE CAPITAL

	Number of shares at HK\$0.10 per share '000	Amount HK\$'000
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>19,066,667</u>	<u>1,906,667</u>
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>3,975,448</u>	<u>397,545</u>
Shown in the condensed consolidated financial statements		
At 30 June 2024 (Unaudited)	RMB'000 equivalent	<u>337,128</u>
At 31 December 2023 (Audited)	RMB'000 equivalent	<u>337,128</u>

18. 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:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Remuneration of the Directors and other members of key management	1,136	1,356
Retirement benefit scheme contributions	7	11
	<u>1,143</u>	<u>1,367</u>

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

Save as disclosed in elsewhere to the condensed consolidated financial statements, the Group have the following related party transactions:

Name of related party	Relationship	Nature of transaction/balance	Six months ended 30 June	
			2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Lu Yongchao	Executive director	Loan interest received	63	61
		Loan receivable	2,692	2,736
Yip Sum Yu	Executive director	Loan interest received	79	77
		Loan receivable	<u>2,647</u>	<u>2,690</u>

19. EVENT AFTER THE REPORTING PERIOD

An announcement was made on 2 July 2024 that, the board of directors accepted the resignation from Dr. Chen Huabei who, due to his intention to develop more time on other business engagement, resigned as executive director. For further details, please refer to announcement dated 2 July 2024.

An announcement was made on 26 August 2024 that, PTF AreaTech Company Limited, a subsidiary of the Group, entered into the cooperation agreement with BeiDou Global Application Hong Kong Research Institute Limited in relation to the global application of BeiDou Navigation Satellite System. For further details, please refer to announcement dated 26 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

According to the World Economic Situation and Prospects As of Mid-2024 launched by the United Nations on May 16, the global economic outlook has improved since January 2024, however, the outlook is only cautiously optimistic. Overall, the global growth rate in the next few years is expected to remain below the average of 3.2% during the period 2010-2019. The report expects the world economy to grow by 2.7% in 2024 and 2.8% in 2025, 0.3 percentage point and 0.1 percentage point higher than the forecast in January this year.

According to such United Nations report, most major economies have managed to bring down inflation without increasing unemployment and triggering a recession. Inflation has declined in most countries since their peaks in 2023. However, higher-for-longer interest rates, risks relating to debt sustainability, geopolitical tensions and growing climate risks continue to pose challenges to economic growth.

The U.S. labor market showed some signs of weakness in the first half of 2024. According to the latest data from the Bureau of Labor Statistics under the U.S. Department of Labor, non-farm payrolls rose by 353,000 in May, indicating a strong growth in the job market. However, non-farm payrolls only increased by 175,000 in April, which was below the 240,000 estimate of the market and marked the smallest increase in six months, indicating that the growth of the job market was slowing down. In addition, the unemployment rate increased from 3.8% in March to 3.9% in April and remained at 3.9% in May. These data have added to expectations that the Fed may cut interest rates earlier, as the weak job market is often seen as a sign of economic cooling, which may prompt the Fed to ease monetary policy to stimulate the economy.

For China's economy, its external environment has become more complex, severe and uncertain in the first half of the year. China's GDP grew by 5.0% year on year in the first half of the year, and the growth of the second quarter was 4.7%, weaker than that of the first quarter. In this regard, the National Bureau of Statistics spokesperson explained that this slowdown in Q2 is influenced by short-term factors such as extreme weather conditions and frequent rain and flood disasters, and it won't sway the economy from its sustained recovery momentum.

For Hong Kong's economy, its economic data in the April-June period sent a signal of concern. The GDP in the second quarter grew by 3.3% year on year, higher than market expectation of 2.7% and stronger than the 2.8% growth in the first quarter. However, private consumption expenditure, a major GDP component, decreased as against the increase in the first quarter. In addition, revenue for the quarter fell to HK\$64.0 billion, resulting the fiscal deficit to a 20-year high of HK\$120 billion and fiscal reserves to a 12-year low of HK\$614.6 billion.

Business Review

During the period under review, the economy of Hong Kong improved modestly arising from the full relaxation of anti-pandemic measures and boarder reopening, but the general operating environment remained challenging and overall productivities remained low as compared to the pre-pandemic period. In the post-COVID era, the geopolitical risk, high inflation rate and high interest rate environment have affected the investors' sentiment in financial markets. Besides, under the higher interest rate environment, corporates were conservative in business expansion despite the improved economy. Both of these factors have direct influence on the financial services business of the Group. Looking ahead, the inflationary pressure is expected to ease, the management of the Group will continue to review and adjust strategies on regular basis with prudent and balanced approach.

In the first half of 2024, the Cybernaut Group comprised three segments, namely those engaged in eCommerce business; money lending business and internet online education services.

Money Lending Business

Time Credit Limited (TCL), was the subsidiary of Cybernaut Group engaged in money lending business in Hong Kong for property loans under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), in the first half of 2024. In consideration of the government measures to release the hardship of business in Hong Kong financially to face the Covid-19 pandemic and for economic recovery, the TCL management has helped entities with good past working history in need of loans for their business operation. Periodically the Hong Kong government authority has warned the borrowers to be aware of the unstable and uncertain economic environment and the risks of increased interest rate through media. During the period under review, TCL generated revenue by granting the first mortgage property loans to customers for their financial needs. TCL has good credit control efficiency with clientele composed mainly of the high net worth customers or through the recommendation by the partnership alliance on sub-mortgage arrangements. The loan portfolio of TCL clients were of good standings such as big corporate clients, which had contributed a steady income stream for the Cybernaut Group in the first half of 2024.

ECommerce Business

Today, the online marketplaces are booming vastly and the eCommerce market is highly competitive. In the first half of 2024, our subsidiary group engaged in eCommerce business strived extremely hard to meet its market demand under the tough economic fluctuation and the latest market headwind situations after the Covid-19. In prior years, the subsidiary experienced great losses during the pandemic, frustrated with the U.S.-China tension and also the marketplace platform restrictions etc. The management decided to have a transition our eCommerce business mainly from B2C to B2B since the second half of 2022. During the period under review, the eCommerce subsidiary engaged mainly on B2B business with various operation risks minimized by supplying refurbished phones to local resellers through our website and platform. A steady business growth was achieved in the first half of 2024, and it is expected to have a better performance in the latter half of 2024.

Internet Online Education Services

Followed the July 2021 *shuang jian* (literally meaning ‘double reduction’) Beijing government policy imposed in China and to comply with the government measures of the New and Revised Education Regulations to reduce the burden of homework and after school tutoring on students in compulsory education, our subsidiary business providing online after-school tutoring services for academic subjects to students in China by 京師沃學(北京)教育科技有限公司 Capital Wowxue (Beijing) Education Technology Limited (沃學 “Wowxue”), which was once operated under the arrangement of the VIE Agreements with 湖州公司 Huzhou Company, the wholly-owned subsidiary of the Company in China, was temporarily ceased with operation suspended since July 2021. The VIE arrangement by Huzhou with Wowxue will become invalid when all the binding contracts under the arrangement are gradually modified and fully cancelled at the time when the corporate restructuring of having Wowxue become a subsidiary of the Company group is completed. The business operation on education and related services will then be restarted by Wowxue, following the new education regulatory requirements and updated guidelines. In the meantime, the series of restructuring process for Wowxue to be a wholly owned subsidiary of the Company group is finalizing, and we are expecting a favourable outcome to resume from the suspended business.

Financial Review

Revenue

Money Lending

During the period ended 30 June 2024, CCL Index decreased by approximately 3.90% from 147.57 to 141.81. As a result, the Group tended to be more conservative on money lending business. The revenue of our money lending business decreased by approximately 10.1% when comparing to 2023. The revenue contributed by this business was approximately RMB8.9 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately RMB9.9 million).

As at 30 June 2024, TCL had 30 customers as borrowers (2023: 22). The loan maturities ranged from 1 to 30 years. The loan size ranged from HK\$1.0 million to HK\$43.0 million. The loan receivables of the 5 largest borrowers accounted for approximately 60.9% of the total loan receivables.

ECommerce

The revenue contributed by this business was approximately RMB35.6 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately RMB24.1 million). The increase of revenue of approximately 47.7% was mainly due to the changes in terms of business models and operations from direct-to consumer (B2C) approach to direct-to business (B2B) approach.

Internet Education Services

As a result of the temporary business suspension of the internet education services which was acquired in November 2017, no revenue was contributed for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil). The subsidiary of internet education is now undergoing a new restructuring for its future business operation in the Group.

Cost of Sales/Service Rendered

The Group's cost of sales mainly consists of costs of raw materials, labour and other direct costs of sales and services rendered. During the six months ended 30 June 2024, the Group's cost of sales increased by approximately 65.4% from approximately RMB21.4 million for the six months ended 30 June 2023 to approximately RMB35.4 million for the six months ended 30 June 2024. The increase was mainly attributable to the increase of sale revenue of eCommerce business during the period under review.

Gross Profit

The Group engaged in the different industries had a gross profit of approximately RMB9.1million for the six months ended 30 June 2024. For the six months ended 30 June 2023, the Group recorded a gross profit of approximately RMB12.7 million. The gross profit was from the segment businesses in money lending business and eCommerce business.

(Reversal of)/Loss allowance for Trade Receivables and Loan Receivables

For the period under review, the repayment ability of the different industries improved in the first half year of 2024, reversal of allowance for trade receivables amounted to approximately RMB0.1 million has been recognised for the six months ended 30 June 2024 (for the six months ended 30 June 2023: loss allowance of approximately RMB1.4 million). Meanwhile, reversal of allowance for loan receivables amounted to approximately RMB1.9 million has been recognised for the six months ended 30 June 2024 (for the six months ended 30 June 2023: loss allowance of approximately RMB0.1 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 2024, the Group's selling and distribution costs was Nil (for the six month ended 30 June 2023: approximately RMB0.3 million).

Administrative Expenses

The Group's administrative expenses decreased by approximately 9.9% from approximately RMB16.1 million for the six months ended 30 June 2023 to approximately RMB14.5 million for the same period ended 30 June 2024. The decrease is mainly due to the lay off of redundant staff.

Finance Costs

The Group's finance costs were approximately RMB17.1 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately RMB16.0 million). The finance costs were mainly due to the imputed interest of the promissory notes.

Taxation

The Group is subject to income tax on an enterprise basis, based on profits arising in or derived from the jurisdictions in which the group companies of the Group are domiciled and operate.

Pursuant to the enactment of two-tiered profits tax rates issued by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the qualifying group entity's first HK\$2 million of assessable profits under Hong Kong profits tax for the six months ended 30 June 2024 and 2023 are subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%.

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% (30 June 2023: 25%) for the period on their respective taxable profit, except for certain subsidiaries, which have been identified as the small and micro enterprises, and is entitled to a preferential tax rate of 5% for the six months ended 30 June 2024 and 2023.

One PRC subsidiary of the Company engaged in internet online education service provider 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 until 21 December 2024 accordingly. As a result, this PRC subsidiary was subject to a PRC Enterprise Income Tax of 15%.

Loss and total Comprehensive Expense for the Period

The Group's loss and total comprehensive expense for the six months ended 30 June 2024 was approximately RMB21.1 million while the loss and total comprehensive expense was approximately RMB10.6 million for the six months ended 30 June 2023. The Group's basic loss per share was approximately RMB0.45 cents for the six months ended 30 June 2024, compared to a basic loss per share of approximately RMB0.43 cents for the six months ended 30 June 2023.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

Capital Structure, Liquidity and Financial Resources

The Group's bank balances and cash as at 30 June 2024 was approximately RMB51.6 million (as at 31 December 2023: approximately RMB32.3 million).

Total equity of the Group as at 30 June 2024 was approximately RMB107.8 million (as at 31 December 2023: approximately RMB129.0 million). The Group has an outstanding promissory notes of approximately RMB218.3 million as at 30 June 2024 (as at 31 December 2023: approximately RMB198.9 million).

As at 30 June 2024, the Group's gearing ratio, which was calculated on the basis of total borrowings as a percentage of shareholder equity, was approximately 57.9% (as at 31 December 2023: approximately 49.1%).

Pledge of Assets

As at 30 June 2024, the Group has pledged buildings with carrying values of approximately RMB6,853,000 to secure the promissory notes of the Group (as at 31 December 2023: RMB6,996,000).

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 2024, the Group had not provided any form of guarantee to any company outside of the Group. Save as disclosed in the announcement dated 16 February 2022, regarding the receipt of writ of summons, 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 Euro 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 2024, the Group had a total of 35 staff members employed in mainland China and Hong Kong (2023: 46). 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.

Future Prospects

Despite the positive market outlook in early 2024, the risks and factors plagued the world over the past year still exist, such as geopolitical tensions, the 2024 U.S. election campaign, dollar policy conducted by the Federal Reserve, Yen trend and weak recovery, bringing uncertainties to the economic growth. Nevertheless, the global economy has shown its resilience over the past few months, maintaining stable growth while making inflation return to the target level. International tourism is on track for full recovery.

The Group expects that the economies of Hong Kong and mainland China will recover at a slow pace after the pandemic in the second half of 2024. However, due to Hong Kong-US dollar peg, adverse effects of high interest rates on business activities and geopolitical tensions, the economic outlook is full of uncertainties. In view of the trend of interest rates, it is expected that the risk appetite of corporate investment/business expansion will be prudent in the short term. Despite the above challenges, the Group will adhere to its corporate mission and objectives and continue to pursue long-term growth in business and profit. The Group will continue to adopt a prudent approach to its capital management and liquidity risk management, which may act as a buffer against future challenges. In terms of money lending business, the Group will continue to seek growth in loans with reasonable return, and manage its capital cost to increase the net interest income. In terms of eCommerce business, the Group will continue to implement prudent and flexible marketing strategy to expand its customer base and achieve product diversification.

In addition to the Group's three core businesses, we will continue to explore different types of businesses in the future to maximize returns for our shareholders. One of the Group's investment holding company based in Hong Kong focuses on expanding market opportunities for communications, navigation and remote sensing satellite technology products and solutions in Hong Kong, Southeast Asia and the Middle East. It is committed to providing customized smart technology solutions based on customer needs, including different types of satellite positioning terminal equipment (mainly compatible with the BeiDou System) and customized space-time smart solutions based on high-precision positioning. Through this subsidiary, the Group has carried out local cooperation with a number of ASEAN countries and actively negotiated projects with local enterprises or government departments, including but not limited to smart agriculture, mapping, slope deformation monitoring, smart transportation, smart terminals, etc. Until the end of June 2024, the Group has signed a memorandum of understanding with two companies to seek cooperation opportunities. The Group will continue to invest more resources in expanding the space-time intelligence industry in Southeast Asia in the future. The Company believes that the ASEAN market is the fastest growing region in the field of smart city development in the next five years. Coupled with its geographical proximity to China and Hong Kong, it is conducive for the Company to deploy in the region and bring value and returns to shareholders. In addition, the Company is strengthening the training of internal R&D team, testing application scenarios, and establishing branch companies in Southeast Asia in the near future, so as to more effectively manage the local business and expand the business scope.

In the second half of 2024, the Group will remain vigilant against future uncertainties and challenges, and strive to expand its business with strict cost control and prudent risk management. The Group has always spared no effort to establish a sound and solid corporate culture to enhance the Group's cohesion, and is determined to share common philosophy and values with each of the Group's employees.

Looking forward, facing the challenges from global environment, economic and consumer markets, the Group will adopt flexible strategies to achieve stable operation and maximize its sources of income. The Group will continue to diversify its business to alleviate external threats and enrich its source of income. The Group will actively develop new products and explore business opportunities for cooperation with new suppliers and customers in various industries, thereby maximizing return to the shareholders of the Company.

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.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that during the six months ended 30 June 2024, the Company has complied with all the applicable code provisions as set out in Part 2 of the CG Code.

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 2024.

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.

Changes in Directors' Information

An announcement was made on 2 July 2024 that, the board of directors accepted the resignation from Dr. Chen Huabei who, due to his intention to develop more time on other business engagement, resigned as executive director. For further details, please refer to announcement dated 2 July 2024.

Audit Committee and Review of the Unaudited Interim Results

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 2024.

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

During the six months period ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Sufficiency of Public Float

The Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the six months ended 30 June 2024.

Important Events after the Reporting Period

An announcement was made on 26 August 2024 that, PTF AreaTech Company Limited, a subsidiary of the Group, entered into the cooperation agreement with BeiDou Global Application Hong Kong Research Institute Limited in relation to the global application of BeiDou Navigation Satellite System. For further details, please refer to announcement dated 26 August 2024.

Save as disclosed above, no important events affecting the Company occurred since June 30, 2024 and up to 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 2024 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, 30 August 2024

As at the date of this announcement, the executive Directors are Mr. Zhu Min, 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.