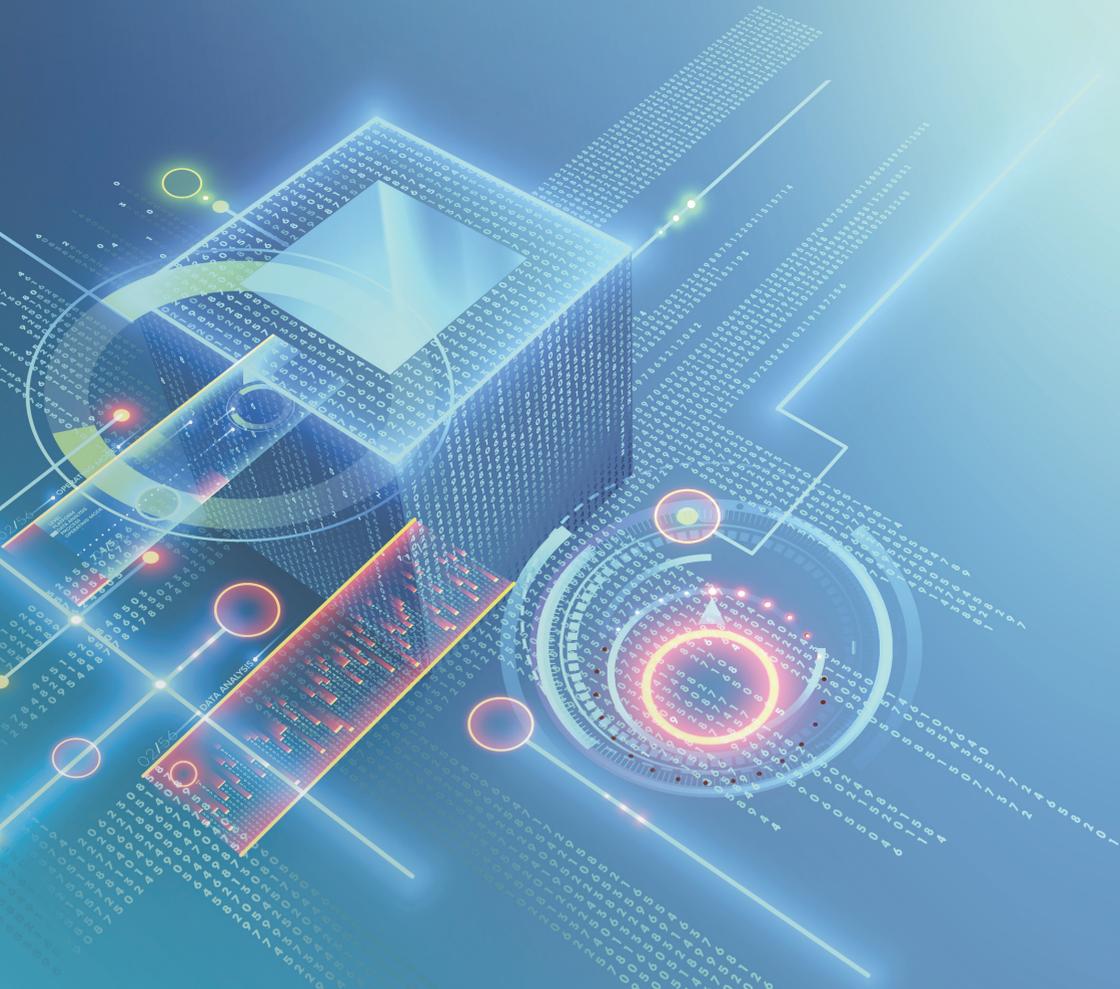




中國信息科技發展有限公司
China Information Technology Development Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8178)



2020

INTERIM REPORT

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 high 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

CONTENTS

Corporate Information	2
Summary	3
Management Discussion and Analysis	3
Condensed Consolidated Statement of Profit or Loss	13
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	18
Notes to Condensed Consolidated Interim Financial Statements	20
General Information	36
Corporate Governance	42

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wong King Shiu, Daniel
(Chairman and Chief Executive Officer)
Mr. Wong Kui Shing, Danny
Mr. Chan Kai Leung

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. Chang Ki Sum Clark

COMPLIANCE OFFICER

Mr. Chang Ki Sum Clark

AUTHORISED REPRESENTATIVES

Mr. Wong Kui Shing, Danny
Mr. Chang Ki Sum Clark

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3308, 33/F.
Millennium City 6
392 Kwun Tong Road
Kwun Tong, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
3rd Floor
24 Shedden Road, P. O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

GEM STOCK CODE

8178

WEB-SITE ADDRESS

www.citd.com.hk

SUMMARY

- Revenue for the six months ended 30 June 2020 (the “Period”) was approximately HK\$28,925,000, representing a decrease of 4.7% from the corresponding period in last year (2019: approximately HK\$30,365,000).
- Loss attributable to owners of the Company for the six months ended 30 June 2020 amounted to approximately HK\$14,430,000 (2019: approximately HK\$52,026,000). The decrease in loss was mainly attributed to (i) fair value loss on the investment properties of approximately HK\$35,286,000 during the six months ended 30 June 2019 and (ii) recognition of an equity-settled share-based payment amounted to approximately HK\$9,628,000 during the six months ended 30 June 2019.
- Loss per share attributable to owners of the Company from continuing operations for the six months ended 30 June 2020 was approximately HK0.25 cents (2019: approximately HK0.91 cents).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The first six months ended 30 June 2020 was by no means an easy start with the global outbreak of the novel coronavirus (“COVID-19”) pandemic and increasing tensions between China and the United States. The volatile economic conditions in addition to the local socio-political instability had created an unprecedentedly challenging environment for businesses. Many corporates had adopted a cautious approach on their budgets and delayed their projects and investments with the consideration of slowing down of the global economy. Nevertheless, it also accelerated the change of consumption patterns and business model from traditional to new digital and mobile models. The importance of technology has boosted drastically during this pandemic. The various measures implemented in different countries like full lockdowns, travelling restrictions and working-from-home arrangements, gave rise to technologies like artificial intelligence (“AI”), internet of things (IoT) and cloud technology etc, which helped connect people together and made communication and business possible in this time of social distancing.

Business review

In 2016, the Company placed 1,830,792,000 new shares of the Company to not less than six independent placees at a price of HK\$0.13 each and raised a net proceeds of approximately HK\$230 million (the “Placement”). It was expected that the net proceeds raised would be utilized as follows: HK\$73 million for the refurbishment and operation of the business in the PRC properties as acquired in the acquisition of Joyunited Investments Limited on 7 April 2016 (“PRC Properties”), the Company would have approximately HK\$69 million for the general working capital and approximately HK\$88 million for the projects that were then in progress. More details on the Placement had been disclosed in the relevant announcement of the Company dated 8 December 2015 and the circular dated 18 March 2016. The Placement had been completed on 9 May 2016. As at 30 June 2020, the use of net proceeds from the Placement was as follows: (1) approximately HK\$73.0 million for refurbishment and other expenses relating to the PRC Properties; (2) approximately HK\$63.8 million for investment in Macro China Holding Limited, business development under DataCube Research Centre Limited (“DataCube”), IT business in Japan and a data centre in the PRC; (3) approximately HK\$24.2 million had been applied to settle the consideration for the PRC Properties; and (4) approximately HK\$69.0 million for administrative expenses and other expenses incurred by the Group.

Aiming to provide our clients with business agility for their sustainable business development, during the six months ended 30 June 2020, the Group had continued to improve ourselves to deliver affordable but high quality services and products to our clients.

During the six months ended 30 June 2020, DataCube, a subsidiary of the Company, has cooperated with a subsidiary of a listed company in Hong Kong (“Counterparty”, together with DataCube, the “Parties”), which is one of the leading energy management contract providers in Hong Kong, with an integrated platform for providing solutions ranging from technologies and product customization, investment, development and implementation, to operation and maintenance in the field of renewable energy, energy saving and management (“Cooperation”). With the excellent data science products and the blooming cooperation ecology of DataCube, the Parties shall cooperate closely in product research and development and market exploration in areas including Smart City, predictive analysis development and healthcare and epidemic prevention products.

The recent outbreak of COVID-19 and its suspected spread in certain building in Hong Kong, have proved the importance of an advanced building system in epidemic prevention, the concept of “Epidemic Prevention Building” and the centralised disinfection system, have therefore gained much spotlight in epidemic prevention. The Smart Building Epidemic Prevention Solution upgraded and released by the Counterparty helps to build up and enhance the self-epidemic prevention capability of the buildings by integrating Smart IoT with the centralised disinfection system. Meanwhile, specializing in data science and marketing, DataCube shall provide advanced IoT-based machine learning modelling technology and develop predictive analytics modules to strengthen the building maintenance, energy saving and epidemic prevention capabilities of their Building Operating System.

Together with our knowledge in data science and our team of seasoned and professional data scientists and engineers, we believe that not only can the Cooperation bring synergy effect and create business values for both Parties, it allows us to reinforce our technology and knowledge in smart building management system. We believe that the Cooperation enables us to establish our competitive edge and reputation in smart building management which is increasingly important in epidemic prevention and public health.

Whilst developing the smart building epidemic prevention solution in the above Cooperation, as an Advanced Technology Partner of Huawei Cloud, DataCube shall also introduce the same to the Smart Campus solution of Huawei Cloud. With the vision to jointly promote the concept of “Epidemic Prevention Building” to Greater China and international markets with our business partners, we shall continue to contribute the value of data science in the establishment of Smart City as well as in healthcare and epidemic prevention areas.

During the Period, we also had negotiations with property developer for various project ideas and collaborations to improve their operation and efficiency. For instance, we started the discussion to install a smart system with machine models to automatically analyze the possibility of unethical order stealing of the property agents in the company to help prevent unjust enrichment.

Through these corporations, our client spectrum is further broadened, covering public transportation and energy services companies to retail and healthcare companies as well as financial institutes and banks etc. By understanding more of the needs of different industries, our professional team of data scientists shall continue to develop tailored products and systems that cater to various industries and businesses, providing affordable yet secure and advanced technology to strengthen the business of our clients.

On the other hand, as an epidemic prevention measure, many companies and even the government departments have decided to implement “work from home” arrangement to minimize the risk of spreading of COVID-19 in wider community. Another subsidiary of the Company, Macro Systems Limited (“Macro”), which has been awarded and certified by more than 120 international organisations and obtained certificates, including ISO 27001 & ISO 20000, provides secure and reliable Virtual Desktop Infrastructure (“VDI”) and delivers end-users mobility and access to virtual desktop anytime and anywhere. Our VDI ensures high security level to prevent data leakage while enhancing efficient resource sharing and flexible development. Our clientele range from various industries from banking, consumer goods, food & beverage, hotel and tourism, manufacturing and construction, property developers to public sectors of the Hong Kong Government and non-governmental organizations. As a result, the demand for remote desktop service shoots up due to the “work from home” arrangement, the number of clients for the VDI services, especially from the banking, finance and insurance sector has increased significantly and we believe that it will have positive impact on the business of the Group.

In view of the uncertain business environment, the Group had taken action to maintain sufficient resources for business operations and development during the Period. In relation to the acquisition of 19% equity interest in 廣州市德煌投資有限公司 (Guangzhou Dehuang Investment Company Limited*), a company incorporated in the PRC with limited liability (“Guangzhou Dehuang”) in August 2019, of which the consideration of RMB66,341,000 (equivalent to approximately HK\$72,842,000) should initially be satisfied by the promissory note issued on 3 September 2019 on the first anniversary, Guangzhou Deyong (the “Promissory Note”), 廣州市德永科技投資有限公司 (Guangzhou Deyong Technology Investment Limited*), an indirect wholly-owned subsidiary of the Company, has agreed with the vendor, an Independent Third Party, to extend the repayment date of the Promissory Note to the second anniversary of the date of Promissory Note.

Macro Group

As a reputable company in providing diverse IT platform, digital solution and business consulting service, Macro Systems Limited upholds the vision of “We Make IT Smart”, and persistently assists worldwide corporate clients to thrive for business success and perform digital transformation by its comprehensive solution and service portfolio. Over the past 23 years, Macro is committed to serving corporate clients with excellent quality which well recognized by the ISO/IEC 27001 international standard and more than 120 global certificates and partnerships.

* For identification purposes only

Macro provides enterprises with the end-to-end product set. The completed IT platform, from IT Infrastructure, Cloud-ready to the Hybrid cloud platform, offers a stable and reliable foundation to support clients' business development. On top of it, Macro expands clients' workspace securely by the user-friendly VDI solution. It successfully enables end-users to access their office desktop anywhere, anytime and maintain corporate data security and high productivity, especially in the recent circumstance that many enterprises and even the Hong Kong government department office announced the special work arrangement due to the coronavirus outbreak. In addition to the product and solution, Macro further completes the business scope by its reputable IT managed service brand, PrimeServe series, to deliver all products and solutions to clients in an easy and hassle-free manner that the quality is well proven by ISO/IEC 20000 international recognition.

During the six months ended 30 June 2020, to achieve the corporate vision, Macro allied with various top-class industry elites to continuously push the enterprise market's digital transformation in Hong Kong. The effort is well affirmed by the sales and quality awards and partnerships title issued by various world-class partners. We are certified by Nutanix as their "Nutanix Certified Sales Expert" and gained "Master Partner", the highest tier of partnership in the Nutanix Partner Program. Besides, Macro is rewarded "Gold Partner" in Sangfor Technology Channel Partner.

Acting swiftly and flexibly with the changes in market, amid the COVID-19 outbreak, Macro transformed our traditional workshop to online webinars. During the period ended 30 June 2020, we had organized various webinars together with reputable vendors like Nutanix and Sangfor to promote VDI solution as well as AI technology and algorithm. To stay committed with our valued customers and strengthen the Company's reputation with the aim to share our knowledge especially in this difficult time and furthermore, to promote our webinar's content to a wider segment, we have rebuilt our YouTube Channel "Macro Channel".

By leveraging various technologies, we believe that these transformed marketing activities can benefit our reputation and sales.

Besides of these marketing activities, we also worked with vendors to launch flash sales programme to help clients quickly deploy suitable remote work solutions. In February 2020, Macro partnered with Nutanix to launch the VDI solution sales programme. We also partnered with Sangfor to launch VDA solution sales programme which further expedited the remote work solution deployment by virtual apps. Out of our existing virtual workspace solution, Macro partnered with Hitachi Vantara to launch a sales programme for Hitachi Content Platform (HCP) product. The cooperation and promotion of associated solutions of digital workspace allowed Macro to extend its business network with different partners who can create synergy and positive impact on our business and brand name in the sector during this dynamic market period.

During the six months ended 30 June 2020, to allow our customers to experience the business agility we bring, the Group continued to set up a brand-new, scenario driven business agility zone at our solution centre in Tsimshatsui. This experience zone allows clients to have a first-angle experience of how bank front line staff can work securely and smartly and perform seamless and agile work from office to anywhere by virtual workspace. We believe the experience zone can successfully strengthen clients' confidence in deploying virtual workspace solution and facilitate the related business project progress.

During the period ended 30 June 2020, Macro Group has contributed a revenue of approximately HK\$21,859,000 to the Group. This encouraging result motivates the Directors and the Company to continue developing the business of Macro Group.

DataCube

During the reporting period, DataCube Research Centre was continued to promote data modelling, big data analysis as well as developing related technologies to expedite the adoption and drive the evolution of artificial intelligence and business intelligence ("BI") and across different industries and regions, so as to provide the technological platform and all related resources to drive the development of Smart Cities in Asia. Its services include machine learning model, visualization analytic dashboard, data engineering services (Data cleaning/ETL/API integration), pre-setting hardware and cloud services. DataCube is here to help companies discover emerging trends and hidden insights, and adjust business strategies in an agile and intelligent manner.

AI Book, is an innovative automated machine learning platform developed by DataCube. It embeds AI technologies such as deep learning, machine learning screening combing and analyzing data through four states. The automatic predictive power based on Internet of Things of AI Book, helps our client to solve complicated business problem and discover the root cause through self-service analytics for optimizing strategy. The AI Book analysis result will then be displayed on the BI Canvas platform. BI Canvas of DataCube is a self-service business intelligence platform, providing a variety of visual charts to help companies understand business value and trends from the data gathered with AI Book. The massive data are transformed into various charts and line graphs in real time mode. It is clear and easy to understand and helps decision makers to spot out business value and hidden trends, quickly response to the market and adjust business deployment.

During the period ended 30 June 2020, DataCube has kicked off to partner with various powerful vertical software partners with the vision to develop AI+ predictive modules jointly for improving the existing and new projects. We had projects with a well-known leading energy Alot, energy saving management contract provider for product research and development and market exploration in areas including Smart City, predictive analysis development and healthcare and epidemic prevention products. Currently, the product has been developed and we believe that it will help generate more benefits on the data centers of "New Infrastructure" (which consumes huge amount of energy) when the product is finalized and matured. At the same time, it shall contribute to the reduction of carbon emission and environmental protection of the society.

We also entered into memorandum of understandings and strategic cooperation agreements with various corporations including public transportation and real estates companies. DataCube had discussions with companies in transportation industry for projects aiming for accident prediction and maintenance, which can help to enhance their reliability and safety of their services. Meanwhile, we had made consent with Huawei that we shall jointly cooperate, to take the abovementioned corporation as application scenarios, to improve the development of the abovementioned intelligent solutions, and create opportunities for entering the Chinese mass transportation market. Apart from that, DataCube, as an Advanced Technology Partner of Huawei Cloud, shall also introduce the same to the Smart Campus solution of Huawei Cloud.

Besides, the Group had also entered into another pilot project agreement (“Agreement”) with a corporation which is engaged in the development and sale of properties, property investment, hotel operations and other property development related services globally. Pursuant to the Agreement, the Group shall assist to install a smart system with machine models to automatically analyze the possibility of unethical order stealing of the property agents. It helps to save the unnecessary cost for commission to freeriding property agents and hence enhance efficiency for reviewing orders and management for potential risk of unjust enrichments.

Outlook and Prospect

The outbreak of COVID-19 during the first half of 2020 devastated the world economy. Worse still, the intensified relationship between China and the United States, and the local social chaos had made the economy of Hong Kong and China under severe strain. Their negative impacts have begun to reveal in the second half of 2020. Some even project that the world economy will experience the worst downturn since the Great Depression. As a response to the difficult business environment, many companies tend to cancel or postpone their projects in the second half of the year. Nevertheless, in such crisis like no other, it also creates opportunities, especially with the reliance on technology during times of containment.

Amid of pandemic, having the mission to bring business agility to our clients, our VDI solution enables our client to continue their operations anywhere, anytime when “work from home” is practicing in many offices in Hong Kong and even government departments. Recently, the demand for remote desktop service shoots up due to the “work from home” arrangement, the number of clients for the VDI solution, especially from the banking, finance and insurance sector has increased significantly and we believe that it will have positive impact on the business of the Company. The pandemic had turned client’s attitude and reliance towards digital transformation, in the future, we shall continue to improve and provide our event in webinar format. To provide our clients the most updated information and to catch up with the trend of digital transformation in a quick and safe manner, we are preparing for webinars focusing on Cloud and VDI in the coming months.

For the next half-year, Macro formulated a strategic event plan to further engage clients and promote the digital workspace blueprint. We will organize monthly webinars, and each theme is a part of the end-to-end digital workspace. Starting from June 2020, the first webinar theme was “Collaboration”. We allied with the reputable Japanese brand, Hitachi Vantara, to introduce their content sharing platform, which can generate synergy with Macro’s solid virtual desktop solution. Upcoming, Macro will keep partnering with other industry elites to organize webinars in other relevant themes to promote the comprehensive digital workspace structure and raise its solution demand accordingly.

Leveraging the membership of Hong Kong Smart City Consortium of the Company, Macro shall cement our brand name in the market and contribute to the establishment of Smart City in both Hong Kong and China by organizing various webinar or workshops to keep our client update and continue our market activities in the virtual platform. We have planned to participate in the largest exhibition of the technology industry, the Cloud Expo 2020 in September 2020 as a virtual exhibitor to increase brand awareness, hence further expand our business footprints. Encouraged by the Nutanix Master Partner we achieved earlier in 2020, to enhance our competitiveness, we shall continue to strive for partnerships and recognitions.

Since the pandemic had awakened the market’s adoption of technology, DataCube will utilize this trend to further promote our flagship intelligent products in the next quarters, such as the AI webinar series co-organized with Huawei and Macro in July. In the year to come, we will leverage our research and development footprint in Guangzhou, to continue our sales activities in not only the Hong Kong but the entire Guangdong-Hong Kong-Macau Greater Bay Area market.

We believe the business direction and activities will benefit our sales and market awareness.

Meanwhile, to allow our customers to experience the business agility we bring, the Group shall continue to promote our brand-new, scenario driven business agility zone at our solution centre in Tsimshatsui and shall start inviting clients to experience the services we provide.

Looking ahead, to cope with the potential risk, the Group shall prudently maintain and develop the business of the Group. With the support of national policies in the IT industry and rapid development of technologies like 5G, AI and data center etc, the Group shall deploy its capacity to keep pace with the latest technological advancements and continue to create business agility for our clients and create values for the Company and its shareholders.

Employees

The total number of full-time employees hired by the Group maintained at 80 as of 30 June 2020 (2019: 72 employees). Total expenses on employee benefits amounted to approximately HK\$9,598,000 for the six months ended 30 June 2020, of which HK\$745,000 related to equity-settled share-based payment (2019: approximately HK\$13,782,000 of which HK\$2,664,000 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 2020, the Group recorded a revenue of approximately HK\$28,925,000, a decrease of 4.7% from approximately HK\$30,365,000 in the corresponding period in last year. The revenue from contracts with customers decreased from approximately HK\$25,292,000 for the six months ended 30 June 2019 to HK\$21,859,000 for the six months ended 30 June 2020. The decrease is mainly due to the slowing down of projects caused by the outbreak of COVID-19 pandemic for the Period.

The Group had a total cost of sales and services of approximately HK\$16,025,000 for the first half of year 2020, a decrease of 17.1% compared with approximately HK\$19,328,000 in the same period of year 2019. The decrease is in line with the decrease in revenue from contracts with customers which was affected by the outbreak of COVID-19 pandemic.

The gross profit of the Group for the first half of year 2020 was approximately HK\$12,900,000, an increase of 16.9% from approximately HK\$11,037,000. The increase mainly due to the increase in loan interest income during the Period.

The Group's selling and distribution expenses for the first half of year 2020 were approximately HK\$351,000, a decrease of 78.3% compared with approximately HK\$1,620,000 in the corresponding period in 2019. The significant decrease was mainly due to temporary closure of offices in PRC caused by the COVID-19 pandemic.

Administrative expenses for the Period were approximately HK\$15,944,000, a decrease of 45.9% as compared to approximately HK\$29,446,000 for the corresponding period last year. The decrease was mainly due to the recognition of share options granted to employees and consultants for the amount of approximately HK\$9,628,000 in 2019 and the control of expenditure implemented during the Period.

During the six month ended 30 June 2019, the Group recognised a decrease in fair value of investment properties of approximately HK\$35,286,000 due to the recession of property market in the PRC.

During the first half of 2020, the Group recorded a loss on trading of marketable securities of approximately HK\$6,238,000 (2019: gain of approximately HK\$3,831,000).

The Group's loss attributable to owners of the Company was approximately HK\$14,430,000 for the six months ended 30 June 2020 (2019: approximately HK\$52,026,000).

Financial position

As at 30 June 2020, the Group had cash and bank balances of approximately HK\$8,991,000 (31 December 2019: approximately HK\$4,959,000).

As at 30 June 2020, the Group's total borrowings amounted approximately HK\$103,525,000 (31 December 2019: approximately HK\$106,712,000). The gearing ratio (calculated as total borrowings over total equity) of the Group was 0.29 (31 December 2019: 0.28).

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.

Capital expenditure

The Group incurred a capital expenditure of approximately HK\$43,000 (31 December 2019: approximately HK\$2,630,000) for addition of property, plant and equipment and approximately HK\$16,000 for refurbishment construction works of investment properties for the six months ended 30 June 2020 (31 December 2019: approximately HK\$295,000).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2020 and 31 December 2019 respectively.

Capital commitment

The Group did not have any material capital commitments as at 30 June 2020 and 31 December 2019.

The Board of Directors announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period of year 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest revenue		3,519	2,055	7,066	5,073
Other revenue		9,291	11,269	21,859	25,292
Revenue	4	12,810	13,324	28,925	30,365
Cost of sales and services		(6,500)	(7,869)	(16,025)	(19,328)
Gross profit		6,310	5,455	12,900	11,037
Other income and gains	4	295	36	428	116
Selling and distribution expenses		(170)	(834)	(351)	(1,620)
Administrative expenses		(8,905)	(22,366)	(15,944)	(29,446)
Fair value (loss)/gain on investments at fair value through profit or loss		(910)	(3,434)	(6,238)	3,831
Change in fair value of investment properties		—	(35,286)	—	(35,286)
Finance costs	5	(2,869)	(932)	(5,789)	(1,846)
LOSS BEFORE TAX	6	(6,249)	(57,361)	(14,994)	(53,214)
Income tax expenses	7	—	—	—	—
LOSS FOR THE PERIOD		(6,249)	(57,361)	(14,994)	(53,214)
Attributable to:					
Owners of the Company		(6,013)	(56,464)	(14,430)	(52,026)
Non-controlling interests		(236)	(897)	(564)	(1,188)
		(6,249)	(57,361)	(14,994)	(53,214)
Basic and diluted loss per share	8	HK(0.10) cents	HK(0.99) cents	HK(0.25) cents	HK(0.91) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(6,249)	(57,361)	(14,994)	(53,214)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF INCOME TAX				
— Exchange differences on translation of foreign operations	(2,179)	(3,510)	(3,995)	560
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(8,428)	(60,871)	(18,989)	(52,654)
Attributable to:				
Owners of the Company	(8,192)	(59,973)	(18,444)	(51,447)
Non-controlling interests	(236)	(898)	(545)	(1,207)
	(8,428)	(60,871)	(18,989)	(52,654)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties	10	292,919	298,672
Property, plant and equipment	11	4,723	5,601
Goodwill		3,865	3,865
Right-of-use assets		4,163	5,670
Other intangible assets		5,528	5,920
Equity investments at fair value through other comprehensive income		9,012	9,012
Prepayments, deposits and other receivables	12	1,021	1,053
Deferred tax assets		3,525	3,525
Loan receivable	14	48,040	45,849
Total non-current assets		372,796	379,167
CURRENT ASSETS			
Inventories		1,375	385
Trade receivables	13	5,796	9,778
Contract assets and contract costs		—	186
Prepayments, deposits and other receivables	12	24,670	37,692
Loan receivables	14	68,299	70,728
Investments at fair value through profit or loss		24,638	45,478
Bank and cash balances		8,991	4,959
Total current assets		133,769	169,206
CURRENT LIABILITIES			
Trade payables	15	10,616	9,169
Contract liabilities		1,478	4,053
Other payables and accruals	16	21,115	38,591
Lease liabilities		2,492	3,045
Current tax liabilities		64	163
Promissory note payables	20	—	63,553
Bank and other borrowings	17	33,876	40,106
Total current liabilities		69,641	158,680

		As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
	<i>Notes</i>		
NET CURRENT ASSETS		64,128	10,526
TOTAL ASSETS LESS CURRENT LIABILITIES		436,924	389,693
NON-CURRENT LIABILITIES			
Loan from a shareholder	<i>18</i>	3,098	3,053
Amount due to a director	<i>19</i>	6,006	9,006
Promissory note payables	<i>20</i>	66,551	—
Lease liabilities		2,090	3,085
		77,745	15,144
NET ASSETS		359,179	374,549
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>21</i>	574,419	572,216
Reserves		(212,947)	(195,919)
		361,472	376,297
Non-controlling interests		(2,293)	(1,748)
TOTAL EQUITY		359,179	374,549

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share-based payment reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Investment revaluation reserve (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2019, as restated	571,215	107,108	81,250	(9,469)	(305,498)	2,471	447,077	(708)	446,369
Loss for the period	—	—	—	—	(52,026)	—	(52,026)	(1,188)	(53,214)
Other comprehensive (loss)/income									
— Exchange differences on translation of foreign operations	—	—	—	579	—	—	579	(19)	560
Total comprehensive income/(loss) for the period	—	—	—	579	(52,026)	—	(51,447)	(1,207)	(52,654)
Equity-settled share-based payment expenses	—	—	9,628	—	—	—	9,628	—	9,628
At 30 June 2019	571,215	107,108	90,878	(8,890)	(357,524)	2,471	405,258	(1,915)	403,343
At 1 January 2020	572,216	107,551	90,434	(15,053)	(375,164)	(3,687)	376,297	(1,748)	374,549
Loss for the period	—	—	—	—	(14,430)	—	(14,430)	(564)	(14,994)
Other comprehensive (loss)/income									
— Exchange differences on translation of foreign operations	—	—	—	(4,014)	—	—	(4,014)	19	(3,995)
Total comprehensive loss for the period	—	—	—	(4,014)	(14,430)	—	(18,444)	(545)	(18,989)
Equity-settled share-based payment expenses	—	—	1,416	—	—	—	1,416	—	1,416
Exercise of share options	2,203	740	(740)	—	—	—	2,203	—	2,203
Lapsed of share options	—	—	(52,201)	—	52,201	—	—	—	—
At 30 June 2020	574,419	108,291	38,909	(19,067)	(337,393)	(3,687)	361,472	(2,293)	359,179

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For six months ended	
	30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	12,723	4,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(43)	(477)
Payment for construction works of investment properties	(16)	(598)
Proceeds from disposal of equity investments at fair value through profit or loss	—	2,181
Bank interest received	21	1
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(38)	1,107
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of amount due to a director	(3,000)	—
Lease interest paid	(141)	—
Proceeds from issue of shares	2,203	—
Repayment of lease liabilities	(1,548)	(2,278)
Repayment of bank and other borrowings	(4,891)	(3,284)
NET CASH USED IN FINANCING ACTIVITIES	(7,377)	(5,562)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,308	166
Cash and cash equivalents at beginning of the period	4,708	4,407
Effect of foreign exchange rate changes, net	(1,276)	110
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8,740	4,683

For six months ended
30 June

	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

Cash and bank balances other than time deposits	8,740	4,683
Time deposits	251	251
<hr/>		
Cash and bank balances as stated in the condensed consolidated statement of financial position	8,991	4,934
Less: Time deposits with maturity of more than three months when acquired	(251)	(251)
<hr/>		
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	8,740	4,683

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2020 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 2019, 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 2019.

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 2020. 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 three reportable segments as follows:

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

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 for the Group’s operating segments for the six months ended 30 June 2020 and 2019 respectively.

Reporting segment information

	Six months ended 30 June							
	IT solutions and maintenance		Money lending		Securities investments		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:								
Sales to external customers	24,954	25,292	3,971	5,073	—	—	28,925	30,365
Segment profit/(loss)	1,634	(2,172)	3,876	4,978	(6,353)	3,820	(843)	6,626
Reconciliation:								
Bank interest income							21	1
Change in fair value of investment properties							—	(35,286)
Unallocated gains							265	—
Corporate and other unallocated expenses							(8,648)	(22,709)
Finance costs							(5,789)	(1,846)
Loss before tax							(14,994)	(53,214)

	IT solutions and maintenance		Money lending		Securities investments		Total	
	30.6.2020 (Unaudited)	31.12.2019 (Audited)	30.6.2020 (Unaudited)	31.12.2019 (Audited)	30.6.2020 (Unaudited)	31.12.2019 (Audited)	30.6.2020 (Unaudited)	31.12.2019 (Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	84,483	89,791	68,852	71,352	24,705	39,947	178,040	201,090
Reconciliation:								
Corporate and other unallocated assets							328,525	347,283
Total assets							506,565	548,373
Segment liabilities	(79,676)	(80,422)	(119)	(226)	(10,565)	(11,581)	(90,360)	(92,229)
Reconciliation:								
Corporate and other unallocated liabilities							(57,026)	(81,595)
Total liabilities							(147,386)	(173,824)

Geographical information

	Revenue	
	30.6.2020 (Unaudited)	30.6.2019 (Unaudited)
	HK\$'000	HK\$'000
Hong Kong	25,528	30,163
PRC except Hong Kong	3,397	202
Consolidated total	28,925	30,365

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 continuing operations is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue				
Sale of computer hardware and software	7,953	9,120	18,467	19,943
Provision of technical support and maintenance services	1,338	2,149	3,392	5,349
Revenue from contracts with customers	9,291	11,269	21,859	25,292
Loans interest income	3,519	2,055	7,066	5,073
	12,810	13,324	28,925	30,365
Disaggregation of revenue from contracts with customers:				
Geographical markets				
Hong Kong	9,142	11,091	21,557	25,090
PRC except Hong Kong	149	178	302	202
	9,291	11,269	21,859	25,292
Major products/services				
Sale of computer hardware and software	7,953	9,120	18,467	19,943
Provision of technical support and maintenance services	1,338	2,149	3,392	5,349
Total	9,291	11,269	21,859	25,292
Timing of revenue recognition				
At a point in time	7,953	9,120	18,467	19,943
Over time	1,338	2,149	3,392	5,349
Total	9,291	11,269	21,859	25,292
Other income and gains				
Bank interest income	12	1	21	1
Government grant	243	—	243	—
Others	40	35	164	115
	295	36	428	116

5. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on bank loan	351	502	736	1,034
Interest on other loans	345	365	660	747
Lease interests	66	65	141	65
Imputed interest on promissory notes	2,107	—	4,252	—
	2,869	932	5,789	1,846

6. Loss before tax

Loss before tax was arrived at after charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000 (Restated)
Amortisation of other intangible assets	195	195	391	391
Change in fair value of investment properties	—	35,286	—	35,286
Depreciation on property, plant and equipment	450	349	905	687
Depreciation on right-of-use assets	750	2,140	1,503	2,140
Directors' remuneration	450	1,127	900	2,217
Equity-settled share based payment to employees**	745	2,664	745	2,664
Equity-settled share-based payment to consultants**	671	6,964	671	6,964

** This item is included in "administrative expenses" of the condensed consolidated statement of profit or loss.

7. Income tax expenses

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2020 as the Group has accumulated tax losses brought forward from previous year (2019: Nil).

No provision of the PRC corporate income tax has been made for the six months ended 30 June 2020 as the Group did not generate any assessable profits in the PRC during the period (2019: 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 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(6,013)	(56,464)	(14,430)	(52,026)

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)

Weighted average number of ordinary shares for basic and diluted loss per share	5,739,831,908	5,712,151,908	5,730,947,090	5,712,151,908
---	----------------------	---------------	----------------------	---------------

For the six months ended 30 June 2020, 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 2020 and 2019.

9. Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (2019: Nil).

10. Investment properties

	(Unaudited) HK\$'000
Valuation	
At 1 January 2020	298,672
Additions	16
Exchange differences	(5,769)
	292,919
At 30 June 2020	292,919

At 30 June 2020, the carrying amount of investment properties pledged as security for the Group's bank loans amounted to approximately HK\$23,312,000 (31 December 2019: approximately HK\$28,525,000).

11. Additions in property, plant and equipment

During the six months ended 30 June 2020, the Company spent approximately HK\$43,000 (30 June 2019: approximately HK\$477,000) for additions of property, plant and equipment.

12. Prepayments, deposits and other receivables

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Prepayments	1,125	1,281
Deposits and other receivables	24,566	37,464
	25,691	38,745
Non-current portion:		
Prepayments	1,021	1,041
Deposits and other receivables	—	12
	1,021	1,053
Current portion:		
Prepayments	104	240
Deposits and other receivables	24,566	37,452
	24,670	37,692
	25,691	38,745

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 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Within 1 month	5,372	8,400
1 to 2 months	5	1,081
2 to 3 months	—	286
Over 3 months	419	11
	5,796	9,778

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 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Loan receivables	116,339	116,577
Analysed as:		
Non-current assets	48,040	45,849
Current assets	68,299	70,728
	116,339	116,577

Notes:

- (a) *Loan receivables of approximately HK\$68,299,000 carried fixed interest rate at 12% per annum (31 December 2019: 12% per annum) and with the terms ranging from 3 months to 18 months.*
- (b) *As at 30 June 2020, included in loan receivables are receivable from Dehuang of approximately HK\$48,040,000 (31 December 2019: HK\$45,849,000) which is unsecured, non-interest bearing, repayable on 2 September 2021 and measured at amortised cost using effective interest rate of 14.42%.*

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 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Within 1 month	4,805	4,783
1 to 2 months	2,520	4,362
2 to 3 months	—	23
Over 3 months	3,291	1
	10,616	9,169

16. Other payables and accruals

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Accruals	5,296	4,621
Other payables	15,819	33,970
	21,115	38,591

17. Bank and other borrowings

		As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
	<i>Notes</i>		
<hr/>			
Bank loan:			
Mortgage loan	<i>(i)</i>	23,312	28,525
<hr/>			
Other loans:			
Margin loan	<i>(ii)</i>	10,564	11,581
<hr/>			
		33,876	40,106
<hr/>			

Notes:

- (i) *The mortgage loan 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\$14,670,000 (31 December 2019: HK\$16,726,000) and repayable on demand. The loan is charged at a fixed interest rate of 8.375% (31 December 2019: 8.375%) per annum.*

18. Loan from a shareholder

As at 30 June 2020, 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 2022.

19. Amount due to a director

As at 30 June 2020, the amount is unsecured, interest-free and due for repayment on 1 January 2022.

20. Promissory note payables

	(Unaudited) HK\$'000
At 1 January 2020	63,553
Imputed interest	4,252
Exchange realignment	(1,254)
At 30 June 2020	66,551

The promissory note is unsecured, interest bearing at 10% per annum and repayable on 2 September 2021. The fair value of the promissory notes approximates its carrying amount. As at 30 June 2020, the promissory note is measured at amortised cost using effective interest rate of 14.28%.

21. Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each at 31 December 2019 and 30 June 2020	12,000,000,000	1,200,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
At 1 January 2020	5,722,159,908	572,216
Exercise of share options	22,032,000	2,203
At 30 June 2020	5,744,191,908	574,419

On 7 April 2020, an employee exercised 2,016,000 share options at the exercise price of HK\$0.1. The grant date of the share options was 6 April 2020. The weighted average closing price of shares immediately before the date of exercise by the employee was HK\$0.076 per share.

On 20 April 2020, a consultant, Huang Guozhen, exercised 20,016,000 share options at the exercise price of HK\$0.1. The grant date of the share options was 6 April 2020. The weighted average closing price of shares immediately before the date of exercise by the consultant was HK\$0.076 per share.

22. 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 2020 using:			Total
	Level 1	Level 2	Level 3	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements:				
Investments at fair value through profit or loss				
Equity securities — listed in Hong Kong	24,638	—	—	24,638
Equity investments at fair value through other comprehensive income				
Equity securities — unlisted investments	—	—	9,012	9,012
Investment properties				
Commercial — PRC	—	—	292,919	292,919
Total recurring fair value measurement	24,638	—	301,931	326,569

Description	Fair value measurements as at 31 December 2019 using:			Total 2019 (Audited) HK\$'000
	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	
Recurring fair value measurements:				
Investments at fair value through profit or loss				
Equity securities — listed in Hong Kong	39,885	—	—	39,885
Investment fund	—	—	5,593	5,593
Equity investments at fair value through other comprehensive income				
Equity securities — unlisted investments	—	—	9,012	9,012
Investment properties	—	—	298,672	298,672
Commercial — PRC	—	—	298,672	298,672
Total recurring fair value measurement	39,885	—	313,277	353,162

(b) Reconciliation of assets measured at fair value based on level 3:

At 30 June 2020

Description	Equity investments at fair value through other comprehensive income (Unaudited) HK\$'000	Investment properties (Unaudited) HK\$'000	2020 Total (Unaudited) HK\$'000
	At 1 January	9,012	298,672
Additions	—	16	16
Exchange realignment	—	(5,769)	(5,769)
At 30 June	9,012	292,919	301,931

At 31 December 2019

Description	Investments	Equity investments	Investment properties	2019 Total
	at fair value	at fair value		
	through profit or loss	through other comprehensive income		
	(Audited)	(Audited)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of year	—	17,197	336,971	354,168
Total losses recognised in				
— consolidated profit or loss (#)	—	—	(33,196)	(33,196)
— other comprehensive income	—	4,852	—	4,852
Additions	5,593	12,647	295	18,535
Disposal	—	(25,372)	—	(25,372)
Exchange realignment	—	(312)	(5,398)	(5,710)
At end of year	5,593	9,012	298,672	313,277
(#) Include losses for assets held at end of reporting period	—	—	(33,196)	(33,196)

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

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller 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 2020

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value (Unaudited) HK\$'000
Investment properties	Direct comparison approach	Market price of office	RMB31,000 per square meter	Increase	292,919
		Market price of commercial	RMB32,000 per square meter	Increase	
		Market price of carpark	RMB190,000 per unit	Increase	
		Unexpended construction cost	RMB11,184,000	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	(i) Investment method (for properties)	Capitalization rate	6.50%	Decrease	9,012
		Monthly market rent	RMB28 per square meter	Increase	
	(ii) Direct comparison method (for land)	Market price	RMB1,690 per square meter	Increase	
		Unexpended construction cost	RMB23,000,000	Decrease	
	(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	14.42%	Decrease	

As at 31 December 2019

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value (Audited) HK\$'000
Investment properties	Direct comparison approach	Market price of office	RMB31,000 per square meter	Increase	298,672
		Market price of commercial	RMB32,000 per square meter	Increase	
		Market price of carpark	RMB190,000 per unit	Increase	
		Unexpended construction cost	RMB11,184,000	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	(i) Investment method (for properties)	Capitalization rate	6.50%	Decrease	9,012
		Monthly market rent	RMB28 per square meter	Increase	
	(ii) Direct comparison method (for land)	Market price	RMB1,690 per square meter	Increase	
		Unexpended construction cost	RMB23,000,000	Decrease	
(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	14.42%	Decrease		
Investments at fair value through profit or loss	Discounted cash flow	Rate of return	2.31%	Increase	5,593

23. Contingent liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

24. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 7 August 2020.

GENERAL INFORMATION

Directors' service contracts

At 30 June 2020, 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 2020.

Directors' interests and short positions in shares and underlying shares

At 30 June 2020, 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	Capacity	Nature of Interest		Percentage of the Company's issued share capital (approximately %) (Note (a))
		Registered Shareholder	Underlying Interest	
Mr. Wong Kui Shing, Danny	Through controlled corporation (Note (b))	403,971,449		7.03%
	Beneficially owned	137,816,000	5,688,000	2.50%
Mr. Wong King Shiu, Daniel	Beneficially owned	10,008,000	57,000,000	1.17%

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 5,744,191,908 Shares.

(b) The 403,971,449 Shares are held by Discover Wide Investments Limited ("Discover Wide"), which is wholly-owned by Mr. Wong Kui Shing, Danny. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Wong is deemed to have an interest in all shares in which Discover Wide has, or deemed to have an interest.

Save as disclosed above and in the section headed “Share Options”, as at 30 June 2020 and as at of 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 2020, 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

On 11 April 2017, the Company granted a total of 571,200,000 Options with rights to subscribe for 571,200,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme.

On 27 September 2017, the Company granted a total of 571,200,000 Options with rights to subscribe 571,200,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme.

On 21 June 2019, the Company granted a total of 217,056,000 Options with rights to subscribe 571,200,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme.

On 6 April 2020, the Company granted a total of 42,192,000 Options with rights to subscribe 42,192,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme.

As at 30 June 2020, details for Options granted and remain effective are as follows:-

Batch of Grant (Note)	Name	Title	Exercise price (HK\$)	Date of Grant	Number of share options				Outstanding as at 30 June 2020
					Outstanding as at 1 January 2020	Lapsed during the period	Cancelled during the period	Exercised during the period	
DIRECTORS									
A	WONG Kui Shing, Danny	Executive Director	0.154	11/4/2017	5,688,000	—	—	—	5,688,000
A	CHEN Shengrong	Independent non-executive Director ("INED")	0.154	11/4/2017	2,016,000	—	—	—	2,016,000
A	HUNG Hing Man	INED	0.154	11/4/2017	2,016,000	—	—	—	2,016,000
B	WONG King Shiu, Daniel	Executive Director	0.130	27/9/2017	57,000,000	—	—	—	57,000,000
B	CHAN Kai Leung	Executive Director	0.130	27/9/2017	5,016,000	—	—	—	5,016,000
B	WONG Hoi Kuen	INED	0.130	27/9/2017	2,016,000	—	—	—	2,016,000
FORMER DIRECTORS									
A	TSE Chi Wai	Former Executive Director (Currently a consultant of Company) ("Consultant")	0.154	11/4/2017	57,000,000	—	—	—	57,000,000
A	Takashi TOGO	Former Executive Director (Currently a Consultant)	0.154	11/4/2017	57,000,000	—	—	—	57,000,000
A	WU Jingjing	Former Executive Director (Currently a Vice President of the Business Development department)	0.154	11/4/2017	2,016,000	—	—	—	2,016,000
A	WONG Chi Yung	Former Non-Executive Director (Currently a Consultant)	0.154	11/4/2017	33,000,000	—	—	—	33,000,000
Sub-total:					222,768,000	—	—	—	222,768,000
EMPLOYEES									
A			0.154	11/4/2017	232,968,000	—	(232,968,000)	—	—
B			0.130	27/9/2017	334,680,000	—	(254,112,000)	—	80,568,000
C			0.100	21/6/2019	60,048,000	(10,008,000)	—	—	50,040,000
D			0.100	6/4/2020	22,176,000	—	—	(2,016,000)	20,160,000
Sub-total:					649,872,000	(10,008,000)	(487,080,000)	(2,016,000)	150,768,000
CONSULTANTS									
A	Star Rich Consultants Limited	Business Consultant	0.154	11/4/2017	52,992,000	—	(52,992,000)	—	—
A	LAM Wai Hung	Business Consultant	0.154	11/4/2017	30,000,000	—	(30,000,000)	—	—
A	LI Hi Choi	Consultant — Marketing	0.154	11/4/2017	30,000,000	—	(30,000,000)	—	—
A	WONG Ka Ching	Consultant — Corporate Finance Advisory	0.154	11/4/2017	30,000,000	—	(30,000,000)	—	—
A	TAM Tsz Yeung, Alan	Consultant — Software Development	0.154	11/4/2017	30,000,000	—	(30,000,000)	—	—
B	Gain Rich Consultants Limited	Business Consultant	0.130	27/9/2017	57,000,000	—	—	—	57,000,000
B	CHOI Kam Yan Simon	Consultant — Investment	0.130	27/9/2017	57,000,000	—	—	—	57,000,000
B	CHENG Shing Tak	Consultant — Big Data Business	0.130	27/9/2017	57,000,000	(57,000,000)	—	—	—
C	CHAN Wing Chang	Business Consultant (Japan)	0.100	21/6/2019	30,000,000	—	—	—	30,000,000
C	LEUNG Po Ting, Doris	Business Consultant (Japan)	0.100	21/6/2019	30,000,000	—	—	—	30,000,000
C	CHAN King Wai	Business Consultant (Japan)	0.100	21/6/2019	30,000,000	—	—	—	30,000,000
C	Strategist Digital Limited	Marketing — Consultant	0.100	21/6/2019	30,000,000	—	—	—	30,000,000
D	LAM Wai Hung	Business Consultant	0.100	21/6/2019	27,000,000	—	—	—	27,000,000
D	HUANG Guozhen	Consultant — AI Development	0.100	6/4/2020	20,016,000	—	—	(20,016,000)	—
Sub-total:					511,008,000	(57,000,000)	(172,992,000)	(20,016,000)	261,000,000
TOTAL:					1,383,648,000	(67,008,000)	(660,072,000)	(22,032,000)	634,536,000

Note:

- A: *The Options were granted on 11 April 2017 under Scheme Mandate Limit refreshed on 30 June 2016 with no vesting period. The exercise period is from 11 April 2017 to 10 April 2027. The closing price per share immediately before the date of grant on 11 April 2017 was HK\$0.145.*
- B: *The Options were granted on 27 September 2017 under Scheme Mandate Limit refreshed on 30 June 2017 with no vesting period. The exercise period is from 27 September 2017 to 26 September 2027. The closing price per share immediately before the date of grant on 27 September 2017 was HK\$0.130.*
- C: *The Options were granted on 21 June 2019 under Scheme Mandate Limit refreshed on 28 June 2018 with no vesting period. The exercise period is from 21 June 2019 to 20 June 2029. The closing price per share immediately before the date of grant on 21 June 2019 was HK\$0.091.*
- D: *The Options were granted on 6 April 2020 under Scheme Mandate Limit refreshed on 28 June 2018 with no vesting period. The exercise period is from 6 April 2020 to 5 April 2030. The closing price per share immediately before the date of grant on 6 April 2020 was HK\$0.071.*

The Board of Directors, especially the executive Directors of the Company 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. Meanwhile, the independent non-executive Directors provide independent opinions to Board as appropriate.

The employees of the Company are responsible for the daily operations of Company's business in various aspects, including but not limited to financial, compliance, human resources, public relations of the Company. Some of the employees are responsible for different projects and businesses of the Company, including but not limited to projects in PRC and Japan.

The consultants are engaged for providing advice on various Company operations, including but not limited to marketing, webcast business in Japan, Artificial Intelligence ("AI") and other IT developments. Some of them shall introduce potential investors and projects to the Company. As the IT and AI market trends are ever-changing, the consultants shall provide us the updated advice and/or bring potential projects for the benefits of sustainable development of the Company.

Options are granted to them as they are engaged with only options as service fees. Some of the Options to them were granted at premium of the closing prices of Shares on the respective date of grant. 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 each consultant is determined with reference to the market and the potential benefits and/or income they may bring to the Company with the projects they involved.

Save as disclosed above, none of the outstanding Options were exercised or cancelled or lapsed during the six months ended 30 June 2020.

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

At 30 June 2020, 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	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital (Note (c))
Mr. Zhang Rong		Directly beneficially owned	724,240,000 <i>(Registered Shareholder)</i>	12.61%
	(a)	Through controlled corporation	1,704,000 <i>(Beneficial Owner)</i>	0.03%
Discover Wide		Directly beneficially owned	403,971,449 <i>(Registered Shareholder)</i>	7.03%
Mr. Wong Kui Shing, Danny	(b)	Through controlled corporation	403,971,449 <i>(Beneficial Owner)</i>	7.03%
		Beneficially owned	5,688,000 <i>(Underlying Interest)</i>	0.10%
			137,816,000 <i>(Registered Shareholder)</i>	2.40%

Notes:

- (a) The 1,704,000 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.
- (b) Mr. Wong Kui Shing, Danny was deemed to be interested in the 403,971,449 shares by virtue of his controlling interests in Discover Wide.
- (c) 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 5,744,191,908 Shares.

Save as disclosed above, as at 30 June 2020, 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 2020, 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 2020 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
Wong King Shiu, Daniel	Huisheng International Holdings Limited (“Huisheng”), Stock Code: 1340	Money Lending Business	Independent non-executive director of Huisheng
Wong Kui Shing, Danny	TFG International Group Limited (“TFG”), Stock Code: 542	Money Lending Business	Non-executive director of TFG

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 2020 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 2020, 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 A.2.1

Code Provision A.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 A.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 Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term.

None of the non-executive Directors is appointed for a specific term, which constitutes a deviation from Code Provision A.4.1. Nonetheless, in accordance with the articles of association of the Company, all non-executive directors are subject to retirement by rotation. The Company considers that there are sufficient measures to ensure the corporate governance standard of the Company is not less exacting than the Code.

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 2020.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules.

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 2020 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 Code Provisions A.5.1 to A.5.6 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, the changes in information of Directors during the six months ended 30 June 2020 and as at the date of this report are set out below:

Mr. Wong Kui Shing, Danny has resigned as the executive director of Tech Pro Technology Development Limited, of which the listing of shares had been cancelled under Rule 6.01A on 2 March 2020.

Save as disclosed above, there are no other matters required to be disclosed pursuant to 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 2020 (2019: 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, 7 August 2020

As at the date of this report, the Board comprises Mr. Wong King Shiu, Daniel (Chairman and Chief Executive Officer), Mr. Wong Kui Shing, Danny and Mr. Chan Kai Leung as executive Directors; Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong as independent non-executive Directors.