



**CHINA E-INFORMATION TECHNOLOGY
GROUP LIMITED**

中國網絡信息科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 08055)



2021

Third Quarterly Report

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This report, for which the directors (the “Directors”) of China E-Information Technology Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



RESULTS

The board (the “Board”) of directors (“Directors”) of China E-Information Technology Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the nine months and three months ended 30 September 2021, together with the comparative unaudited figures of the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	(Unaudited)		(Unaudited)	
		For the nine months ended 30 September		For the three months ended 30 September	
		2021 HK\$'000	2020 HK\$'000 (Re-stated)	2021 HK\$'000	2020 HK\$'000 (Re-stated)
Revenue	5	18,250	–	15,751	–
Cost of services rendered		(1,474)	(19)	(1,473)	–
Gross profit/(loss)		16,776	(19)	14,278	–
Other income	6	13,573	3,368	616	724
Other expenses	7	(69)	(2,311)	–	(40)
Administrative expenses		(28,148)	(23,595)	(7,177)	(6,741)
Profit/(Loss) from continuing operations		2,132	(22,557)	7,717	(6,057)
Finance costs	8	(1,285)	(7,536)	(394)	(131)
Share of results of investment in an associate		(1,319)	(2,494)	(278)	(1,663)
(Loss)/Profit before tax from continuing operations		(472)	(32,587)	7,045	(7,851)
Discontinued operations					
Profit from discontinued operations		–	17,986	–	–
(Loss)/Profit before tax		(472)	(14,601)	7,045	(7,851)
Income tax	9	(2,430)	–	(2,430)	–
(Loss)/Profit for the period		(2,902)	(14,601)	4,615	(7,851)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

	Notes	(Unaudited)		(Unaudited)	
		For the nine months ended 30 September		For the three months ended 30 September	
		2021 HK\$'000	2020 HK\$'000 (Re-stated)	2021 HK\$'000	2020 HK\$'000 (Re-stated)
Attributable to:					
Owner of the Company (loss)/profit for the period from continuing operation		(2,902)	(32,587)	4,615	(7,851)
Profit for the period from discontinued operations		-	9,173	-	-
(Loss)/Profit for the period attributable to owners of the Company		(2,902)	(23,414)	4,615	(7,851)
Non-controlling interest					
Profit for the period from continuing operation		-	-	-	-
Profit for the period from discontinued operations		-	8,813	-	-
Profit for the period attributable to non-controlling interests		-	8,813	-	-
(Loss)/Profit for the period		(2,902)	(14,601)	4,615	(7,851)
Loss per share attributable to owners of the Company (HK Cents)					
- Basic	10	(0.07)	(0.38)	0.12	(0.20)
- Diluted	10	N/A	N/A	N/A	N/A



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Re-stated)	2021 HK\$'000	2020 HK\$'000 (Re-stated)
(Loss)/Profit for the period	(2,902)	(14,601)	4,615	(7,851)
Other comprehensive (loss)/income for, the period net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
<i>Exchange difference arising on translation of foreign operations</i>	(2,106)	1,101	819	1,969
<i>Realisation of exchange fluctuation reserve upon disposal of a subsidiary</i>	(1,571)	(74)	-	-
Total comprehensive (loss)/income for the period	(6,579)	(13,574)	5,434	(5,882)
Attributable to:				
Owners of the Company				
(Loss)/Profit for the period from continuing operations	(6,579)	(31,560)	5,434	(5,882)
Profit for the period from discontinued operations	-	9,173	-	-
(Loss)/Profit for the period attributable to owners of the Company	(6,579)	(22,387)	5,434	(5,882)
Non-controlling interest				
Profit for the period from continuing operations	-	-	-	-
Profit for the period from discontinued operations	-	8,813	-	-
Profit for the period attributable to non-controlling interests	-	8,813	-	-
Total Comprehensive (loss)/income attributable to:				
Owners of the Company	(6,579)	(22,387)	5,434	(5,882)
Non-controlling interests	-	8,813	-	-
	(6,579)	(13,574)	5,434	(5,882)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The Group is principally engaged in the provision of the services of an internet platform for education program, training programs, the business of software technology development, consultation, computer system integration and wholesale and retail of computer and foreign equipment in China, and e-commerce business in membership basis.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The Hong Kong Institute of Certified Public Accountants has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.



3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the nine months ended 30 September 2021, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting periods beginning on 1 January 2021. HKFRSs comprise of Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the nine months ended 30 September 2021 and the same period in last year.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. The directors anticipate that the new and revised HKFRSs will be adopted in the Group’s consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

Changes in Accounting Policies

The group has not applied the following amendments to HKFRSs issued by the HKICPA to this third quarter financial report for the current accounting period:

- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 September 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value, at the end of each reporting period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

5. REVENUE

Turnover represents revenue of the Group from the provision of distance learning programs and education consultation.

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Re-stated)	2021 HK\$'000	2020 HK\$'000 (Re-stated)
Provision of database software development services	3,507	–	1,008	–
Membership and technical Support income	14,743	–	14,743	–
	18,250	–	15,751	–



6. OTHER INCOME

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest income	2,393	1,848	602	314
Gain on dissolution of a Joint Cooperation Business	5,962	-	-	-
Government grant	-	1,007	-	322
Share of profits from Joint Cooperation Business	4,748	-	-	-
Sundry income	470	513	14	88
	13,573	3,368	616	724

7. OTHER EXPENSES

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Net unrealized loss on financial assets at the fair value through profit or loss	69	1,957	-	31
Net realized loss on financial assets at fair value through profit or loss	-	206	-	9
Loss on disposal of a subsidiary	-	148	-	-
	69	2,311	-	40

8. FINANCE COSTS

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Effective interest expenses on convertible notes	-	7,435	-	112
Finance cost on lease liabilities	9	101	-	19
Other	1,276	-	394	-
	1,285	7,536	394	131

9. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any taxable profits in Hong Kong for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the People's Republic of China (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 both periods. There is provision for PRC enterprise income tax has been made as the subsidiary that generated income for the period is a tax-exempted entity in the PRC for the nine months ended 30 September 2021 (2020: Nil).



9. INCOME TAX (Continued)

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current tax				
PRC Enterprise Income Tax				
– charge for the period	3,250	–	3,250	–
– deductible losses from prior years	(820)	–	(820)	–
Total income tax expense				
Recognized in profit or loss	2,430	–	2,430	–

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Unaudited (loss)/profit for the period for the purpose of basic and diluted loss per share	(2,902)	(23,414)	4,615	(7,851)

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(Continued)*

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021	2020	2021	2020
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	3,934,856,576	3,858,485,088	3,934,856,576	3,934,856,576
Weighted average number of ordinary shares for the purpose of diluted loss per share	N/A	N/A	N/A	N/A

No diluted loss per share has been presented for each of the nine months and three months ended 30 September 2021 and 30 September 2020 because the Company's outstanding share options and convertible notes during the nine months and three months ended 30 September 2021 and 30 September 2020 have an anti-dilutive impact.

11. DIVIDEND

The Directors do not recommend payment of any dividend for the nine months ended 30 September 2021 (2020: nil).



12. MOVEMENT OF RESERVES (UNAUDITED)

	(Unaudited)									
	Share capital		Share-based payment reserve	Exchange fluctuation reserve	Convertible notes equity reserve	PRC staff award fund reserve	Accumulated losses	Non-controlling Total interests		Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2020	375,130	382,487	90,562	(614)	35,706	11,730	(811,993)	83,008	3,726	86,734
Loss of the period	-	-	-	-	-	-	(23,414)	(23,414)	8,813	(14,601)
Exchange differences on translating foreign operations	-	-	-	1,101	-	-	-	1,101	-	1,101
Realisation of exchange fluctuation reserve upon disposal of a subsidiary	-	-	-	(74)	-	-	-	(74)	-	(74)
Total comprehensive income/(loss) for the period	-	-	-	1,027	-	-	(23,414)	(22,387)	8,813	13,574
Transfer from convertible notes	-	-	-	-	38,925	-	-	38,925	-	38,925
Issue of share by conversion of convertible notes	18,356	56,275	-	-	(74,631)	-	-	-	-	-
As at 30 September 2020	393,486	438,762	90,562	413	-	11,730	(835,407)	99,546	12,539	112,085
As at 1 January 2021	393,486	438,762	90,562	2,078	-	11,730	(858,342)	78,276	17,121	95,387
Loss of the period	-	-	-	-	-	-	(2,902)	(2,902)	-	(2,902)
Exchange differences on translating foreign operations	-	-	-	(2,106)	-	-	-	(2,106)	-	(2,106)
Realisation of exchange fluctuation reserve upon disposal of a subsidiary	-	-	-	(1,571)	-	-	-	(1,571)	-	(1,571)
Reverse of dissolution of a subsidiary	-	-	-	-	-	(3,178)	-	(3,178)	(17,121)	(20,297)
Total comprehensive income/(loss) for the period	-	-	-	(3,677)	-	(3,178)	(2,902)	(9,755)	(17,121)	(26,876)
As at 30 September 2021	393,486	438,762	90,562	(1,599)	-	8,554	(861,244)	68,521	-	68,521

13. DISPOSAL OF A SUBSIDIARY

In March 2020, the Group completed the disposal of its entire 100% equity interests in Earth Spa Inc Pte Ltd. to an independent third party, at a consideration of SGD60,000 (equivalent of approximately HK\$326,000). Earth Spa Inc Pte Ltd. is principally engaged in the provision of healthcare services in Singapore. The net assets of Earth Spa Inc Pte Ltd. at the date of disposal are as follows:

Net assets/liabilities disposed of:

	HK\$'000
Goodwill	1,838
Property, plant and equipment	16
Right-of-use assets	398
Other receivables	65
Cash and cash equivalents	70
Other payables	(1,419)
Lease liabilities	(420)
	<hr/>
Total identifiable net assets	548

Consideration received:

	HK\$'000
Cash consideration	326
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13. DISPOSAL OF A SUBSIDIARY *(Continued)*

Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary:

	HK\$'000
Cash consideration received	326
Cash and cash equivalents disposed of	(70)
	<hr/>
	256
	<hr/> <hr/>

Loss on disposal of subsidiary

	HK\$'000
Consideration	326
Net assets disposed of	(548)
Exchange reserve released on disposal	(74)
	<hr/>
	(148)
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14. ACQUISITION OF A SUBSIDIARY

On 25 March 2021, the wholly owned subsidiary of the Company completed the acquisition of the entire equity interest in Tianjin Mars Technology Co., Limited at a consideration of RMB5,000,000, the detailed information of the acquisition as shown in the announcement dated 18 December 2020 and 29 December 2020.

The Company has engaged Access Partner Professional Services Limited, an independent valuer to measure the fair value of the purchase price allocation of the investee company as at the acquisition date.

The net assets of Tianjin Mars Technology Co., Limited at the date of acquisition are as follows:

	HK\$'000
Consideration satisfied by	
Promissory Notes	2,966
Contingent consideration	2,966
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	5,932
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14. ACQUISITION OF A SUBSIDIARY (Continued)

Net assets/(liabilities) acquired:

	HK\$'000
Property, plant and equipment	163
Right-of-use assets	1,438
Cash and cash equivalents	841
Other receivables	10,720
Inventories	6,143
Tax recoverable	42
Trade payables	(8,388)
Other payables	(6,467)
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Total identifiable net assets acquired	4,492
Goodwill	1,440
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Total consideration	5,932
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Net cashflow arising on acquisition:	
Cash and cash equivalent acquired	841
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15. DISSOLUTION OF JOINT COOPERATION BUSINESS (THE “JCB”)

Hunan IIN Medical Network Technology Development Co., Ltd. (“Hunan IIN Medical”), an indirect wholly-owned subsidiary of the company, and Beijing University of Chinese Medicine (the “BUCM”) finally failed to reach a consensus in renewal of the Joint Construction Agreement. On 28 May 2021, both parties to the Joint Construction Agreement entered into an agreement to confirm lapse of the Joint Construction Agreement 30 June 2020 and agreed to cease the cooperation for Distance Education College. Detailed information of the Transaction please refer to the announcement dated 28 May 2021.

The net liabilities of Distance Education College at the date of dissolution are as follows:

	HK\$'000
Property, plant and equipment	335
Cash and cash equivalents	17,373
PRC staff award fund reserve	(3,176)
Non-controlling interest	(17,121)
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Total identifiable net liabilities dissolved	(2,589)
Exchange reserve released on disposal	(1,571)
Gain on dissolution	5,962
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Cash received	1,802
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Net cash flow arising on dissolution:	
Cash received	1,802
Cash and cash equivalents dissolved	(17,373)
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Net cash outflow	(15,571)
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16. PROFIT FROM DISCONTINUED OPERATIONS

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Re-stated)	2021 HK\$'000	2020 HK\$'000 (Re-stated)
Revenue	-	40,389	-	-
Cost of services	-	(19,015)	-	-
Gross profit	-	21,374	-	-
Operation expenses	-	(3,388)	-	-
Net profits	-	17,986	-	-

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the nine months ended 30 September 2021, the Group recorded revenue was approximately HK\$18,250,000, which was because Hunan IIN Medical Network Technology Development Co., Ltd. (湖南國訊醫藥網路科技開發有限公司) (“Hunan IIN Medical”), an indirect wholly-owned subsidiary of the Company, has developed an online sales mini-application (the “Mini Apps”) based on the featured QR codes for product identification and certification in mainland China, and established a mobile online sales platform. Through the development of a membership model, the right to use the Mini Apps is granted to other third-party customers for online shopping. The membership income and technical training income generated from this business contributed approximately HK\$14,743,000 to the revenue of the Group. In addition, as set out in the announcement dated 28 May 2021, the Company completed the acquisition of Tianjin Mars Technology Co., Ltd. (天津火星科技有限公司) (“Tianjin Mars Technology”) as an indirect wholly-owned subsidiary of the Company on 25 March 2021, and its data storage business is one of the core businesses of the Group now. The Group’s revenue of approximately HK\$3,507,000 during the nine-month period was contributed by Tianjin Mars Technology.

Furthermore, during this nine-month period, a number of business activities and negotiations have been delayed due to the impact of coronavirus disease 2019 (COVID-19) pandemic. However, the Group has worked without words and tried its best to seek for cooperation with other institutions to develop online education. As set out in the announcement dated 3 August 2021, China E-Learning (Hong Kong) Company Limited (the “CEC”), a wholly-owned subsidiary of the Company, entered into a strategic alliance agreement (the “Strategic Alliance Agreement”) with American Institute of Financial Intelligence LLC (the “AIFI”) to market and perform certain financial quotient (“FQ”) programs in the People’s Republic of China (the “PRC”) and Hong Kong for the development of online courses.



BUSINESS OVERVIEW *(Continued)*

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》) issued by 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 on 24 July 2021 requires that the level of school education should be effectively improved, off-campus training (including online training and offline training) should be continuously regulated, and the burden of compulsory education students' homework and off-campus training should be effectively reduced. It also clearly stipulates the comprehensive regulation of off-campus training institutions. The issue of opinion has significantly affected the entire education and training industry, as a result, the plan for this year set out in the original announcement of the Group can not be carried out on time. And due to the impact of the new policy on K12 education and the industry training experience accumulated by the Group with the Beida business area, especially in finance and health care, the Group is seeking to develop international and higher education, and financial and health care training. In the fourth quarter, the Group plans to determine the relevant business development plan for 2022 in accordance with the new regulatory environment.

FINANCIAL REVIEW

For the nine months ended 30 September 2021, the Group recorded revenue of approximately HK\$18,250,000 (2020: HK\$Nil) representing revenue from database software development services of approximately HK\$3,507,000 (2020: HK\$Nil) and revenue from membership with technical support of e-commerce business of approximately HK\$14,743,000 (2020: HK\$Nil). Gross profit was approximately HK\$16,776,000 (2020: Gross loss: HK\$19,000), representing a gross profit margin of 91.92% (2020: Nil) for the period under review.

During the period, cost of sales was approximately HK\$1,474,000 (2020: HK\$19,000) representing the direct wages and overheads incurred in the database software development services and technical support of e-commerce business.

FINANCIAL REVIEW *(Continued)*

Other income was approximately HK\$13,573,000 (2020: HK\$3,368,000) representing an interest income of approximately HK\$2,393,000 (2020: HK\$1,848,000), gain on disposal of dissolution of a Joint Cooperation Business of approximately HK\$5,962,000 (2020: HK\$Nil) and sundry income of approximately HK\$470,000 (2020: HK\$513,000).

Other expenses for the period under review amounted to approximately HK\$69,000 (2020: HK\$2,311,000) representing net unrealised loss on financial assets at fair value through profit or loss of approximately HK\$69,000 (2020: HK\$1,957,000).

Administrative expenses for the period under review were approximately HK\$28,148,000 (2020: HK\$26,983,000), of which staff and directors related costs were approximately HK\$12,082,000 (2020: HK\$15,335,000). Other major expenses include consultancy fees, which were approximately HK\$621,000 (2020: HK\$824,000); legal and professional fee, which were approximately HK\$1,601,000 (2020: HK\$776,000); and R&D expenses, which were approximately HK\$2,505,000 (2020: HK\$Nil) during the period under review.

During the period, the share of loss of an associate of approximately HK\$1,319,000 (2020: HK\$2,494,000) is contributed by an associate, Beijing Youli Lianxu Technology Co., Ltd. (“Beijing Youli”).

Finance costs during the period were approximately HK\$1,285,000 (2020: HK\$7,536,000), and the consolidated loss for the period was approximately HK\$2,902,000 (2020: HK\$14,601,000).



OUTLOOK

The management of the Company keep striving to explore new businesses, and the current business expansion plan of the Group can be divided into the following categories, including database software development business, digital sales platform based on QR code for product identification and certification, traditional Chinese medicine (TMC) diagnosis website, education, and TMC recuperation and tourism development project in Jurong Lake District, Singapore.

(i) ***Database software development business***

On 25 March 2021, the Group acquired Tianjin Mars Technology, through which it added new business of software technology development and consultation, computer system integration and wholesale and retail of computer and foreign equipment. The revenue of Tianjin Mars Technology has been incorporated into the revenue of the Group. Tianjin Mars Technology has made significant investments for the launch of its cloud storage products, which can notably reduce energy costs for customers and help the Group achieve business excellence. The Group also expects Tianjin Mars Technology to have a more prominent business performance in the fourth quarter of this year.

OUTLOOK *(Continued)*

(ii) Digital sales platform based on QR code for product identification and certification

The Group's accumulation of educational experience is based on the past two major acquisitions: (i) In February 2008, it completed the acquisition of the entire equity interest of New Beida Business StudyNet Group Limited ("New Beida"), whose sole asset is Beijing Huatuo Education Technology Co., Ltd. Company ("Beijing Huatuo"). New Beida has a complete set of Internet education and training products and technologies with international-level, including: Internet education platforms, virtual classrooms, and comprehensive solutions and services. (ii) In February 2009, the Group completed the acquisition of Hunan IIN Medical, which owns 51% of Distance Education College of Beijing University of Chinese Medicine (北京中醫藥大學遠端教育學院). The college was approved by the Ministry of Education in July 2000 and was jointly established by Beijing University of Chinese Medicine and Hunan IIN Medical. It provides remote higher education for Chinese medicine and remote continuing education for Chinese medicine and sub-health services. The joint cooperation of Distance Education College was ceased upon the entering of an agreement on 28 May 2021 which confirmed that the Joint Construction Agreement on the abovementioned business expired on 30 June 2020.

Based on this business experience, the Group horizontally and vertically develops its Chinese medicine education business, and further expand its business to network integration. In March 2021, the Group completed the acquisition of Tianjin Mars Technology, which is engaged in the business of independent research and development (R&D) of database software and the development, testing, sales of and provision of after-sales and maintenance services for data storage products. The acquisition enabled us to provide customers with one-stop data backup and storage solutions, and at the same time laid a solid foundation for Hunan IIN Medical, Guangdong Siyu, Beijing Hua Tuo and other subsidiaries of the Group to enter the business of QR code product anti-counterfeiting, artificial intelligence image recognition of the body's biometric changes, and to promote health management products, big health dietary therapy and high-end health food so as to further guide customers to shop at our self-operated mini-program platform for e-commerce sales.



OUTLOOK (Continued)

(ii) (Continued)

After the joining of new members to the management of the Company, the Group actively leveraged its solid foundation in the education industry in Mainland China since 2008, as well as the cooperation relationship between the subsidiaries and partners of the Group and related institutions or enterprises such as Peking University and Beijing University of Chinese Medicine and the experience accumulated therein. In this way, the Group has horizontally developed its business from e-learning to QR code anti-counterfeiting and artificial intelligence image recognition of the body's biometric changes for TMC diagnosis. Further, it promoted suitable and exclusive health management products (including hydrogen-oxygen generator and meridian stickers (經絡貼)), big health dietary therapy and high-end health foods to the founding agents contracted with the Group, in order to develop a self-operated mobile application, Mini Apps, for e-commerce sales where the founding agents can purchase the above products. Among the products, the big health dietary therapy products are mainly made of Eight Immortal Herbs (八大仙草) of TMC (i.e. the collective name of Dendrobium, Snow Lotus Herb, Ginseng, Tuber fleecflower, Indian Bread, Glossy Ganoderma, Cordyceps and Desert Living Cistanche).

Hunan IIN Medical, an indirect wholly-owned subsidiary of the Company, has developed an online sales Mini Apps based on the featured QR codes for product identification and certification in Mainland China, and established a mobile online sales platform. Through the development of a membership model, the right to use the Mini Apps is granted to other third-party customers for online shopping. The QR code technology is a technology business based on new optical-based QR code for online traceability and authenticity verification of product. With this technology, the Group can sell suitable and exclusive health management equipment and products, big health dietary therapy and high-end health foods through an online sales platform.

As of 30 September 2021, Hunan IIN Medical has contracted with 13 Founding Agent customers in respect of the authorization for the mobile online sales Mini Apps platform, which generated a revenue of HK\$14,743,000 for the Group.

OUTLOOK *(Continued)*

(iii) Operate health product platform with TMC diagnosis website

The Group currently also plans to launch a TMC diagnosis website introducing Chinese medical physicians stationed on the platform and utilizing intelligent image recognition technology to determine the user's physical condition online so as to recommend suitable food and health management equipment for them who can also purchase health products on the sales platform via the link. The sales platform of health products will cover the B2B and B2C businesses of health management equipment, products, services, big health dietary therapy and high-end health food, and is operated in forms of distributors, cross-border e-commerce, and shopping malls.

The health products on the platform which is stationed on the units or the community are mainly sold by enterprises, institutions or communities. The health product platform will offer health management solutions for sub-healthy people and provide standard video training, regular expert lectures, one-to-one consultation on the check-up report and health monitoring services.

The Group intends to build the health product platform in Yantian for demonstration, and will establish systems for membership, price and franchise, as well as a connection to the TMC diagnosis website and mobile shopping mall platform.



OUTLOOK *(Continued)*

(iv) Education

Although the Group's subsidiary Hunan IIN Medical and Beijing University of Chinese Medicine agreed to discontinue the cooperation of remote education colleges as stated in the announcement on 28 May 2021, affected by the pandemic, the Group kept looking for cooperative institutions for online education. Eventually, CEC, a wholly-owned subsidiary of the Company, entered into a Strategic Alliance Agreement with AIFI to market and perform certain FQ programs in mainland China and Hong Kong for the development of online education. The Group issued an announcement dated 3 August 2021 in relation to the entering into the strategic alliance agreement.

At present, the Group intends to launch the plan of FQ courses in Hong Kong and in mainland China. Negotiation is underway to select suitable business partners in launch such programs.

With the impact of new policy on K12 education issued in mainland China, and considering the industry training experience accumulated by the Group with Beida commercial area (北大商業圈), especially in finance and health care, the Group is seeking to develop businesses in international and higher education, and financial and health care training. In the fourth quarter of 2021, the Group will determine its development plan for 2022 in accordance with the new regulatory environment. Currently, the Group plans to launch online and offline higher education courses for FQ, health management, and finance higher education courses and short-term industry training courses in Yantian District, Shenzhen in early 2022. Besides, it will leverage its solid foundation in the education industry in mainland China since 2008 and the cooperation relationship between the subsidiaries and partners of the Group and related institutions or enterprises such as Peking University and Beijing University of Chinese Medicine and the experience accumulated therein for its business development. With the abovementioned as well as the Shenzhen Yantian's future free trade zone strategy and the advantages of being one of the world's largest container ports, the Group will develop higher education courses and short-term industry training for FQ, health management, and finance early next year.

OUTLOOK *(Continued)*

(iv) Education *(Continued)*

In addition to FQ, the Group will continue to develop its business by combining its present strength in other online learning opportunities offered by present newly published education policies in the mainland China, especially in vocational schools and sport education.

Based on experiences from operating our indirect wholly-owned subsidiary Hunan IIN Medical, the Group intends to explore future opportunities in the related area of medical business in the future, notably, the business of medical and health management technology in the Guangdong-Hong Kong-Macao Greater Bay Area of China.

(v) TMC recuperation and tourism development project in Jurong Lake District, Singapore

As for the cooperation on the development of a traditional Chinese medicine recuperation and tourism development project in Jurong Lake District, Singapore, the Group and Oriental Arts Holdings Private Limited (東方藝術控股私人有限公司) have held discussions on the development details of the project with the Singapore Tourism Board. At this stage, the Group is waiting for the local government to issue a formal approval document for the development of Jurong Lake. Thereafter, the Group will recruit other partners for the development project to jointly develop Jurong Lake District.

The Company will continue to look for other attractive investments in the PRC, Singapore and locally in an attempt to diversify into different business areas and reduce the reliance upon existing businesses and to strengthen the positive cash flow and earnings for the Group in the long run.



Share capital

As at 30 September 2021, the authorised share capital of the Company was HK\$5,000,000,000 divided into 50,000,000,000 shares of HK\$0.10 each and the issued share capital of the Company was approximately HK\$393,485,657 divided into 3,934,856,576 shares of HK\$0.10 each.

Convertible Notes

Convertible Notes 2020

On 11 October 2016 and 24 October 2016, the Company entered into the Sale and Purchase Agreement and Supplemental Agreement with the Vendor in relation to the acquisition of 49% equity interest in Beijing Youli Lianxu Technology Company Limited (“Beijing Youli”).

Completion of the issue of the Convertible Notes 2020 (CN2020) in the aggregate principal amount of HK\$91,581,000 have been issued, of which HK\$54,215,952 are issued to the company nominated by Mr. Wang Peng and HK\$37,365,048 are issued to the company nominated by Mr. Ma Liejun took place on 25 April 2017.

The noteholders converted CN2020 in the principal amount of HK\$36,632,400 on 15 May 2017.

In 2018, Beijing Youli met the 2017 Profit Target (being the net profit after tax of Beijing Youli for the period from 1 April 2017 to 31 March 2018 in the amount of HK\$12,600,000). For detailed information regarding the Profit Target, please refer to the announcement of the Company dated 11 October 2016.

In 2019, Beijing Youli failed to meet the 2018 Profit Target (being the net profit after tax of Beijing Youli for the period from 1 April 2018 to 31 March 2019 in the amount of HK\$15,120,000), the consideration payable to the vendors shall be reduced by approximately HK\$11,261,429.

On 24 April 2020, the Company allotted and issued of 183,559,543 new shares upon exercises of the conversion rights attaching to the CN2020 in principal amounts of HK\$43,687,171.

Articles of Association

There was no change to the Articles of Association to the Company during the period ended 30 September 2021.

Foreign exchange exposure

Most of the Group's assets, liabilities and transactions are denominated in Hong Kong dollars and Renminbi. As the exchange rate between Hong Kong dollars and Renminbi is relatively stable and the expenditure in the People's Republic of China ("PRC") was covered by the sales in the PRC, the management considers that the Group has no significant foreign exchange exposures. Foreign exchange risk arising from the normal course of operations is considered to be minimal. As at 30 September 2021, the Group has no foreign currency borrowings and has not used any financial instrument for hedging the foreign exchange risk.

Significant investments

During the nine months ended 30 September 2021, no other significant investments were made by the Group, except the acquisition of Tianjin Mars Technology by the Group as set out in the announcements dated 18 December 2020, 29 December 2020 and 25 March 2021.

Charges on the Group's assets

There were no material charges on the Group's assets as at 30 September 2021.

SHARE OPTIONS SCHEME

At annual general meeting of the Company held on 23 May 2011, the Company adopted a new share option scheme ("Share Option Scheme") and the share option scheme adopted on 24 November 2001 (the "Old Scheme") became terminated therefrom. The Share Option Scheme became effective on 23 May 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Upon termination of Old Scheme, no further Options under the Old Scheme can be granted but the Options which have been granted during the life of the Old Scheme shall continue to be exercisable in accordance with their terms of issue and the provisions of Chapter 23 of the GEM Listing.



SHARE OPTIONS SCHEME *(Continued)*

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approved from time to time.

Pursuant to Share Option Scheme, the Board may grant Options to any participants, including full time and part time employees, directors (including non-executive directors and independent non-executive directors), consultants, advisors, suppliers and customers of the Group, and the Invested Entity and other persons who, at the sole determination of the Board, have contributed or will contribute to the Group to subscribe for shares of the Company at a price determined by the Board and shall be no less than the highest of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer of the Option which must be a business day, (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the Options; and (iii) the nominal value of a share on the date of offer of the Options.

An offer of Option shall remain open for acceptance by the participant to whom an offer is made for a period from the offer date to such date as the Board may determine and specify in the offer letter (both days inclusive), provided that no such offer shall be open for acceptance after the 10th anniversary from the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions hereof, whichever is earlier. A nominal consideration of HK\$1 is payable on acceptance of the offer of an Option.

SHARE OPTIONS SCHEME *(Continued)*

The total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue at as the date of approval of the limit. The maximum number of shares issuable under the Option to each eligible participant in the Scheme Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time.

Any grant of Options to a participant who is a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors (excluding independent non-executive director who is grantee). In addition, any Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.



SHARE OPTIONS SCHEME (Continued)

Due to the resignation of the Group's employees, the resigned employees, including the deputy Chief Executive Officer, are reclassified to the category of other eligible participants. The movements in the Options during the period ended 30 September 2021 are shown in following table:

Name of the participant	Date of grant	Exercise period and vesting period	Exercise price per share HK\$	At 1 January 2021	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period	At 30 September 2021
Directors								
Yuan Wei	09/09/2015	09/09/2015 – 08/09/2025	0.28	20,000,000	-	-	-	20,000,000
(Resigned on 15/12/2016)	15/12/2016	15/12/2016 – 14/12/2026	0.311	10,000,000	-	-	-	10,000,000
19 October 2021)	17/05/2017	17/05/2017 – 16/05/2027	0.285	3,000,000	-	-	-	3,000,000
	02/07/2019	02/07/2019 – 01/07/2029	0.155	30,600,000	-	-	-	30,600,000
Zhang Jianxin	09/09/2015	09/09/2015 – 08/09/2025	0.28	5,000,000	-	-	-	5,000,000
(Resigned on 15/12/2016)	15/12/2016	15/12/2016 – 14/12/2026	0.311	5,000,000	-	-	-	5,000,000
19 October 2021)	02/07/2019	02/07/2019 – 01/07/2029	0.155	5,000,000	-	-	-	5,000,000
Zheng Zhijing	17/05/2017	17/05/2017 – 16/05/2027	0.285	10,000,000	-	-	-	10,000,000
(Resigned on 5 November 2021)								
Yang Qingchun	02/07/2019	02/07/2019 – 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Tang Jiuda	02/07/2019	02/07/2019 – 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Lu Xiaowei	02/07/2019	02/07/2019 – 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Subtotal				94,600,000	-	-	-	94,600,000
Continuous contract employees								
In aggregate	09/09/2015	09/09/2015 – 08/09/2025	0.28	28,000,000	-	-	-	28,000,000
In aggregate	15/12/2016	15/12/2016 – 14/12/2026	0.311	146,000,000	-	-	-	146,000,000
In aggregate	17/05/2017	17/05/2017 – 16/05/2027	0.285	232,200,000	-	-	-	232,200,000
In aggregate	02/07/2019	02/07/2019 – 01/07/2029	0.155	288,500,000	-	-	-	288,500,000
Subtotal				694,700,000	-	-	-	694,700,000

SHARE OPTIONS SCHEME (Continued)

Name of the participant	Date of grant	Exercise period and vesting period	Exercise price per share HK\$	At 1 January 2021	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period	At 30 September 2021
Other eligible participants (i.e. resigned employees and external consultants)								
In aggregate	09/09/2015	09/09/2015 – 08/09/2025	0.28	53,000,000	-	-	-	53,000,000
In aggregate	15/12/2016	15/12/2016 – 14/12/2016	0.311	137,000,000	-	-	-	137,000,000
In aggregate	17/05/2017	17/05/2017 – 16/05/2027	0.285	23,000,000	-	-	-	23,000,000
In aggregate	02/07/2019	02/07/2019 – 02/07/2019	0.155	45,000,000	-	-	-	45,000,000
Subtotal				258,000,000	-	-	-	258,000,000
Exercisable at the end of the period				-	-	-	-	1,047,300,000
Weighted average exercise price				HKD0.245	-	-	-	HKD0.245

Due to the resignation of the Group's employees, the resigned employees, including the deputy Chief Executive Officer, are reclassified to the category of other eligible participants. The movements in the Option during the period ended 30 September 2020 are shown in the following table:

Name of the participant	Date of grant	Exercise period and vesting period	Exercise price per share HK\$	At 1 January 2020	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period	At 30 September 2020
Directors								
Yuan Wei	09/09/2015	09/09/2015 – 08/09/2025	0.28	20,000,000	-	-	-	20,000,000
(Resigned on 19 October 2021)	15/12/2016	15/12/2016 – 14/12/2026	0.311	10,000,000	-	-	-	10,000,000
	17/05/2017	17/05/2017 – 16/05/2027	0.285	3,000,000	-	-	-	3,000,000
	02/07/2019	02/07/2019 – 01/07/2029	0.155	30,600,000	-	-	-	30,600,000
Zhang Jianxin	09/09/2015	09/09/2015 – 08/09/2025	0.28	5,000,000	-	-	-	5,000,000
(Resigned on 19 October 2021)	15/12/2016	15/12/2016 – 14/12/2026	0.311	5,000,000	-	-	-	5,000,000
	02/07/2019	02/07/2019 – 01/07/2029	0.155	5,000,000	-	-	-	5,000,000
Zheng Zhijing	17/05/2017	17/05/2017 – 16/05/2027	0.285	10,000,000	-	-	-	10,000,000
(Resigned on 5 November 2021)								
Yang Qingchun	02/07/2019	02/07/2019 – 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Tang Jiuda	02/07/2019	02/07/2019 – 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Lu Xiaowei	02/07/2019	02/07/2019 – 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Subtotal				94,600,000	-	-	-	94,600,000



SHARE OPTIONS SCHEME (Continued)

Name of the participant	Date of grant	Exercise period and vesting period	Exercise price per share HK\$	At 1 January 2020	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	At 30 September 2020
Continuous contract employees								
In aggregate	09/09/2015	09/09/2015 – 08/09/2025	0.28	28,000,000	-	-	-	28,000,000
In aggregate	15/12/2016	15/12/2016 – 14/12/2026	0.311	146,000,000	-	-	-	146,000,000
In aggregate	17/05/2017	17/05/2017 – 16/05/2027	0.285	232,200,000	-	-	-	232,200,000
In aggregate	02/07/2019	02/07/2019 – 01/07/2029	0.155	288,500,000	-	-	-	288,500,000
Subtotal				694,700,000	-	-	-	694,700,000
Other eligible participants (i.e. resigned employees and external consultants)								
In aggregate	09/09/2015	09/09/2015 – 08/09/2025	0.28	53,000,000	-	-	-	53,000,000
In aggregate	15/12/2016	15/12/2016 – 14/12/2016	0.311	137,000,000	-	-	-	137,000,000
In aggregate	17/05/2017	17/05/2017 – 16/05/2027	0.285	23,000,000	-	-	-	23,000,000
In aggregate	02/07/2019	02/07/2019 – 02/07/2019	0.155	45,000,000	-	-	-	45,000,000
Subtotal				258,000,000	-	-	-	258,000,000
Exercisable at the end of the period				-	-	-	-	1,047,300,000
Weighted average exercise price				HKD0.245	-	-	-	HKD0.245

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2021, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares or underlying shares of the Company

Name of Directors and chief executive	Capacity	Number of shares or underlying shares held			Percentage of issued share capital
		Ordinary Share	Shares Options	Total	
Yuan Wei (Executive Director and Chief Executive Officer) (Resigned on 19 October 2021)	Beneficial owner	-	63,600,000	63,600,000	1.62%
Zhang Jianxin (Executive Director) (Resigned on 19 October 2021)	Beneficial owner	-	15,000,000	15,000,000	0.38%
Wong Hiu Pui (Executive Director) (Resigned on 27 October 2021)	Beneficial owner	120,000	-	120,000	0.003%
Zheng Zhijing (Executive Director) (Resigned on 5 November 2021)	Beneficial owner	-	10,000,000	10,000,000	0.25%
Lin Yan (Executive Director) (Resigned on 19 July 2021)	Beneficial owner	126,000,000	-	126,000,000	3.20%
Lin Ruiping (Executive Director)	Beneficial owner	151,936,000	-	151,936,000	3.86%
Yang Qingchun (Independent Non-executive Director)	Beneficial owner	536,000	2,000,000	2,536,000	0.06%
Lu Xiaowei (Independent Non-executive Director)	Beneficial owner	1,000,000	2,000,000	3,000,000	0.08%
Tang Jiuda (Independent Non-executive Director)	Beneficial owner	-	2,000,000	2,000,000	0.05%
Wang Hui (Resigned Deputy Chief Executive Officer on 2 May 2021)	Beneficial owner	-	5,000,000	5,000,000	0.13%



DIRECTORS' INTERESTS IN SECURITIES (Continued)

Long positions in shares or underlying shares of the Company (Continued)

Save as disclosed above, as at 30 September 2021, none of the other Directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, so far as known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Long position in shares or underlying shares of the Company

Name of Shareholder	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Atlantis Capital Holdings Limited (note 1)	Investment manager	286,256,000	7.27%
Liu Yang (notes 1 and 2)	Interest of a controlled corporation	286,256,000	7.27%
Atlantis Investment Management (Hong Kong) Limited (note 1)	Investment manager	286,256,000	7.27%
Atlantis Investment Management (Ireland) Limited (note 1)	Investment manager	126,256,000	3.21%
Riverwood Asset Management (Cayman) Ltd. (note 2)	Investment manager	160,000,000	4.07%
China Shipbuilding Industry Corporation (note 3)	Investment manager	524,952,000	13.34%
China Shipbuilding Capital Limited (note 3)	Interest of a controlled corporation	524,952,000	13.34%
Summit Blue Limited (note 4)	Beneficial owner	384,794,117	9.78%
Wang Peng (note 4)	Interest of a controlled corporation	384,794,117	9.78%

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS *(Continued)*

- Notes: 1. According to the disclosure of interests notices filed by each of Ms. Liu Yang and Atlantis Captial Holdings Limited, Atlantis Investment Management (Hong Kong) Limited (“Atlantis (Hong Kong)”) and Atlantis Investment Management (Ireland) Limited (“Atlantis (Ireland)”) were disclosed as having interest in 286,256,000 shares and 126,256,000 shares of the Company respectively. Atlantis (Hong Kong) and Atlantis (Ireland) are indirect wholly-owned and direct wholly-owned by Ms. Liu Yang and Atlantis Capital Holdings Limited respectively. Therefore, Ms. Liu Yang and Atlantis Capital Holdings Limited are deemed to be interested in the shares held by Atlantis (Hong Kong) and Atlantis (Ireland).
2. According to the disclosure of interests notices filed by Riverwood Asset Management (Cayman) Ltd, Riverwood Asset Management (Cayman) Ltd was disclosed as having interest in 160,000,000 shares of the Company and was wholly owned by Ms. Liu Yang. Therefore, Ms. Liu Yang is deemed to be interested in the shares held by Riverwood Asset Management (Cayman) Ltd.
3. China Shipbuilding Capital Limited was a wholly-owned subsidiary of China Shipbuilding Industry Corporation. China Shipbuilding Capital Limited was the beneficial owner of 493,088,000 shares of the Company and also held 60% shareholding in CSIC Investment One Limited, a company which was the beneficial owner of 31,864,000 shares of the Company.
4. Summit Blue Limited held 384,794,117 shares of the Company and Mr. Wang Peng held 70% shareholding in Summit Blue Limited. Therefore, Mr. Wang Peng is deemed to be interested in the shares held by Summit Blue Limited under the SFO.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.



CORPORATE GOVERNANCE

During the period under review, the Company has complied with all the Code on Corporate Governance Practices as set out in Appendix 15 in the GEM Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors, substantial shareholders of the Company and their respective associates had any interest in any business that directly or indirectly competed or might compete with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed Securities during the nine months ended 30 September 2021.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also made specific enquiry with all Directors, and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the period under review.

CHANGES IN DIRECTORS' INFORMATION

With effect from 7 August 2020, Mr. Lin Ruiping has been appointed as an executive Director of the Company. Upon appointment as an executive director of the Company, Mr. Lin has ceased to serve as the honorary chairman of the Company with effect from 7 August 2020.

With effect from 19 July 2021, Ms. Lin Yan has resigned as an executive Director of the Company. Mr. Loo Chung Keung Steve has been appointed as an executive Director of the Company with effect from 19 July 2021.

CHANGES IN DIRECTORS' INFORMATION *(Continued)*

Ms. Zhu Ziyuan has been appointed as an executive Director of the Company and Mr. Fu Chun Kit has been appointed as an independent non-executive Director of the Company, both with effect from 20 August 2021.

With effect from 19 October 2021, Mr. Yuan Wei has resigned as an executive Director, the chief executive officer, authorised representative, compliance officer, chairman of the Nomination Committee and chairman of the Remuneration Committee of the Company; Ms. Zhang Jianxin has resigned as an executive Director of the Company; Mr. Sun Hongtao has been appointed as an executive Director of the Company; and Mr. Loo Chung Keung Steve has been appointed as the chief executive officer, authorised representative, compliance officer, chairman of the Nomination Committee and chairman of the Remuneration Committee of the Company.

Mr. Fu Chun Kit has resigned as an independent non-executive Director of the Company with effect from 22 October 2021.

Ms. Wong Hiu Pui has resigned as an executive Director of the Company with effect from 27 October 2021.

Mr. Zheung Zhijing has resigned as an executive Director of the Company with effect from 5 November 2021.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures. As at 30 September 2021, the committee comprised three independent non-executive Directors, namely Ms. Yang Qingchun, Mr. Tang Jiuda and Ms. Lu Xiaowei.



AUDIT COMMITTEE *(Continued)*

The Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have been reviewed by the audit committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established on 23 March 2005 with major functions of (i) making recommendations to the Board on the Company's policies and structure for the remuneration of Directors and senior management of the Group; and (ii) determining the remuneration packages of all Directors and senior management of the Group; and (iii) reviewing and approving the performance-based remuneration. The remuneration committee of the Company is chaired by Mr. Yuan Wei (resigned on 19 October 2021) then Mr. Loo Chung Keung Steve (appointed on 19 October 2021). Other members include Ms. Yang Qingchun and Mr. Tang Jiuda. The majority of the members of the remuneration committee are independent non-executive directors.

NOMINATION COMMITTEE

The nomination committee of the Company was established on 23 March 2012. The function of the nomination committee is to identify individual suitably qualified to become director and make recommendation to the Board on the appointment, re-appointment and re-designation of directors. The nomination committee of the Company is chaired by Mr. Yuan Wei (resigned on 19 October 2021) then Mr. Loo Chung Keung Steve (appointed on 19 October 2021). Other members include Ms. Yang Qingchun and Ms. Lu Xiaowei. The majority of the members of the nomination committee are independent non-executive directors.

By order of the Board
China E-Information Technology Group Limited
Loo Chung Keung Steve
Executive Director and Chief Executive Officer

Hong Kong, 12 November 2021

As at the date of this report, the Board comprises four executive Directors, namely Mr. Loo Chung Keung Steve, Mr. Sun Hongtao, Mr. Lin Ruiping, and Ms. Zhu Ziyuan; and three independent non-executive Directors, namely, Ms. Yang Qingchun, Mr. Tang Jiuda and Ms. Lu Xiaowei.

This report will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page and the website of the Company at www.irasia.com/listco/hk/chieinfotech/ for at least 7 days from the date of its publication.