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中國信息科技發展有限公司
China Information Technology Development Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08178)

2022 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of China Information Technology Development Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2022. This announcement, containing the full text of the 2022 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results. Printed version of the Company’s 2022 interim report will be delivered to the shareholders of the Company in due course.

By order of the Board

China Information Technology Development Limited

Wong King Shiu, Daniel

Chairman and Chief Executive Officer

Hong Kong, 9 August 2022

As at the date of this announcement, the Board comprises Mr. Wong King Shiu, Daniel (Chairman and Chief Executive Officer) and Mr. Chang Ki Sum Clark as executive Directors; Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong as independent non-executive Directors.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 announcement 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 announcement misleading.

This announcement will be available on the Company’s website <http://www.citd.com.hk> and will remain on the “Latest Listed Company Announcement” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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This report, for which the directors (the “Directors” and each a “Director”) of the China Information Technology Development Limited (the “Company”), together with its subsidiaries, (the “Group”) 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 (the “GEM Listing Rules”) 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.

This report will be available on the Company’s website <http://www.citd.com.hk> and will remain on the “Latest Listed Company Information” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wong King Shiu, Daniel
(Chairman and Chief Executive Officer)
Mr. Chang Ki Sum Clark

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Hing Man
Mr. Wong Hoi Kuen
Dr. Chen Shengrong

COMPANY SECRETARY

Ms. Lam Mei Wai Michelle

COMPLIANCE OFFICER

Mr. Chang Ki Sum Clark

AUTHORISED REPRESENTATIVES

Mr. Chang Ki Sum Clark
Ms. Lam Mei Wai Michelle

NOMINATION COMMITTEE

Mr. Hung Hing Man
(Committee Chairman)
Mr. Wong Hoi Kuen
Dr. Chen Shengrong

REMUNERATION COMMITTEE

Mr. Wong Hoi Kuen
(Committee Chairman)
Mr. Hung Hing Man
Dr. Chen Shengrong

AUDIT COMMITTEE

Mr. Hung Hing Man
(Committee Chairman)
Mr. Wong Hoi Kuen
Dr. Chen Shengrong

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Public Bank (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

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GEM STOCK CODE

8178

WEBSITE ADDRESS

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SUMMARY

- Revenue for the six months ended 30 June 2022 (the “Period”) was approximately HK\$34,735,000, representing an increase of 3.1% from the corresponding period in last year (2021: approximately HK\$33,691,000).
- Loss attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately HK\$21,028,000 (2021: approximately HK\$8,792,000). The increase in loss was mainly attributed to (i) the research and development expenses for (including but not limited to) the smart logistics system and smart retail cloud platform for the CRM system, namely “Retail Booster”, and network security of IoT cloud platform of approximately HK\$14,324,000; (ii) the fair value loss on investment properties of approximately HK\$1,208,000; and (iii) the fair value loss on investments of approximately HK\$1,162,000.
- Loss per share attributable to owners of the Company from continuing operations for the six months ended 30 June 2022 was approximately HK5.01 cents (2021: approximately HK3.10 cents as restated).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market overview

During the first six months of 2022, the rebound of COVID-19 cases in various areas including Hong Kong, have created instability in global economy. Business activities in Hong Kong almost became stagnant in the early months in 2022. To make things worse, the Russo-Ukrainian war has intensified the geopolitical atmosphere, driving macro-economy and business sentiments even more pessimistic.

Nevertheless, the stringent COVID-19 containment measures like cross-border restrictions, lockdowns, quarantine and “work-from-home” arrangements had reinforced the reliance of technologies like virtual desktop infrastructures, cloud technologies, Artificial Intelligence (“AI”) etc. AI for example, has become more prominent in business to reduce administrative and operational cost while helping the increase of productivity. According to Google CEO Sundar Pichai, impact of AI will be even greater than that of fire or electricity on our development as a species. AI is currently being used to help efficient business decision-making and even tackle climate change or develop treatments for cancer, the potential of AI and Smart technology is clearly enormous.

Business review

During the six months ended 30 June 2022, the Group has continued to develop steadily, preparing ourselves to face the challenges ahead while grabbing the golden opportunities for the sustainable growth of the Group. The Group had continued to dedicate its effort in developing innovative and advanced technology especially in fields like AI and cloud technologies while cautiously controlling and allocating our resources efficiently and took appropriate corporate actions according to the market conditions. During the Period, the Group has been injecting resources in the development of “Retail Booster”, our AI Customer relationships management system for retail clients. We have started the promotion on “Retail Booster” and have received positive comments. We shall persistently improve and provide better versions of “Retail Boosters” and other AI models for various industries.

During the six months ended 30 June 2022, 廣州信豐投資諮詢有限公司(Guangzhou Xinfeng Investment Consultancy Limited*) (“Xinfeng”), entered into a construction contract with a contractor for the asset enhancement work of the investment properties. The contractor is an independent third party. The total contracted amount under the construction contract was RMB50,000,000. In order to meet the requirement under the PRC law and regulations of the tenant’s business, the investment properties have to meet level 8 anti-earthquake standard. Before the asset enhancement work, the investment properties were only able to meet level 7 anti-earthquake standard. As such, Xinfeng mandated the contractor to undertake structural reinforcement and facilities enhancement works to meet those standards. The construction has been completed and relevant regulatory requirements were fulfilled in July 2022.

Rights Issue on the basis of one (1) Rights Share for every two (2) Existing Shares held on the record date on a non-underwritten basis (“Rights Issue”); and proposed placing of Placing Shares under Specific Mandate (“Placing Under Specific Mandate”)

On 5 January 2022, the Board of Directors proposed to conduct the Rights Issue on the basis of one (1) rights share (“Rights Share(s)”) for every two (2) existing Shares held on the record date of 8 March 2022 at the subscription price of HK\$0.15 per Rights Share, to raise up to approximately HK\$25.74 million before expenses by way of issuing up to 171,570,664 ordinary shares at an aggregated nominal value of HK\$1,715,706.64. The net price per Rights Shares is approximately HK\$0.144 per Rights Share and the closing price on 5 January 2022, being the date on which the terms of the Rights Issue was fixed, was HK\$0.230 per Share.

The Company and Grand China Securities Limited (“Placing Agent”) entered into the placing agreement (“Placing Agreement”), pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the Placing Agent for the Company to procure, on a best effort basis, places to subscribe for the placing shares (i.e., the unsubscribed Rights Share(s) not taken up by the qualifying shareholder(s) or renounee(s) or transferee(s) of the Nil-Paid Rights under PAL(s) and the Rights Share(s) which would otherwise has/have been provisionally allotted to the excluded shareholder(s) in nil-paid form that has/have not been sold by the Company) on the terms and subject to the conditions set out in the Placing Agreement on 5 January 2022. Under the terms of the Placing Agreement, if all the Rights Shares have already been fully taken up in the Rights Issue whether through the PAL(s) and/or EAF(s), the Placing under Specific Mandate will not proceed.

The said Placing under Specific Mandate was approved by the Shareholders in the extraordinary general meeting on 24 February 2022.

There were a total of 16 valid acceptances and applications received for a total of 203,244,024 Rights Shares, comprising (a) 9 valid acceptances of provisional allotments under the PALs in respect of 115,027,076 Rights Shares; and (b) 7 valid applications for excess Rights Shares under the EAFs in respect of 88,216,948 Rights Shares, representing approximately 118.46% of the total number of 171,570,664 Rights Shares available for subscription under the Rights Issue.

Based on the above results, the Rights Issue was over-subscribed by 31,673,360 Rights Shares, representing approximately 18.46% of the total number of 171,570,664 Rights Shares offered under the Rights Issue.

Under the terms of the Placing Agreement, based on the Rights Issue result on 23 March 2022, as all the Rights Shares were taken up in the Rights Issue through the PAL(s) and EAF(s), the Placing will not proceed and the obligations of the Placing Agents under the Placing Agreement have been fully discharged.

Subsequently, on completion of the Rights Issue which took place on 11 April 2022, 115,027,076 Rights Shares were allotted and issued under valid acceptances of PALs and 56,543,588 Rights Shares were allotted and issued under valid application of EAFs, representing the total number of 171,570,664 Rights Shares available for subscription under the Rights Issue.

Details of the Rights Issue and the proposed Placing under Specific Mandate are set forth in the announcements dated 5 January 2022, 30 March 2022 and 12 April 2022, the circular dated 25 January 2022 and the prospectus dated 9 March 2022.

The estimated net proceeds from the Rights Issue and the Placing after deducting the estimated expenses in relation to the Rights Issue are up to approximately HK\$24,710,000, of which (i) approximately HK\$23,000,000 is intended for research and development expenses for fine tuning the smart logistics and the CRM system; and (ii) the remaining amount is intended for general working capital, including but not limited to rental and salaries expenses and other administrative expenses for daily operation of the Group.

As at 30 June 2022, the Group used (i) approximately HK\$10,004,000 for research and development expenses and (ii) approximately HK\$1,710,000 for the general working capital as intended. The remaining net proceeds of approximately HK\$12,996,000 were kept in the bank of the Group.

Provision of Guarantee to a Subsidiary (“Provision of Guarantee”)

On 15 February 2022, 廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited*) (the “Subsidiary”), an indirect wholly-owned subsidiary of the Company entered into a facility agreement (the “Facility Agreement”) with China Construction Bank Corporation, Guangzhou Liwan Sub-branch (the “Lender”). Pursuant to the Facility Agreement, the Subsidiary agreed to borrow and the Lender agreed to provide a loan of RMB50,000,000 (the “Loan Facility”).

In consideration of the provision of the Loan Facility under the Facility Agreement by the Lender, the Company agreed to provide a corporate guarantee (the “Corporate Guarantee”) in favour of the Lender, so as to guarantee the performance of the Subsidiary’s payment obligations of up to the principal amount of RMB50,000,000. The Corporate Guarantee was signed on 15 February 2022 and a supplemental agreement to the Corporate Guarantee was signed on 7 March 2022 in Guangzhou, the People’s Republic of China (the “PRC”). The parties to the Corporate Guarantee agreed to submit to the jurisdiction of the courts in Guangzhou, the PRC if a legal action in connection with the Corporate Guarantee arises.

Details of the above Provision of Guarantee is set out in the announcement dated 7 March 2022.

Litigation against the Company’s Subsidiary (the “Litigation”)

Reference is made to the announcement dated 2 August 2019 (the “Announcement”) and the circular and notice of extraordinary general meeting dated 27 September 2019 (the “Circular”) in relation to the disposal of entire issued share capital of Joyunited Investments Limited (the “Target Company”) pursuant to the sale and purchase agreement dated 2 August 2019 entered into between Giant Prestige Investments Limited (權盛投資有限公司) (“Giant Prestige”) as vendor, Winner Sino Corporate Development Limited (中勝企業發展有限公司) (“Winner Sino”) as purchaser and 廣州麓湖錦城置業管理有限公司 (Guangzhou Luhu Jincheng Properties Management Limited*) (the “Purchaser’s Guarantor”) as purchaser’s guarantor relating to the sale and purchase of the entire issued share capital of the Target Company and the Sale Loan (the “Agreement”) and the announcement of the Company dated 20 December 2019 in relation to the termination of major transaction in relation to the disposal of entire issued share capital of Target Company.

The Board announced that, on 10 August 2021, 廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited*) (“Xinfeng”), received litigation documents, including the “Civil Complaint (2021) Yue 0191 Min Chu No. 14903”* ((2021) 粵0191民初14903號《民事起訴狀》), “List of Evidence”* (《證據清單》), “Notice of Response”* (《應訴通知書》), “Notice to Produce Evidence”* (《舉證通知書》), and “Writ of Summons”* (《傳票》), pursuant to which, the Purchaser’s Guarantor alleged that the Giant Prestige, the Target Company, Xinfeng, 廣州市德永科技投資有限公司 (Guangzhou Deyong Technology Investment Limited*) (“Deyong”) and Winner Sino (Giant Prestige, the Target Company, Xinfeng, Deyong and Winner Sino, collectively, the “Defendants”) failed to perform their obligations under the Agreement and the Purchaser’s Guarantor requested 廣東自由貿易區南沙片區人民法院 (the People’s Court of Nanshajian District, Guangdong Free-Trade zone*) (the “Nanshajian District Court”) to order the Defendants to pay (i) the deposit of RMB13,000,000 paid by the Purchaser’s Guarantor under the Agreement (the “Deposit”); (ii) the interest on the Deposit; and (iii) the legal costs of the Litigation. The Giant Prestige, the Target Company, Xinfeng and Deyong are wholly owned subsidiaries of the Company.

As at 31 December 2020, the Company had recognised the Deposit forfeited as other income of the Group. The Board is seeking legal advice in respect of the Litigation and is assessing its potential impact on the Company at the moment. In any event, the Litigation does not affect the normal operation of the Group. The Company will take appropriate actions to vigorously defend the claims under the Litigation. There were no further update regarding the Litigation at the date of this report. The hearing for the Litigation has been taken place at the Nanshajian District Court on 20 June 2022. The Defendants have put forward the supplemental statement to court and requested the Nanshajian District Court to dismiss all the plaintiff’s claims in accordance with the law. The Nanshajian District Court has yet to schedule the hearing for this request and the hearing date is yet to be confirmed by the Nanshajian District Court at the date of this report.

The Company will make further announcement(s) to keep its shareholders and investors informed of any significant development of the Litigation as and when appropriate.

Macro Systems

During the reporting period, Macro Systems Limited (“Macro Systems”) allied with various top-class industry elites to continuously promote enterprise market’s digital transformation in Hong Kong. Macro Systems has continued to be the “Nutanix Certified Sales Expert” and gained “Master Partner”, the highest tier of partnership in the Nutanix Partner Program. Besides, Macro Systems has been the “Gold Partner” in Sangfor Technology Channel Partner, IBM PartnerWorld Program “Silver Partner” as well as “VMware Partner Connect Program – Advanced Partner”. These awards and partnerships issued by various world-class partners are solid affirmation of our high quality services.

On April 29, 2022, Macro Systems was invited by GS1 to hold an online seminar themed “Go Digital Seminar” 360° Business Solutions”, which introduced a series of smart retail solutions. AI Booster helps customers create the most effective predictive analysis solutions from data management, data analysis and application in solving problems for enterprises.

We shared how to use the AI digital coupon system with our audience, which helps to create personalised marketing campaigns that meet ever-changing customer expectations and improve marketing efficiency.

Meanwhile, we continued to utilise our scenario driven business agility zone at our experience centre in Tsimshatsui to allow our customers to experience the business transformation we bring with secured intelligence and technology. It allows clients to have a first-hand experience of smart office with high speed connection at any location. Not only does it help business to be performed in a seamless and agile way from office to anywhere by virtual workspace, it helps business to save energy and improve environment. We believe the experience zone can successfully strengthen our clients’ confidence in deploying virtual workspace solution and facilitate the related business project progress.

DataCube

During the reporting period, DataCube Research Centre Limited (“DataCube”), has continued to promote data modelling and big data analysis, as well as developing related technologies to expedite the adoption and drive the evolution of AI and business intelligence across different industries and regions with its unique advanced core technologies of the AI Book, AI Manager and BI Canvas. As such, DataCube provides the technological platforms and all related resources to drive the development of smart cities in Asia. Currently, the AI Book and BI Canvas developed by DataCube serve clients in the PRC. AI Book is a learning platform that analyzes and generates meaningful and accurate data through deep learning and machine learning technologies. The BI Canvas then clearly presents the analysis generated by the AI Book through various charts and tables. Such platforms help clients and their IT teams to explore potential opportunities and provide insights for developing their businesses and improving their operational efficiency. The AI Book and BI Canvas cover various industries such as the education and retailing industries. By providing services to its customers via the AI Book and BI Canvas, the Group gains a better understanding about the unique needs of each industry. In order to customise its data empowerment platforms to specific industries, the Group, together with the research team of DataCube, have dedicated tremendous efforts and resources to develop the AI Booster solution services.

The smart logistics and customer relationships management system (the “CRM system”), one of the branches of the AI Booster solution services, is a simplified AI solution targeting small to medium-sized enterprises without AI specialists. It is an end-to-end ecosystem that provides leading-edge solutions for model development, deployment, monitoring and evolution. According to the data collected by DataCube, the smart logistics and CRM system of the AI Booster solution services help customers of the Group to select the optimal transportation by providing real-time information sharing so that on-time delivery can be achieved. It can also monitor exceptional changes of the business while providing more personalised recommendation to the customers. The algorithms and data management technologies used in the AI Book and BI Canvas can create synergy for the development of AI Booster and the smart logistics and CRM system, allowing the Group to seamlessly streamline its entire data process and leverage cutting-edge AI technologies. Therefore, the Company has been injecting resources in research and development on its AI technology in the smart logistics and CRM system to transform enormously complex data with automated machine learning platforms and augmented analytics into useful insights which enables the Group to provide timely services to its customers. The system shall also provide automated sales and customer service interactions and other logistics management services. During the reporting period, bearing the objective to provide the most advanced but user-friendly technology that can help clients to manage their business at ease, the Company has persistently put effort and injected resources in refining the CRM system. The system is considered to be part of the IT Solutions Business of the Group. The Group had started to launch “Retail Booster”, the CRM System tailored for retail industry during the reporting period. “Retail Booster” provides comprehensive and secured AI system that is easy to install and use even without professional IT knowledge. Through the machine learning algorithm of thousands of people, the historical member behavioral data is exhibited, and relevant models of “Retail Boosters” are launched including the “estimated member repurchase rate”, “new member retention estimation” and “product recommendation” for customers’ data analysis which further helps reducing marketing expenses and increasing sales. The “Retail Booster” is currently under promotion and trial campaign and the Group is negotiating with various interested parties and is anticipating the “Retail Booster” to contribute to the Group’s revenue in due course.

During the reporting period, Macro Systems and DataCube have contributed a revenue of approximately HK\$11,764,000 and approximately HK\$13,633,000 respectively to the Group while DataCube continues to negotiate with different business partners for potential projects and focused on the R&D of the AI Booster branches. The Directors and the Company shall continue to develop the businesses of Macro Systems and DataCube. Macro Systems and DataCube shall continue to ally with each other and look for collaborations to create synergy to the Group’s business performance.

FUTURE PROSPECT

Shadowed by the uncertainty brought by the COVID-19 Pandemic heightened geopolitical tension and the soaring inflation, 2022 is expected to remain to be a challenging year. The rebound of COVID-19 cases in various areas including Hong Kong, have created instability in macro-economy since the second half of 2021 and early 2022. The performance of the Group was also affected and was in line with the general market conditions. Nevertheless, the future of the economic development and the industry remains positive. Robust growth in different technology trends such as IoT, cloud technology and AI are expected. This is especially the case when the reliance on technology rocketed during the COVID-19 Pandemic in our lives and businesses. Software development is constantly transforming to cater the needs under the “New Normals”. To keep pace with the technological advancement and the market trends, the Group shall dedicate more resources on research and development of the IoT, AI, cloud and other technologies so as to provide updated and quality services and products to the clients that can improve their business efficiency. Research and development of such advanced technologies like our “Retail Booster” and other AI Booster branches requires capital as well as seasoned experts. The Company shall therefore inject necessary resources to strengthen our research and development team and we have kick started the promotion of “Retail Booster” during the period. Meanwhile, under such volatile market condition, the Board shall continue to closely monitor the market conditions and shall assess the impact of COVID-19 on the financial position and operations of the Group. The Group shall timely implement measures and adjust its business strategies to mitigate any possible business risks.

Looking forward, the Group shall keep alert on the market conditions and trends and continue to nurture its existing businesses while look for potential projects, business opportunities and/or collaborations especially on cloud technology, IoT and AI or related IT services for the long term development of the Group.

Employees

The total number of full-time employees hired by the Group maintained at 58 as of 30 June 2022 (2021: 62 employees). Total expenses on employee benefits amounted to approximately HK\$11,079,000 for the six months ended 30 June 2022, of which HK\$1,100,000 related to equity-settled share-based payment (2021: approximately HK\$13,699,000 of which HK\$2,642,000 related to equity-settled share-based payments). The management believes the salaries offered by the Group to its employees are competitive.

Financial review

For the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$34,735,000, an increase of 3.1% from approximately HK\$33,691,000 for the corresponding period of last year. The increase is mainly due to rental income from the PRC properties which were rented to an independent third party for commercial office and other use permitted by the laws and regulations of the PRC.

The Group had a total cost of sales and services of approximately HK\$21,604,000 for the first half of year 2022, a decrease of 22.0% compared with approximately HK\$27,682,000 for the same period of 2021. The decrease is mainly due to the decrease in sale of computer hardware and software which was caused by shipment delays and shortage of hardware supplies.

The gross profit of the Group for the first half of year 2022 was approximately HK\$13,131,000, an increase of 118.5% from approximately HK\$6,009,000 for the corresponding period of last year. The increase is mainly due to the rental income of approximately HK\$6,004,000 for the reporting period.

Administrative expenses for the reporting period were approximately HK\$15,621,000, a decrease of 5.7% as compared to approximately HK\$16,563,000 for the corresponding period of last year. The recognition of share options granted to employees and consultants was approximately HK\$2,992,000 for the six months ended 30 June 2021; whereas, the recognition of share options granted to employees and consultants for the six months ended 30 June 2022 was approximately HK\$1,172,000.

During the first half of 2022, the Group recorded a loss on trading of marketable securities of approximately HK\$1,162,000 (2021: gain of approximately HK\$3,829,000).

During the reporting period, the fair value of investment properties decreased by approximately HK\$1,208,000 (2021: HK\$nil).

The Group's loss attributable to owners of the Company was approximately HK\$21,028,000 for the six months ended 30 June 2022 (2021: approximately HK\$8,792,000).

Financial position

As at 30 June 2022, the Group had cash and bank balances of approximately HK\$20,330,000 (31 December 2021: approximately HK\$6,714,000).

As at 30 June 2022, the Group's total borrowings amounted approximately HK\$134,244,000 (31 December 2021: approximately HK\$87,439,000). The gearing ratio (calculated as total borrowings over total equity) of the Group was 0.39 (31 December 2021: 0.25).

As the Group carried out a major portion of its operations in the PRC and Hong Kong and substantially all of its business transactions, assets and liabilities are denominated in either Renminbi or Hong Kong dollars, the foreign exchange risk of the Group was considered minimal thus no hedging activities were conducted.

As at 30 June 2022, the Group recorded net current liabilities of approximately HK\$13,325,000 which was primarily due to the obtaining of a new mortgage loan ("Mortgage Loan") in March 2022 from a commercial bank in the PRC. The Mortgage Loan has a term of 8 years until March 2030. The principal to be repaid quarterly is RMB1,500,000 for the first five years and will increase to RMB1,800,000 per quarter during the last three years and RMB200,000 for the last payment of the term. However due to the existence of a repayable on demand clause exercisable by the bank in the loan agreement, the whole amount of the principal of the Mortgage Loan of HK\$56,811,000 as of 30 June 2022 was recorded as current liability. Despite the resulting net current liabilities as of 30 June 2022, the Group is expected to receive stable rental income from lease of the Investment Properties which will be more than sufficient to service the monthly interest and principal repayments under the Mortgage Loan.

Capital expenditure

The Group incurred a capital expenditure of approximately HK\$36,000 (31 December 2021: approximately HK\$103,000) for addition of property, plant and equipment and approximately HK\$58,567,000 (31 December 2021: approximately HK\$209,000) for addition of investment properties during the six months for 30 June 2022.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2022 and 31 December 2021 respectively.

Capital commitment

The Group did not have any material capital commitments as at 30 June 2022 and 31 December 2021.

The Board announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding period of 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest revenue		917	1,151	1,834	2,447
Other revenue		12,931	7,923	32,901	31,244
Revenue	4	13,848	9,074	34,735	33,691
Cost of sales and services		(7,682)	(6,533)	(21,604)	(27,682)
Gross profit		6,166	2,541	13,131	6,009
Other income and gains	4	2,325	1,896	4,872	3,756
Selling and distribution expenses		(10,202)	(198)	(14,744)	(392)
Administrative expenses		(9,643)	(8,889)	(15,621)	(16,563)
Loss on early redemption of promissory notes		(2,130)	–	(2,130)	–
Fair value (loss)/gain on investments at fair value through profit or loss		(1,094)	2,583	(1,162)	3,829
Change in fair value of investment properties		(1,208)	–	(1,208)	–
Finance costs	5	(2,821)	(2,933)	(5,608)	(5,924)
LOSS BEFORE TAX	6	(18,607)	(5,000)	(22,470)	(9,285)
Income tax credit	7	10	–	10	–
LOSS FOR THE PERIOD		(18,597)	(5,000)	(22,460)	(9,285)
Attributable to:					
Owners of the Company		(17,148)	(4,688)	(21,028)	(8,792)
Non-controlling interests		(1,449)	(312)	(1,432)	(493)
		(18,597)	(5,000)	(22,460)	(9,285)
Basic and diluted loss per share	8	HK(3.46) cents	(Restated) HK(1.62) cents	HK(5.01) cents	(Restated) HK(3.10) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(18,597)	(5,000)	(22,460)	(9,285)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF INCOME TAX				
– Exchange differences on translation of foreign operations	(13,589)	3,380	(13,202)	1,332
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(32,186)	(1,620)	(35,662)	(7,953)
Attributable to:				
Owners of the Company	(30,793)	(1,294)	(34,279)	(7,447)
Non-controlling interests	(1,393)	(326)	(1,383)	(506)
	(32,186)	(1,620)	(35,662)	(7,953)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Investment properties	10	318,607	273,607
Property, plant and equipment	11	1,850	2,618
Goodwill		6,504	6,504
Right-of-use assets		5,493	1,328
Other intangible assets		4,294	4,727
Equity investments at fair value through other comprehensive income		41,435	42,857
Prepayments, deposits and other receivables	12	848	939
Deferred tax assets		4,081	4,081
Loan receivable	14	59,273	58,012
Total non-current assets		442,385	394,673
CURRENT ASSETS			
Inventories		429	1,277
Trade receivables	13	10,593	14,029
Prepayments, deposits and other receivables	12	5,669	20,207
Loan receivables	14	32,314	33,286
Investments at fair value through profit or loss		4,736	17,676
Current tax assets		27	–
Bank and cash balances		20,330	6,714
Total current assets		74,098	93,189
CURRENT LIABILITIES			
Trade payables	15	3,788	6,396
Contract liabilities		4,200	4,341
Other payables and accruals	16	18,606	28,052
Lease liabilities		1,754	1,426
Current tax liabilities		–	99
Bank and other borrowings	17	59,075	12,791
Total current liabilities		87,423	53,105

		As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
	<i>Notes</i>		
NET CURRENT (LIABILITIES)/ASSETS		(13,325)	40,084
TOTAL ASSETS LESS CURRENT LIABILITIES		429,060	434,757
NON-CURRENT LIABILITIES			
Loan from a shareholder	18	3,278	3,233
Amount due to a director	19	1,300	1,376
Loan from an independent third party	20	7,614	–
Promissory note payables	21	64,277	71,415
Lease liabilities		3,717	32
Deferred tax liabilities		4,241	4,439
		84,427	80,495
NET ASSETS		344,633	354,262
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	5,147	3,431
Reserves		345,466	355,428
		350,613	358,859
Non-controlling interests		(5,980)	(4,597)
TOTAL EQUITY		344,633	354,262

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium account	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Investment revaluation reserve	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	574,419	108,291	-	3,167	(292,582)	26,516	419,811	(4,225)	415,586
Loss for the period	-	-	-	-	(8,792)	-	(8,792)	(493)	(9,285)
Other comprehensive (loss)/income									
- Exchange differences on translation of foreign operations	-	-	-	1,345	-	-	1,345	(13)	1,332
Total comprehensive loss for the period	-	-	-	1,345	(8,792)	-	(7,447)	(506)	(7,953)
Capital reorganisation	(572,026)	-	-	-	572,026	-	-	-	-
Equity-settled share-based payment expenses	-	-	2,992	-	-	-	2,992	-	2,992
Issue of shares for an acquisition	200	9,800	-	-	-	-	10,000	-	10,000
Issue of shares under placing	208	4,480	-	-	-	-	4,688	-	4,688
At 30 June 2021	2,801	122,571	2,992	4,512	270,652	26,516	430,044	(4,731)	425,313
At 1 January 2022	3,431	135,041	2,892	12,856	189,218	15,421	358,859	(4,597)	354,262
Loss for the period	-	-	-	-	(21,028)	-	(21,028)	(1,432)	(22,460)
Other comprehensive (loss)/income									
- Exchange differences on translation of foreign operations	-	-	-	(13,251)	-	-	(13,251)	49	(13,202)
Total comprehensive loss for the period	-	-	-	(13,251)	(21,028)	-	(34,279)	(1,383)	(35,662)
Equity-settled share-based payment expenses	-	-	1,172	-	-	-	1,172	-	1,172
Issue of shares under rights issue	1,716	23,145	-	-	-	-	24,861	-	24,861
At 30 June 2022	5,147	158,186	4,064	(395)	168,190	15,421	350,613	(5,980)	344,633

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	7,060	21,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(36)	(3)
Payment for construction works of investment properties	(58,567)	–
NET CASH USED IN INVESTING ACTIVITIES	(58,603)	(3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from an independent third party	7,614	–
Repayment of amount due to a director	(76)	(850)
Lease interest paid	(22)	(82)
Proceeds from issue of shares	24,861	4,688
Repayment of lease liabilities	(1,460)	(1,423)
Repayment of promissory note	(11,000)	(9,319)
Bank loan raised	60,422	–
Repayment of bank and other borrowings	(12,183)	(12,644)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	68,156	(19,630)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,613	1,389
Cash and cash equivalents at beginning of the period	6,714	7,904
Effect of foreign exchange rate changes, net	(2,997)	(2,672)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	20,330	6,621
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	20,330	6,621

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The accounting policies and methods of computation used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2021.

2. Adoption of new and revised Hong Kong financial reporting standards

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 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior period.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. Operating segment information

The Group has four reportable segments as follows:

- provision of IT infrastructure solutions and maintenance services (“IT solutions and maintenance”);
- money lending;
- securities trading (“securities investments”); and
- rental of properties.

Segment assets exclude equity investments at fair value through other comprehensive income and other unallocated head office and corporate assets.

Segment liabilities exclude income tax payables, deferred tax liabilities and other unallocated head office and corporate liabilities.

The following table presents revenue and (loss)/profit for the Group’s operating segments for the six months ended 30 June 2022 and 2021 respectively.

Reporting segment information

	Six months ended 30 June									
	IT solutions and maintenance		Money lending		Securities investments		Rental of properties		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	26,897	31,244	1,834	2,447	-	-	6,004	-	34,735	33,691
Segment (loss)/profit	(20,072)	(4,211)	1,734	2,356	(1,285)	3,795	5,716	-	(13,907)	1,940
Reconciliation:										
Bank and other interest income									3,640	3,612
Unallocated gains									722	73
Corporate and other unallocated expenses									(7,317)	(8,986)
Finance costs									(5,608)	(5,924)
Loss before tax									(22,470)	(9,285)

	IT solutions and maintenance		Money lending		Securities investments		Rental of properties		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	108,793	113,384	32,889	36,804	4,797	17,741	327,754	294,374	474,233	462,303
Reconciliation:										
Corporate and other unallocated assets									42,250	25,559
Total assets									516,483	487,862
Segment liabilities	(77,008)	(84,143)	(53)	(114)	(2,264)	(2,362)	(74,731)	(33,112)	(154,056)	(119,731)
Reconciliation:										
Corporate and other unallocated liabilities									(17,794)	(13,869)
Total liabilities									(171,850)	(133,600)

Geographical information

	Revenue	
	Six months ended 30 June 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Hong Kong	28,584	33,449
PRC except Hong Kong	6,151	242
Consolidated total	34,735	33,691

In preparing the geographical information, revenue is based on the locations of the customers.

4. Revenue, other income and gains

An analysis of revenue, other income and gains from operations is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue				
Sale of computer hardware and software	5,543	6,791	7,754	12,526
Provision of technical support and maintenance services	4,498	1,132	19,143	18,718
Revenue from contracts with customers	10,041	7,923	26,897	31,244
Rental income	2,890	–	6,004	–
Loans interest income	917	1,151	1,834	2,447
	13,848	9,074	34,735	33,691
Disaggregation of revenue from contracts with customers:				
Geographical markets				
Hong Kong	9,894	7,907	26,750	31,002
PRC except Hong Kong	147	16	147	242
	10,041	7,923	26,897	31,244
Major products/services				
Sale of computer hardware and software	5,543	6,791	7,754	12,526
Provision of technical support and maintenance services	4,498	1,132	19,143	18,718
Total	10,041	7,923	26,897	31,244
Timing of revenue recognition				
At a point in time	5,543	6,791	7,754	12,526
Over time	4,498	1,132	19,143	18,718
Total	10,041	7,923	26,897	31,244
Other income and gains				
Government grant	256	–	256	–
Other interest income	1,801	1,821	3,640	3,612
Others	268	75	976	144
	2,325	1,896	4,872	3,756

5. Finance costs

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank loan	636	244	806	517
Interest on other loans	87	220	175	500
Lease interest	6	37	22	82
Imputed interest on promissory notes	2,092	2,432	4,605	4,825
	2,821	2,933	5,608	5,924

6. Loss before tax

Loss before tax was arrived at after charging the following:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of other intangible assets	217	196	433	392
Depreciation on property, plant and equipment	397	420	797	833
Depreciation on right-of-use assets	646	668	1,308	1,329
Directors' remuneration	530	530	1,060	940
Equity-settled share based payment to employees	1,100	2,462	1,100	2,462
Equity-settled share-based payment to consultants	72	530	72	530
Research and development expenses	10,004	–	14,324	–

7. Income tax credit

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<hr/>				
Hong Kong Profits Tax				
– Overprovision in prior years	10	–	10	–

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2022 as the Group has accumulated tax losses brought forward from previous year (2021: Nil).

No provision of the PRC corporate income tax has been made for the six months ended 30 June 2022 as the Group did not generate any assessable profits in the PRC during the period (2021: Nil).

8. Loss per share

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<hr/>				
Loss for the period attributable to owners of the Company	(17,148)	(4,688)	(21,028)	(8,792)

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
<hr/>				
Weighted average number of ordinary shares for basic and diluted loss per share	495,858,074	289,024,552	419,921,571	283,253,517

For the six months ended 30 June 2022, diluted loss per share is the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in an anti-dilutive effect on loss per share during the six months ended 30 June 2022 and 2021.

9. Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (2021: Nil).

10. Investment properties

	(Unaudited) HK\$'000
Valuation	
At 1 January 2022	273,607
Addition	58,567
Fair value loss	(1,208)
Exchange differences	(12,359)
	<hr/>
At 30 June 2022	318,607

At 30 June 2022, the carrying amount of investment properties pledged as security for the Group's bank loans amounted to approximately HK\$56,811,000 (31 December 2021: approximately HK\$10,429,000).

11. Additions in property, plant and equipment

During the six months ended 30 June 2022, the Group spent approximately HK\$36,000 (30 June 2021: approximately HK\$3,000) for additions of property, plant and equipment.

12. Prepayments, deposits and other receivables

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Prepayments	1,005	1,342
Deposits and other receivables	5,512	19,804
	6,517	21,146
Non-current portion:		
Prepayments	848	939
Current portion:		
Prepayments	157	403
Deposits and other receivables	5,512	19,804
	5,669	20,207
	6,517	21,146

13. Trade receivables

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 1 month	6,676	10,251
1 to 2 months	557	821
2 to 3 months	133	–
Over 3 months	3,227	2,957
	10,593	14,029

The Group has granted credit terms to its customers ranging from 30 to 90 days. In certain cases, the Group would request payment in advance from the customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

14. Loan receivables

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Loan receivables	91,587	91,298
Analysed as:		
Non-current assets	59,273	58,012
Current assets	32,314	33,286
	91,587	91,298

Notes:

- (a) *Loan receivables of approximately HK\$32,314,000 (31 December 2021: HK\$33,286,000) carried fixed interest rate at 12% per annum (31 December 2021: 12% per annum) and with the terms ranging from 9 months to 5 years.*
- (b) *As at 30 June 2022, included in loan receivables are receivable from Dehuang of approximately HK\$8,045,000 and approximately HK\$51,228,000 (31 December 2021: HK\$7,876,000 and HK\$50,136,000) which are unsecured, non-interest bearing, repayable on 15 October 2023 and 2 September 2023 respectively and measured at amortised cost using effective interest rates of 4.35% and 14.42% respectively.*

15. Trade payables

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 1 month	1,036	931
1 to 2 months	1,852	2,256
2 to 3 months	648	1,763
Over 3 months	252	1,446
	3,788	6,396

16. Other payables and accruals

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Accruals	2,999	4,708
Other payables	13,759	21,041
Deposit received	1,848	1,936
VAT payables	–	367
	18,606	28,052

17. Bank and other borrowings

	<i>Notes</i>	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Bank loan:			
Mortgage loans	(i)	56,811	10,429
Other loans:			
Margin loan	(ii)	2,264	2,362
		59,075	12,791

Notes:

(i) As at 30 June 2022, mortgage loan of approximately HK\$56,811,000 has a term of 8 years until March 2030 with a repayable on demand clause exercisable by a bank. The average interest rate was 4.15%. The mortgage loan is secured by a charge over the Group's investment properties and corporate guarantee by the Company.

As at 31 December 2021, mortgage loan of approximately HK\$10,429,000 has terms of 10 years until 2022 with a repayable on demand clause exercisable by a bank. The average interest rate was 5.39%. The mortgage loan is secured by a charge over the Group's investment properties and personal guarantee by former shareholders of a subsidiary.

(ii) The margin loan is secured by the Group's equity securities listed in Hong Kong with fair value of HK\$4,024,000 (31 December 2021: HK\$5,821,000) and repayable on demand. The loan is charged at a fixed interest rate of 8.25% (31 December 2021: 8.25%) per annum.

18. Loan from a shareholder

As at 30 June 2022, loan from a shareholder is advanced from Mr. Zhang Rong and is unsecured, interest bearing at 3% per annum and due for repayment on 1 January 2024.

19. Amount due to a director

As at 30 June 2022, the amount is unsecured, interest-free and due for repayment on 1 January 2024.

20. Loan from an independent third party

As at 30 June 2022, the amount is unsecured, interest-free and due for repayment on 1 January 2024.

21. Promissory note payables

	(Unaudited)
	HK\$'000
At 1 January 2022	71,415
Imputed interest	4,605
Repayment of promissory note	(11,000)
Loss on early redemption	2,130
Exchange realignment	(2,873)
At 30 June 2022	64,277

The promissory note is unsecured, interest bearing at 11% per annum and repayable on 2 September 2023. The fair value of the promissory notes approximates its carrying amount. As at 30 June 2022, the promissory note is measured at amortised cost using effective interest rate of 14.28%.

22. Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 31 December 2021 and 30 June 2022	120,000,000,000	1,200,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 January 2022	343,141,329	3,431
Issue of shares under rights issue (<i>note</i>)	171,570,664	1,716
At 30 June 2022	514,711,993	5,147

Note:

On 5 January 2022, the Board of Directors proposed to conduct the Rights Issue on the basis of one (1) rights share ("Rights Share(s)") for every two (2) existing Shares held on the record date of 8 March 2022 at the subscription price of HK\$0.15 per Rights Share, to raise up to approximately HK\$25.74 million before expenses by way of issuing up to 171,570,664 Rights Shares. On 11 April 2022, the Rights Issue was completed and 171,570,664 Rights Shares were issued.

23. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) **Disclosures of level in fair value hierarchy:**

Description	Fair value measurements as at 30 June 2022 using:			
	Level 1	Level 2	Level 3	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Recurring fair value measurements:				
Investments at fair value through profit or loss				
Equity securities – listed in Hong Kong	4,024	–	–	4,024
Equity securities – listed outside Hong Kong	712	–	–	712
Equity investments at fair value through other comprehensive income				
Equity securities – unlisted investments	–	–	41,435	41,435
Investment properties				
Commercial – PRC	–	–	318,607	318,607
Total recurring fair value measurement	4,736	–	360,042	364,778

Description	Fair value measurements as at 31 December 2021 using:			
	Level 1	Level 2	Level 3	Total
	(Audited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000
Recurring fair value measurements:				
Investments at fair value through profit or loss				
Equity securities – listed in Hong Kong	16,964	–	–	16,964
Equity securities – listed outside Hong Kong	712	–	–	712
Equity investments at fair value through other comprehensive income				
Equity securities – unlisted investments	–	–	42,857	42,857
Investment properties				
Commercial – PRC	–	–	273,607	273,607
Total recurring fair value measurement	17,676	–	316,464	334,140

(b) Reconciliation of assets measured at fair value based on level 3:**At 30 June 2022**

Description	Equity investments at fair value through other comprehensive income (Unaudited) HK\$'000	Investment properties (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January	42,857	273,607	316,464
Total losses recognised in			
– consolidated profit or loss	–	(1,208)	(1,208)
Additions	–	58,567	58,567
Exchange realignment	(1,422)	(12,359)	(13,781)
At 30 June	41,435	318,607	360,042

At 31 December 2021

Description	Equity investments at fair value through other comprehensive income (Audited) HK\$'000	Investment properties (Audited) HK\$'000	Total (Audited) HK\$'000
At beginning of year	50,846	317,098	367,944
Total losses recognised in			
– consolidated profit or loss	–	(53,206)	(53,206)
– other comprehensive income	(16,285)	–	(16,285)
Additions	7,000	209	7,209
Exchange realignment	1,296	9,506	10,802
At end of year	42,857	273,607	316,464

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

As at 30 June 2022

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value (unaudited) HK\$ '000
Investment properties	Direct income approach	Monthly rental income	RMB70-122 per square meter	Increase	318,607
		Term yield rate	3.00%	Decrease	
		Reversionary yield rate	3.25%	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	(i) Investment method (for properties)	Capitalization rate	7.25%	Decrease	29,961
		Monthly market rent	RMB28 per square meter	Increase	
	(ii) Direct comparison method (for land)	Monthly rental income	RMB46-78 per square meter	Increase	
		Market price	RMB1,100 per square meter	Increase	
(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	9.813%	Decrease		
Private equity investments classified as equity investments at fair value through other comprehensive income	Discounted cash flow	Weighted average cost of capital	12.66%	Decrease	11,474
		Discount for lack of marketability	20.60%	Decrease	

As at 31 December 2021

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value (Audited) HK\$'000
Investment properties	Direct income approach	Monthly rental income	RMB70-122 per square meter	Increase	273,607
		Term yield rate	3.00%	Decrease	
		Reversionary yield rate	3.25%	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	(i) Investment method (for properties)	Capitalization rate	7.25%	Decrease	31,383
		Monthly market rent	RMB28 per square meter	Increase	
		Monthly rental income	RMB46-78 per square meter	Increase	
	(ii) Direct comparison method (for land)	Market price	RMB1,100 per square meter	Increase	
		(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	9.813%	
Private equity investments classified as equity investments at fair value through other comprehensive income	Discounted cash flow	Weighted average cost of capital	12.66%	Decrease	11,474
		Discount for lack of marketability	20.60%	Decrease	

24. Share option scheme

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s executive and non-executive directors, full-time employees of the Group, advisers and consultants of the Group. The Scheme became effective on 3 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and yet to be granted under the Scheme is currently limited to 30% of the shares of the Company in issue at any time. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in the Scheme in any 12-month period up to the date of the grant is limited to 1% of the aggregate number of issued shares of the Company at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share 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 or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors at their discretion, and commences on the date upon which the options are deemed to be granted and accepted.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Details of the specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price HK\$
13 May 2021	13 May 2021	13 May 2021-12 May 2031	0.219
16 June 2022	16 June 2022	16 June 2022-15 June 2032	0.140

For options granted on 13 May 2021 and 16 June 2022, if the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	As at 30 June 2022		As at 30 June 2021	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	23,100,000	0.219	-	-
Adjusted as a result of rights issue	2,742,465	0.219	-	-
Granted during the period	16,360,000	0.140	23,900,000	0.245
Outstanding at the end of the period	42,202,465	0.188	23,900,000	0.245

The estimated fair values of the options granted on 13 May 2021 and 16 June 2022 are approximately HK\$2,992,000 and approximately HK\$1,172,000 respectively.

At the date of this report, the number of share options permitted to be granted under the Scheme was 17,954,132, representing 3.49% of the Company's shares in share as at that day.

These fair values were calculated using Binominal pricing model. The inputs into the model are as follows:

	16 June 2022	13 May 2021
Share price at the date of grant	HK\$0.140	HK\$0.245
Exercise price	HK\$0.140	HK\$0.219
Expected volatility	65.11%	68.33%
Expected life	10 years	10 years
Risk free rate	3.23%	1.20%
Expected dividend yield	0%	0%
Expected Early Exercise Multiple	2.2	2.2

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years.

Share options granted to consultants were incentives for helping the Group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

25. Contingent liabilities

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

26. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 9 August 2022.

GENERAL INFORMATION

Directors' service contracts

At 30 June 2022, none of the Directors had any existing or proposed service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the six months ended 30 June 2022.

Directors' interests and short positions in shares and underlying shares

At 30 June 2022, the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company:

Name of Directors	Capacity	Nature of Interest		Percentage of the Company's issued share capital (approximately) (Note a)
		Registered Shareholder	Underlying Interest	
<u>Executive Directors</u>				
WONG King Shiu, Daniel	Beneficial owner	2,635,500	–	0.51%
		–	3,430,000	0.67%
CHANG Ki Sum Clark	Beneficial owner	–	3,403,746	0.67%
<u>Independent Non-Executive Directors</u>				
HUNG Hing Man	Beneficial Owner	–	340,000	0.07%
WONG Hoi Kuen	Beneficial Owner	–	340,000	0.07%
CHEN Shengrong	Beneficial Owner	–	340,000	0.07%

Notes:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this report, which was 514,711,993 Shares.

Save as disclosed above and in the section headed “Share Options”, as at 30 June 2022 and as at the date of this report, none of the Directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

Directors’ rights to acquire shares or debentures

Save as disclosed in the section “Directors’ interests and short positions in shares and underlying shares” and “Share Options”, at no time during the six months ended 30 June 2022, were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Options

The Company has adopted the share option scheme with effect from 2 August 2012 pursuant to an ordinary resolution passed by the Shareholders on 2 August 2012 (the “Share Options Scheme”).

Pursuant to the Share Option Scheme, the maximum number of shares of the Company Shares which may be issued upon exercise of all options (the “Options”) to be granted under the Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiaries (if any) must not represent more than 10% of the total number of Shares in issue as at the date of adoption of the Share Option Scheme. Save for the Share Option Scheme, as at the date of this report, the Company does not have any other share option scheme.

The scheme mandate limit may be refreshed by the shareholders of the Company in general meeting from time to time provided that:

- (i) the scheme mandate limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshment of the Scheme Mandate Limit;
- (ii) Options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiaries (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiaries) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed; and
- (iii) the total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the Share Option Scheme or any other share option scheme(s) adopted by the Company and/or its subsidiaries must not exceed 30% of the Shares in issue from time to time.

On 13 May 2021, the Company granted a total of 23,900,000 share options (“Options”) with rights to subscribe for 23,900,000 ordinary shares of HK\$0.01 each in the share capital of the Company under the share option scheme adopted by the Company on 2 August 2012 at an exercise price of HK\$0.245 with no vesting period. The exercise period is from 13 May 2021 to 12 May 2031. The closing price per Share immediately before the date of grant on 13 May 2021 was HK\$0.243. Upon completion of rights issue on 11 April 2022, adjustments are made to the exercise price and the number of Shares falling to be issued upon the exercise of the outstanding Options pursuant to the relevant terms of the Share Option Scheme, Rule 23.03(13) of the GEM Listing Rules in relation to the adjustment to the terms of the Share Option Scheme, the Supplementary Guidance on GEM Listing Rule 23.03(13) and the Note Immediately After the Rule attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020 (the “Stock Exchange Supplementary Guidance”). The exercise price of the outstanding Options has been adjusted to HK\$0.219.

On 16 June 2022, the Company granted a total of 16,360,000 Options with rights to subscribe for 16,360,000 ordinary shares of HK\$0.01 each in the share capital of the Company under the Share Option Scheme at an exercise price of HK\$0.140 with no vesting period. The exercise period is from 16 June 2022 to 15 June 2032. The closing price per Share immediately before the date of grant on 16 June 2022 was HK\$0.140.

As at the date of this report, the total number of Shares which may issue under the Share Option Scheme or any other share option schemes shall not exceed 17,954,132 Shares being approximately 3.49% of the total issued shares of the Company as at the date of this Report.

As at 30 June 2022, details for Options granted and remain effective are as follows:-

Name	Title	Exercise price (HK\$)	Date of Grant	Number of share options					Outstanding as at 30 June 2022
				Balance as at 1 January 2022	Granted	Lapsed	Cancelled	Exercised	
SUBSTANTIAL SHAREHOLDER									
ZHANG Rong	Substantial Shareholder	0.219	13/5/2021	257,306	-	-	-	-	257,306
Sub-total:				257,306	-	-	-	-	257,306
DIRECTOR									
WONG King Shiu, Daniel	Executive Director (“ED”), Chairman and Chief Executive Director	0.140	16/6/2022	-	3,430,000	-	-	-	3,430,000
CHANG Ki Sum Clark	ED	0.219	13/5/2021	2,673,746	-	-	-	-	2,673,746
		0.140	16/6/2022	-	730,000	-	-	-	730,000
HUNG Hing Man	Independent non-executive director (“INED”)	0.140	16/6/2022	-	340,000	-	-	-	340,000
WONG Hoi Kuen	INED	0.140	16/6/2022	-	340,000	-	-	-	340,000
CHEN Shengrong	INED	0.140	16/6/2022	-	340,000	-	-	-	340,000
Sub-total:				2,673,746	5,180,000	-	-	-	7,853,746

Name	Title	Exercise price (HK\$)	Date of Grant	Number of share options					Outstanding as at 30 June 2022
				Balance as at 1 January 2022	Granted	Lapsed	Cancelled	Exercised	
EMPLOYEES									
Batch A ¹		0.219	13/5/2021	3,244,288	-	-	-	-	3,244,288
Batch B ¹		0.219	13/5/2021	2,461,188	-	-	-	-	2,461,188
Batch C ¹		0.219	13/5/2021	12,462,559	-	-	-	-	12,462,559
Batch D ¹		0.140	16/6/2022	-	2,450,000	-	-	-	2,450,000
Batch E ¹		0.140	16/6/2022	-	4,300,000	-	-	-	4,300,000
Batch F ¹		0.140	16/6/2022	-	3,430,000	-	-	-	3,430,000
	Sub-total:			18,168,035	10,180,000	-	-	-	28,348,035
CONSULTANTS									
WEI Qi	AI Consultant	0.219	13/5/2021	2,371,689	-	-	-	-	2,371,689
WEI Guokang	Data center construction Consultant	0.219	13/5/2021	2,371,689	-	-	-	-	2,371,689
HUANG Jiehuan	Consultant (Algorithm)	0.140	16/6/2022	-	1,000,000	-	-	-	1,000,000
	Sub-total:			4,743,378	1,000,000	-	-	-	5,743,378
	TOTAL:			25,842,465	16,360,000	-	-	-	42,202,465

Note 1:

Batch	Number of Options Granted to each employee	Number of Employees
A	0 to 500,000	18 (4 of the 18 employees resigned and the options granted have been lapsed)
B	500,001 to 1,000,000	4
C	2,000,001 to 2,500,000	5
D	0 to 500,00	10
E	500,001 to 1,000,000	6 (1 of the employees was a grantee of Batch A)
F	2,000,001 to 3,430,000	1

The Board of Directors, especially the executive Directors, are responsible for overseeing the operation of the Company as well as providing leadership for the Company to put forward the business strategy and work towards the business goals of the Company. The employees of the Company are responsible for various daily operational duties for the Group including but not limited to research and development, sales and marketing, IT systems support and other administrative duties of the Group. The Board believes that the grant of Options to employees and the executive Director shall provide incentives and motivates the grantees to perform their best towards the goal of the Group.

Mr. Wei Qi is engaged for providing advice on AI technology developments and introduce potential business partners for DataCube Research Centre Limited, a subsidiary of the Company. The Options are granted to Mr. Wei Qi as service fees. As the AI market trends is ever-changing, Mr. Wei Qi provides us the updated advice and/or bring potential projects to the Group. He introduced an integrated pharmaceutical manufacturing, retail and wholesale enterprise in China to the Group and the Group has eventually entered into a co-operation with the enterprise in relation to the provision of AI retail data prediction services for the enterprise. He was also involved in various successful tenders, including the provision of software services for a university in China. Mr. Wei Guokang (“Mr. Wei”) is the data center construction consultant for the Group in Guangzhou for years. Mr. Wei has been assisting in the management our data center and the IT systems and hardware of the office in China. He oversees the daily maintenance and construction of the data center in China and he provides advice to the senior management on the improvements and advancements to be made to the data center and the office so that the Group can keep pace with the market trends. The Options are granted to him as his service fees and to maintain the long-term cordial relationship with Mr. Wei. Mr. Huang Jiehuan is a consultant on algorithm in DataCube Research Centre Limited. The Options are granted to him as his service fees. He provides advice on advancement in algorithm creation and programming so that the Group can keep on track with market trends and improve in its research and development in DataCube projects.

The Company believes that this provides motivations for the consultants to create value for the Company without affecting the operating cost of the Company. The number of Options granted to them is determined with reference to the market and the potential benefits and/or income they may bring to DataCube and/or the Group with the projects they involved in.

No performance targets have to be achieved by the grantees before their Options can be exercised.

Among the above grantees, to the best of the Directors’ knowledge, information and belief, none of the other grantees are overlapped or connected/related to each other.

Save as disclosed above, none of the outstanding Options were exercised or cancelled or lapsed during the period ended 30 June 2022.

Substantial shareholders' and other persons' interests in shares and underlying shares

At 30 June 2022, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital <i>(approximately)</i> <i>(Note a)</i>
Mr. ZHANG Rong ("Mr. Zhang")	Beneficial owner	103,524,998 <i>(Registered shareholder)</i>	20.11%
		257,306 <i>(underlying interest)</i>	0.05%
	Through controlled corporation <i>(Note b)</i>	11,388,000 <i>(Registered shareholder)</i>	2.21%
Mr. LAM Shu Chung ("Mr. Lam")	Beneficial owner	38,013,000 <i>(Registered shareholder)</i>	7.39%
Ms. CHOI Hing Lin Lori ("Ms. Choi")	Interest of Spouse <i>(Note c)</i>	38,013,000	7.39%
Mr. TANG Keung	Beneficial owner	35,034,000 <i>(Registered shareholder)</i>	6.81%
Valuable Fortune Limited	Beneficial owner <i>(Note d)</i>	30,000,000 <i>(Registered shareholder)</i>	5.83%

Notes:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this report, which was 514,711,933.
- (b) The 11,388,000 Shares are held by Corporate Advisory Limited ("Corporate Advisory"), which is wholly-owned by Mr. Zhang Rong. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang is deemed to have an interest in all shares in which Corporate Advisory has, or deemed to have an interest.
- (c) Ms. Choi is the spouse of Mr. Lam, and therefore deemed to have an interest on the Shares in which Mr. Lam has, or deemed to have, an interest.
- (d) The 30,000,000 Shares are held by the Valuable Fortune Limited which is wholly-owned by Mr. Lee Yat Lung Andrew ("Mr. Lee"). Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Lee is deemed to have an interest in all Shares in which Valuable Fortune Limited has, or deemed to have, an interest.

Save as disclosed above, as at 30 June 2022, no person, other than the Directors of the Company, whose interests are set out in the section “Directors’ interests and short positions in shares and underlying shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Purchase, sale or redemption of the Company’s listed securities

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of Company’s listed securities.

Competing Interests of Directors and controlling shareholders

During the six months ended 30 June 2022 and up to the date of this report, the Directors had an interest in any business apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business that need to be disclosed pursuant to the GEM Listing Rules were as follows:

Name of Director	Name of Company	Nature of Business	Nature of interest
Mr. WONG King Shiu, Daniel <i>(Retired as director with effect from 30 June 2022)</i>	Huisheng International Holdings Limited ("Huisheng"), Stock Code: 1340	Money Lending Business	Independent non-executive director of Huisheng

As the Board is independent to the boards of the above mentioned companies, the Group is capable of carrying on its business independently of and at arm’s length, from the business of those companies.

During the six months ended 30 June 2022 and up to the date of this report, save as disclosed above, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CORPORATE GOVERNANCE

Corporate governance practices

During the six months ended 30 June 2022, the Company has complied with the code provisions on the Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules, except for the followings:

Code Provision C.2.1

Code Provision C.2.1 stipulates the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong King Shiu, Daniel (“Mr. Wong”) now serves as both the chairman (the “Chairman”) and the chief executive officer of the Company (the “Chief Executive Officer”), such practice deviates from code provision C.2.1 of the Code. The Board is of the opinion that it is appropriate and in the best interests of the Company for Mr. Wong to hold both positions as it helps maintain the continuity of the policies and the stability of the operations of the Company.

Code of conduct regarding securities transactions by Directors

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required Standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2022.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision D.3.3.

The primary duties of the audit committee of the Company (the “Audit Committee”) include supervising the financial reporting procedure and reviewing the financial statements of the Group, examining and monitoring the internal control and risk management system adopted by the Group and reviewing the relevant work of the Group’s external auditor.

The Audit Committee currently has three members, including Mr. Hung Hing Man (Audit Committee chairman), Mr. Wong Hoi Kuen and Dr. Chen Shengrong. All Audit Committee Members are independent non-executive Directors.

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with Rule 5.36A and Code Provisions B.3.1 to B.3.4 of Appendix 15 to the GEM Listing Rules.

The primary duties of the nomination committee of the Company (the “Nomination Committee”) include reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identifying individuals suitable qualified to become Board members and selecting or making recommendations to the board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment, re-appointment and succession of director.

The Nomination Committee currently has three members, including Mr. Hung Hing Man (Nomination Committee chairman) and Mr. Wong Hoi Kuen and Dr. Chen Shengrong being the members. All Nomination Committee Members are independent non-executive Directors.

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules.

The primary duties of the remuneration committee of the Company (the “Remuneration Committee”) include the determination of specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration of non-executive Directors.

The Remuneration Committee meets regularly to determine the policy for the remuneration of Directors and assess the performance of executive Directors and certain senior management of the Company.

The Remuneration Committee currently has three members, including Mr. Wong Hoi Kuen (Remuneration Committee chairman), Mr. Hung Hing Man and Dr. Chen Shengrong. All Remuneration Committee members are independent non-executive Directors.

Change in information of Directors

Pursuant to the Rule 17.50A(1) of the GEM Listing Rules, there are following changes in information of Directors during the six months ended 30 June 2022 and as at the date of this report.

- (1) Mr. Wong King Shiu, Daniel, has retired as director of Huisheng International Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock Code 1340), with effect from the conclusion of its annual general meeting on 30 June 2022.
- (2) Mr. Chang Ki Sum Clark, has been appointed as company secretary of Bay Area Gold Group Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1194), with effect from 22 July 2022.

Save as disclosed above, there are no other matters required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules.

Internal control and Risk management

The Board has the ultimate responsibility to maintain sound and effective internal control and risk management systems for the Group to safeguard the shareholders' investment and the Group's assets and to ensure strict compliance with relevant laws, rules and regulations. The Group has established a risk management framework which consists of the Board, the Audit Committee and the senior management of the Group. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives. The Audit Committee is responsible for reviewing the effectiveness of the internal control and risk management systems and reporting to the Board. The Board, through the Audit Committee, conducts reviews of the effectiveness of such systems at least annually, covering all material controls including financial, operational and compliance controls.

Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (2021: Nil).

Events after Reporting Period

Save as disclosed in this report, there was no other significant event after the reporting period.

By Order of the Board
China Information Technology Development Limited
Wong King Shiu, Daniel
Chairman and Chief Executive Officer

Hong Kong, 9 August 2022

As at the date of this report, the Board comprises Mr. Wong King Shiu, Daniel (Chairman and Chief Executive Officer) and Mr. Chang Ki Sum Clark as executive Directors; Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong as independent non-executive Directors.