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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: 8178)

2021 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 2021. This announcement, containing the full text of the 2021 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 2021 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 2021

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 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.

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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.

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	19
General Information	35
Corporate Governance	40

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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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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GEM STOCK CODE

8178

WEBSITE ADDRESS

www.citd.com.hk

SUMMARY

- Revenue for the six months ended 30 June 2021 (the “Period”) was approximately HK\$33,691,000, representing an increase of 16.5% from the corresponding period in last year (2020: approximately HK\$28,925,000).
- Loss attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately HK\$8,792,000 (2020: approximately HK\$14,430,000). The decrease in loss was mainly attributed to fair value gain on the investments in securities of approximately HK\$3,829,000 for the six months ended 30 June 2021 (2020: fair value loss of approximately HK\$6,238,000).
- Loss per share attributable to owners of the Company from continuing operations for the six months ended 30 June 2021 was approximately HK3.60 cents (2020: approximately HK6.04 cents).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market overview

During the Period, the world was still shadowed with pessimism brought by the outbreak of novel coronavirus (“COVID-19”). The global economic situation and the pandemic created both uncertainties and opportunities to the industry and business. Although the mass vaccination campaigns were launched in various countries and governments had been putting more effort to stimulate the economy, the macro-economy remained volatile, especially with the resistant mutation of COVID-19. Nonetheless, the pandemic in Hong Kong and China were relatively in control. In addition, the stringent precautionary measures by governments had driven our lives online, giving impetus to the development of technology industry. The geographical lockdowns and the “work-from-home” arrangements for instance, had elevated the demand for virtual desktop infrastructures (“VDI”). To stay the business afloat and act quickly amid the pandemic, some companies took the chance to enhance or introduce the use of technology in their business, which can further reduce their administration and operational costs while increase productivity. Cloud platform for video and audio-conferencing applications for example, were becoming prominent during the pandemic. COVID-19 not only reshaped our lives, but also the business model and had somehow made technology a competitive differentiator for businesses.

Business review

During the six months ended 30 June 2021, 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 and resources in developing innovative and advanced technology especially in fields like artificial intelligence (“AI”) and cloud technologies while cautiously controlled and efficiently allocated our other resources and took appropriate corporate actions according to the market conditions.

Meanwhile, sustainable business development lies on a healthy capital structure. During the Period, we completed the capital reorganisation (the “Capital Reorganisation”) which involved (i) share consolidation in which every twenty four issued and unissued existing shares of par value of HK\$0.10 each in the share capital of the Company would be consolidated into one consolidated share of par value of HK\$2.40 in the share capital of the Company, (ii) the capital reduction from HK\$2.40 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$2.39 on each of the then issued consolidated shares and (iii) the share sub-division, in which each of the authorised but unissued consolidated shares of par value of HK\$2.40 each would be sub-divided into two hundred and forty new shares of par value of HK\$0.01 each (each a “Share”). The board lot size for trading in Shares on the Stock Exchange had also been changed from 24,000 existing shares to 10,000 consolidated shares conditional upon the share consolidation becoming effective. The Company believes that it will help maintain the transaction amount for each board lot at a reasonable level and attract more investors, provide flexibility for equity fund raising of the Company in the future and eliminate a substantial amount of the Company’s accumulated losses, hence, allowing greater flexibility for the Company to pay dividends in the future. The Capital Reorganisation has been approved by the shareholders of the Company (the “Shareholder(s)”) on 15 January 2021. Further stated in the announcement dated 24 February 2021, the petition hearing for confirmation of capital reduction and share sub-division was held on 23 March 2021 (Cayman Islands time) at the Grand Court of the Cayman Islands. The Capital Reorganisation has been effective from 25 March 2021.

In 2016, the Company placed 1,830,792,000 new shares of the Company to not less than six independent places 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 of and operation of the business in the PRC properties as acquired in the acquisition of Joyunited Investments Limited on 7 April 2016 (the “PRC Properties”), the Company would have approximately HK\$69 million for the general working capital and approximately HK\$88 million for the projects that are currently 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 2021, the net proceeds of the Placement had been used as follows: (1) approximately HK\$73.0 million for refurbishment and other expenses relating to the PRC Properties; (2) approximately HK\$88.0 million for investment in Macro China Holding Limited, business development under DataCube, information technology (“IT”) business in Japan and a data centre in the PRC; and (3) approximately HK\$69.0 million for administrative expenses and other expenses incurred by the Group. The proceeds had been fully used as intended.

CITD Group

Acquisition of 10% of equity interest in Global Engine Holdings Limited (“GEL”) involving issue of consideration shares under general mandate

On 1 April 2021, Rosy Depot Limited (“Rosy Depot”), a wholly-owned subsidiary of the Company, had entered into an agreement (the “GEL Agreement”) with Valuable Fortune Limited (“Valuable Fortune”), pursuant to which Rosy Depot, as the purchaser (the “Purchaser”) intended to acquire and Valuable Fortune as the vendor (the “Vendor”), intended to sell 10% equity interest in Global Engine Holdings Limited at the consideration of HK\$10,000,000, settled by way of allotment and issue of 20,000,000 consideration shares by the Company at HK\$0.5 (the “GEL Acquisition”).

Pursuant to the GEL Agreement, closing shall take place on or before 20 April 2021 (the “Closing Date”), on which the conditions precedent of the Agreement shall be satisfied or, as the case may be, waived by the Party entitled to that condition, or such other day as the Parties otherwise agree in writing. On 20 April 2021, the Purchaser and the Vendor have agreed in writing to extend the Closing Date to 14 May 2021 so as to allow more time to obtain regulatory approvals that are part of the conditions precedent of the GEL Agreement. The GEL Acquisition was completed and 20,000,000 consideration shares had been allotted and issued on 31 May 2021.

Details of the above GEL Acquisition are set out in the announcements dated 1 April 2021, 20 April 2021 and 1 June 2021.

Acquisition of 51% of equity interest in Orient Rise Investment Development Limited (“ORIDL”) involving issue of consideration shares under general mandate

On 12 May 2021, Golden Shield Global Limited (“Golden Shield”), a wholly-owned subsidiary of the Company, had entered into an agreement (the “ORIDL Agreement”) with Unity Victory Limited (“Unity Victory”), pursuant to which Golden Shield, as the purchaser, intended to acquire and Unity Victory as the vendor, intended to sell 51% equity interest in ORIDL at the consideration of HK\$3,500,000, settled by way of allotment and issue of 7,000,000 consideration shares by the Company at HK\$0.5 (the “ORIDL Acquisition”). The ORIDL Acquisition was completed and 7,000,000 consideration shares had been allotted and issued on 15 July 2021.

Details of the above ORIDL Acquisition are set out in the announcements dated 12 May 2021 and 15 July 2021.

Grant of Options

On 13 May 2021, the Company has granted an aggregate of 23,900,000 share options (the “Options”) to the grantees (the “Grantees”) of the Company, to subscribe, in aggregate, for up to 23,900,000 ordinary Shares of HK\$0.01 each in the share capital of the Company subject to acceptance of the Grantees, with an exercise price of HK\$0.245 per Share, under the share option scheme adopted by the Company on 2 August 2012 (the “Share Option Scheme”). Details of the grant of Options are set out in the announcement dated 13 May 2021 and the section headed “Share Options” under “General Information” in this report.

Disposal of listed securities

(1) TOMO Disposal

On 14 May 2021, Global Shine Investment Limited (“Global Shine”), an indirect wholly-owned subsidiary of the Company, disposed of a total of 9,000,000 shares of TOMO Holdings Limited (“TOMO”), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6928) to Mr. Chan Hou Cheong, an independent third party, by way of an off-market block trade for an aggregate consideration of HK\$9,180,000 (exclusive of transaction costs) (the “TOMO Disposal”). The selling price (exclusive of transaction costs) for the TOMO Disposal of each TOMO share is HK\$1.02. Upon settlement of the TOMO Disposal, the Group no longer holds any TOMO shares.

Details of the TOMO Disposal are set out in the announcement dated 14 May 2021.

(2) *Skyfame Realty Disposals*

On 24 May 2021, Global Shine disposed of on the open market a total of 3,000,000 shares of Skyfame Realty (Holdings) Limited (“Skyfame Realty”), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 59) for an aggregate consideration of HK\$2,910,000 (exclusive of transaction costs)(the “Skyfame Realty Disposal”). The average selling price (exclusive of transaction costs) for the Skyfame Realty Disposal of each Skyfame Realty share is HK\$0.97.

On 28 May 2021, Global Shine further disposed of on the open market a total of 1,500,000 Skyfame Realty shares for an aggregate consideration of HK\$1,455,000 (exclusive of transaction costs) (the “Second Skyfame Realty Disposal”). The average selling price (exclusive of transaction costs) for the Second Skyfame Realty Disposal of each Skyfame Realty share is HK\$0.97.

On 1 June 2021, Global Shine further disposed of on the open market a total of 2,590,000 Skyfame Realty shares for an aggregate consideration of HK\$2,590,000 (exclusive of transaction costs) (the “Third Skyfame Realty Disposal”, together with the Skyfame Realty Disposal and the Second Skyfame Realty Disposal, collectively the “Skyfame Realty Disposals”). The average selling price (exclusive of transaction costs) for the Third Skyfame Realty Disposal of each Skyfame Realty share is HK\$1.00. Upon settlement of the Skyfame Realty Disposals, the Group no longer holds any Skyfame Realty shares.

Details of the Skyfame Realty Disposals are set out in the announcements dated 24 May 2021, 28 May 2021 and 1 June 2021.

Placing of 20,800,000 Placing Shares under General Mandate (the “Placing of Shares”)

On 25 May 2021, the Company and Rifa Securities Limited, as the placing agent (“Rifa Securities”) entered into a placing agreement (the “Placing Agreement with Rifa Securities”), pursuant to which the Company agreed to appoint Rifa Securities, and Rifa Securities has agreed to act as placing agent for the purpose of procuring, as agent of the Company, placees for, or failing which on a best effort basis, a maximum of 20,800,000 placing shares (the “Placing Share(s)”) to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the placing price of HK\$0.23 (“Placing Price”) per Placing Share.

On 27 May 2021, the Company and Rifa Securities after arm’s length negotiation, had entered into a supplemental agreement to the Placing Agreement with Rifa Securities whereby the Company and Rifa Securities have agreed to change the long stop date from 17 July 2021 to 11 June 2021. The Placing of Shares has been completed on 17 June 2021.

The gross proceeds and net proceeds from the Placing of Shares were approximately HK\$4.8 million and HK\$4.7 million respectively, which would be used for general working capital of the Group. As at the date of this report, approximately HK\$3.7 million of the proceeds has been utilized as intended and the remaining proceeds has been kept in bank.

Details of the above Placing of Shares are set in the announcements dated 25 May 2021, 27 May 2021 and 17 June 2021.

For the period ended 30 June 2021, the Group recorded a revenue of approximately HK\$33,691,000 representing an increase of 16.5% from approximately HK\$28,925,000 in the corresponding period in 2020. This was mainly attributable to the number of projects increased due to the promotion activities launched by the Group with the aim to attract more clients and maintain our market share during the bearish economic condition brought by COVID-19 pandemic.

Macro Systems

Established in 1997, Macro Systems Limited (“Macro Systems”) is a reputable company in providing diverse IT platform, digital solution and business consulting service. Macro Systems provides enterprises with the end-to-end product set including the comprehensive IT platform, from infrastructure, Cloud-ready to the Hybrid cloud platform, Macro Systems offers a stable and reliable foundation to support clients’ business development. Macro Systems also maintains clients’ workspace securely by the user-friendly VDI solution. Holding a vision of “We Make IT Smart”, Macro Systems assists worldwide corporate clients to thrive for business success and perform digital transformation by its comprehensive solution and service portfolio. Over the past 24 years, Macro Systems is committed to serving corporate clients with excellent quality which is well recognized by the ISO/IEC 27001 international standard and more than 120 global certificates and partnerships.

During the Period, 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.

The Group has also been persistently exploring through Marco Systems for various cooperation opportunities including potential launch of software platform to diversify our product variety as well as income sources.

Amid the COVID-19 outbreak, Macro Systems transformed our traditional workshop to online webinars. During the Period, we had organized various webinars together with reputable vendors to promote VDI solution as well as AI technology and algorithm, etc. In February 2021, Macro Systems had jointly produced cloud innovative webinar with Huawei Cloud to share the cloud adoption scenarios in the Chinese market to examine the current business need for cloud service, explore the barriers on adoption of cloud service and understand the services to accelerate cross-border data monitoring.

By leveraging various technologies and channels, we believe that these transformed marketing activities can benefit our reputation and sales. The cooperation and promotion of associated solutions of digital workspace allowed Macro Systems to extend its business network with different partners who can create synergy and positive impact for our business and brand name in the sector during this dynamic market period.

During the Period, 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-angle 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 clients' confidence in deploying virtual workspace solution and facilitate the related business project progress.

DataCube

During the Period, DataCube Research Centre Limited ("DataCube"), with its unique advanced core technologies of AI Book, AI Manager and BI Canvas, has continued to promote data modelling, big data analysis as well as developing related technologies to expedite the adoption and drive the evolution of AI 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.

With the aim to deliver "Affordable AI for every business", DataCube had utilized our AI Book, AI Manager and BI Canvas to assist our clients in various industries like "Smart Retail", "Smart Monitoring" and "Smart IoT". Through integration of business data, DataCube helps companies address specific business problems in their industries and enhance corporate risk identification and prediction capabilities through data science, thereby enhancing management capabilities.

In February 2021, our Group has entered into a strategic cooperation agreement with a renowned nationwide corporate specialized in software development, value-added operations, system integration and cloud operation services. By integrating our AI technologies, platform and the products of the counterparty, we shall assist them to deliver efficient but economical AI+HR service to their customers.

Through these cooperation, our client spectrum and market shall be 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 various 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.

During the Period, Macro Systems has contributed a revenue of approximately HK\$31,024,000 to the Group while DataCube had been negotiating with different business partners for potential projects. This encouraging result motivates the Directors and the Company to continue developing the business of Macro Systems and DataCube.

Future prospect

2021 is expected to remain a challenging year as the economic recovery and the containment of COVID-19 pandemic are still uncertain. Nevertheless, the future of the economy and the industry remain positive. Robust growth in different technology trends such as Internet of Things (“IoT”), cloud technology and AI are expected. This is especially the case when the reliance on technology boosted during the COVID-19 pandemic in our lives and businesses. The social distancing and lockdown measures turbocharged the growth of online sales for example, created the demand for advanced IoT for data reception and collection and AI data technology to analyse and allocate resources and spot on target customers more effectively. The Company believes that with our team of experienced data scientists and technicians, as well as our innovative technology development, AI Book, AI Manager and BI Canvas in particular, the Group shall gain more business opportunities and benefit from this market trend. We have continuously negotiating with corporations of various industries, including public transportation organization and technology companies for business opportunities and cooperations. Apart from that, to keep pace with the technological advancement and the market trends, the Group shall dedicate more resources on research and development of the AI, cloud and other technologies so as to provide updated and quality services and products to our clients. In the first half of 2021, the Group had demonstrated its determination with the acquisitions of IT companies with high potentials and synergies. We believe that with this business strategy, the Group shall continue nurturing its existing businesses and building up its competitive edge which creates value to the Company and the Shareholders in long run.

Looking forward, the Group shall keep alert on the market conditions and trends 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 62 as of 30 June 2021 (2020: 80 employees). Total expenses on employee benefits amounted to approximately HK\$13,699,000 for the six months ended 30 June 2021, of which HK\$2,462,000 related to equity-settled share-based payment (2020: approximately HK\$9,598,000 of which HK\$745,000 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 2021, the Group recorded a revenue of approximately HK\$33,691,000, an increase of 16.5% from approximately HK\$28,925,000 for the corresponding period of last year. The increase is mainly due to number of projects with lower gross profit margin increased in order to maintain the market share.

The Group had a total cost of sales and services of approximately HK\$27,682,000 for the first half of year 2021, an increase of 72.7% compared with approximately HK\$16,025,000 for the same period of 2020. The increase is mainly due to the outsource of some projects to other service providers.

The gross profit of the Group for the first half of year 2021 was approximately HK\$6,009,000, a decrease of 53.4% from approximately HK\$12,900,000 for the corresponding period of last year. The decrease is mainly due to the decrease in loan interest income and decrease in gross profit margin during the Period.

Administrative expenses for the Period were approximately HK\$16,563,000, an increase of 3.9% as compared to approximately HK\$15,944,000 for the corresponding period of last year. The increase was mainly due to the recognition of share options granted to employees and consultants for the amount of approximately HK\$2,992,000 during the Period.

During the first half of 2021, the Group recorded a gain on trading of marketable securities of approximately HK\$3,829,000 (2020: loss of approximately HK\$6,238,000).

The Group's loss attributable to owners of the Company was approximately HK\$8,792,000 for the six months ended 30 June 2021 (2020: approximately HK\$14,430,000).

Financial position

As at 30 June 2021, the Group had cash and bank balances of approximately HK\$6,621,000 (31 December 2020: approximately HK\$7,904,000).

As at 30 June 2021, the Group's total borrowings amounted approximately HK\$88,284,000 (31 December 2020: approximately HK\$104,230,000). The gearing ratio (calculated as total borrowings over total equity) of the Group was 0.21 (31 December 2020: 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.

Capital expenditure

The Group incurred a capital expenditure of approximately HK\$3,000 (31 December 2020: approximately HK\$362,000) for addition of property, plant and equipment during the six months for 30 June 2021.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2021 and 31 December 2020 respectively.

Capital commitment

The Group did not have any material capital commitments as at 30 June 2021 and 31 December 2020.

The Board announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period of 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest revenue		1,151	3,519	2,447	7,066
Other revenue		7,923	9,291	31,244	21,859
Revenue	4	9,074	12,810	33,691	28,925
Cost of sales and services		(6,533)	(6,500)	(27,682)	(16,025)
Gross profit		2,541	6,310	6,009	12,900
Other income and gains	4	1,896	295	3,756	428
Selling and distribution expenses		(198)	(170)	(392)	(351)
Administrative expenses		(8,889)	(8,905)	(16,563)	(15,944)
Fair value gain/(loss) on investments at fair value through profit or loss		2,583	(910)	3,829	(6,238)
Finance costs	5	(2,933)	(2,869)	(5,924)	(5,789)
LOSS BEFORE TAX	6	(5,000)	(6,249)	(9,285)	(14,994)
Income tax expenses	7	—	—	—	—
LOSS FOR THE PERIOD		(5,000)	(6,249)	(9,285)	(14,994)
Attributable to:					
Owners of the Company		(4,688)	(6,013)	(8,792)	(14,430)
Non-controlling interests		(312)	(236)	(493)	(564)
		(5,000)	(6,249)	(9,285)	(14,994)
Basic and diluted loss per share	8	HK(1.88) cents	(Restated) HK(2.51) cents	HK(3.60) cents	(Restated) HK(6.04) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(5,000)	(6,249)	(9,285)	(14,994)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF INCOME TAX				
— Exchange differences on translation of foreign operations	3,380	(2,179)	1,332	(3,995)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,620)	(8,428)	(7,953)	(18,989)
Attributable to:				
Owners of the Company	(1,294)	(8,192)	(7,447)	(18,444)
Non-controlling interests	(326)	(236)	(506)	(545)
	(1,620)	(8,428)	(7,953)	(18,989)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Investment properties	10	321,052	317,098
Property, plant and equipment	11	3,377	4,141
Goodwill		3,865	3,865
Right-of-use assets		2,081	3,410
Other intangible assets		4,745	5,137
Equity investments at fair value through other comprehensive income		61,480	50,846
Prepayments, deposits and other receivables	12	970	1,007
Deferred tax assets		3,949	3,949
Loan receivable	14	60,634	56,408
Total non-current assets		462,153	445,861
CURRENT ASSETS			
Inventories		1,987	389
Trade receivables	13	5,133	2,796
Prepayments, deposits and other receivables	12	21,653	26,792
Loan receivables	14	41,361	49,206
Investments at fair value through profit or loss		24,232	27,118
Bank and cash balances		6,621	7,904
Total current assets		100,987	114,205
CURRENT LIABILITIES			
Trade payables	15	6,825	4,275
Contract liabilities		3,487	1,318
Other payables and accruals	16	24,612	17,882
Lease liabilities		2,337	2,752
Current tax liabilities		85	85
Bank and other borrowings	17	17,812	30,205
Total current liabilities		55,158	56,517

		As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
NET CURRENT ASSETS		45,829	57,688
TOTAL ASSETS LESS CURRENT LIABILITIES		507,982	503,549
NON-CURRENT LIABILITIES			
Loan from a shareholder	18	3,188	3,143
Amount due to a director	19	2,726	3,576
Promissory note payables	20	67,284	70,882
Lease liabilities		—	1,007
Deferred tax liabilities		9,471	9,355
		82,669	87,963
NET ASSETS		425,313	415,586
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	2,801	574,419
Reserves		427,243	(154,608)
		430,044	419,811
Non-controlling interests		(4,731)	(4,225)
TOTAL EQUITY		425,313	415,586

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital (Unaudited)	Share premium account (Unaudited)	Share-based payment reserve (Unaudited)	Foreign currency translation reserve (Unaudited)	Accumulated losses (Unaudited)	Investment revaluation reserve (Unaudited)	Non-controlling		Total equity (Unaudited)
							Total	interests	
	(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 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
Lapse 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
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For six months ended	
	30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	21,022	12,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3)	(43)
Payment for construction works of investment properties	—	(16)
Bank interest received	—	21
NET CASH USED IN INVESTING ACTIVITIES	(3)	(38)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of amount due to a director	(850)	(3,000)
Lease interest paid	(82)	(141)
Proceeds from issue of shares	4,688	2,203
Repayment of lease liabilities	(1,423)	(1,548)
Repayment of promissory note interest	(9,319)	—
Repayment of bank and other borrowings	(12,644)	(4,891)
NET CASH USED IN FINANCING ACTIVITIES	(19,630)	(7,377)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,389	5,308
Cash and cash equivalents at beginning of the period	7,904	4,708
Effect of foreign exchange rate changes, net	(2,672)	(1,276)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6,621	8,740
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	6,621	8,740
Time deposits	—	251
Cash and bank balances as stated in the condensed consolidated statement of financial position	6,621	8,991
Less: Time deposits with maturity of more than three months when acquired	—	(251)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	6,621	8,740

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 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 2020, 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 2020.

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 2021. 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 2021 and 2020 respectively.

Reporting segment information

	Six months ended 30 June							
	IT solutions and maintenance		Money lending		Securities investments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(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	31,244	24,954	2,447	3,971	—	—	33,691	28,925
Segment (loss)/profit	(4,211)	1,634	2,356	3,876	3,795	(6,353)	1,940	(843)
Reconciliation:								
Bank and other interest income							3,612	21
Unallocated gains							73	265
Corporate and other unallocated expenses							(8,986)	(8,648)
Finance costs							(5,924)	(5,789)
Loss before tax							(9,285)	(14,994)

	IT solutions and maintenance		Money lending		Securities investments		Total	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	135,809	126,954	41,908	49,823	24,297	27,184	202,014	203,961
Reconciliation:								
Corporate and other unallocated assets							361,126	356,105
Total assets							563,140	560,066
Segment liabilities	(94,462)	(90,382)	(58)	(163)	(2,481)	(10,015)	(97,001)	(100,560)
Reconciliation:								
Corporate and other unallocated liabilities							(40,826)	(43,920)
Total liabilities							(137,827)	(144,480)

Geographical information

	Revenue	
	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	33,449	25,528
PRC except Hong Kong	242	3,397
Consolidated total	33,691	28,925

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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue				
Sale of computer hardware and software	6,791	7,953	12,526	18,467
Provision of technical support and maintenance services	1,132	1,338	18,718	3,392
Revenue from contracts with customers	7,923	9,291	31,244	21,859
Loans interest income	1,151	3,519	2,447	7,066
	9,074	12,810	33,691	28,925
Disaggregation of revenue from contracts with customers:				
Geographical markets				
Hong Kong	7,907	9,142	31,002	21,557
PRC except Hong Kong	16	149	242	302
	7,923	9,291	31,244	21,859
Major products/services				
Sale of computer hardware and software	6,791	7,953	12,526	18,467
Provision of technical support and maintenance services	1,132	1,338	18,718	3,392
Total	7,923	9,291	31,244	21,859
Timing of revenue recognition				
At a point in time	6,791	7,953	12,526	18,467
Over time	1,132	1,338	18,718	3,392
Total	7,923	9,291	31,244	21,859
Other income and gains				
Bank interest income	—	12	—	21
Government grant	—	243	—	243
Other interest income	1,821	—	3,612	—
Others	75	40	144	164
	1,896	295	3,756	428

5. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank loan	244	351	517	736
Interest on other loans	220	345	500	660
Lease interest	37	66	82	141
Imputed interest on promissory notes	2,432	2,107	4,825	4,252
	2,933	2,869	5,924	5,789

6. Loss before tax

Loss before tax was arrived at after charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Amortisation of other intangible assets	196	195	392	391
Depreciation on property, plant and equipment	420	450	833	905
Depreciation on right-of-use assets	668	750	1,329	1,503
Directors' remuneration	530	450	940	900
Equity-settled share based payment to employees**	2,462	745	2,462	745
Equity-settled share-based payment to consultants**	530	671	530	671

** This item is included in "administrative expenses" in 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 2021 as the Group has accumulated tax losses brought forward from previous year (2020: Nil).

No provision of the PRC corporate income tax has been made for the six months ended 30 June 2021 as the Group did not generate any assessable profits in the PRC during the period (2020: 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	(4,688)	(6,013)	(8,792)	(14,430)

	Three months ended 30 June		Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)	2021 (Unaudited)	2020 (Unaudited) (Restated)
Weighted average number of ordinary shares for basic and diluted loss per share	249,354,516	239,159,662	244,375,583	238,789,462

For the six months ended 30 June 2021, 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 2021 and 2020.

9. Interim dividend

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

10. Investment properties

	(Unaudited) HK\$'000
Valuation	
At 1 January 2021	317,098
Exchange differences	3,954
At 30 June 2021	321,052

At 30 June 2021, the carrying amount of investment properties pledged as security for the Group's bank loans amounted to approximately HK\$15,331,000 (31 December 2020: approximately HK\$20,190,000).

11. Additions in property, plant and equipment

During the six months ended 30 June 2021, the Group spent approximately HK\$3,000 (30 June 2020: approximately HK\$43,000) for additions of property, plant and equipment.

12. Prepayments, deposits and other receivables

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Prepayments	1,577	1,160
Deposits and other receivables	21,046	26,639
	22,623	27,799
Non-current portion:		
Prepayments	970	1,007
Current portion:		
Prepayments	607	153
Deposits and other receivables	21,046	26,639
	21,653	26,792
	22,623	27,799

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 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Within 1 month	2,968	1,509
1 to 2 months	155	1,116
2 to 3 months	1,160	—
Over 3 months	850	171
	5,133	2,796

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 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Loan receivables	101,995	105,614
Analysed as:		
Non-current assets	60,634	56,408
Current assets	41,361	49,206
	101,995	105,614

Notes:

- (a) *Loan receivables of approximately HK\$41,361,000 carried fixed interest rate at 12% per annum (31 December 2020: 12% per annum) and with the terms ranging from 3 months to 12 months.*
- (b) *As at 30 June 2021, included in loan receivables are receivable from Dehuang of approximately HK\$60,634,000 (31 December 2020: HK\$56,408,000) which is unsecured, non-interest bearing, repayable on 2 September 2022 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 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Within 1 month	2,971	655
1 to 2 months	3,091	417
2 to 3 months	715	3,203
Over 3 months	48	—
	6,825	4,275

16. Other payables and accruals

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Accruals	3,693	6,806
Other payables	20,919	11,076
	24,612	17,882

17. Bank and other borrowings

		As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
<hr/>			
Bank loan:			
Mortgage loan	<i>(i)</i>	15,331	20,190
<hr/>			
Other loans:			
Margin loan	<i>(ii)</i>	2,481	10,015
<hr/>			
		17,812	30,205
<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\$8,111,000 (31 December 2020: HK\$14,759,000) and repayable on demand. The loan is charged at a fixed interest rate of 8.25% (31 December 2020: 8.25%) per annum.*

18. Loan from a shareholder

As at 30 June 2021, 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 2023.

19. Amount due to a director

As at 30 June 2021, the amount is unsecured, interest-free and due for repayment on 1 January 2023.

20. Promissory note payables

	(Unaudited) HK\$'000
At 1 January 2021	70,882
Imputed interest	4,825
Repayment of promissory note interest	(9,319)
Exchange realignment	896
At 30 June 2021	67,284

The promissory note is unsecured, interest bearing at 11% per annum and repayable on 2 September 2022. The fair value of the promissory notes approximates its carrying amount. As at 30 June 2021, the promissory note is measured at amortised cost using effective interest rate of 14.28%.

21. Share capital

	<i>Notes</i>	Number of shares	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each at 31 December 2020 and 30 June 2021		120,000,000,000	1,200,000
Issued and fully paid:			
Ordinary shares of HK\$0.01 each			
At 1 January 2021		5,744,191,908	574,419
Capital reorganisation	<i>(i)</i>	(5,504,850,579)	(572,026)
Acquisition of an equity investment	<i>(ii)</i>	20,000,000	200
Placing of shares under general mandate	<i>(iii)</i>	20,800,000	208
At 30 June 2021		280,141,329	2,801

Notes:

- (i) *On 15 January 2021, an ordinary resolution was passed on share consolidation ("Share Consolidation"), pursuant to it, every 24 issued and unissued existing shares of par value HK\$0.10 each in the share capital of the Company will be consolidated into 1 consolidated share of par value HK\$2.40 in the share capital of the Company and the total number of consolidated shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation. 5,504,850,579 shares were cancelled by way of Share Consolidation.*

- (ii) *On 1 April 2021, Rosy Depot Limited ("Rosy Depot"), a wholly-owned subsidiary of the Company, had entered into an agreement with Valuable Fortune Limited ("Valuable Fortune"), pursuant to which Rosy Depot, as the purchaser, intended to acquire and Valuable Fortune, as the vendor, intended to sell 10% equity interest in Global Engine Holdings Limited at the consideration of HK\$10,000,000, to be settled by way of allotment and issue of the 20,000,000 consideration shares by the Company at the HK\$0.5 per share. The acquisition was completed on 31 May 2021.*

- (iii) *On 25 May 2021, the Company entered into a placing agreement with a placing agent to place 20,800,000 new shares under general mandate of the Company at HK\$0.23 per share. The placing was completed on 17 June 2021.*

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 2021 using:			Total (Unaudited) HK\$'000
	Level 1	Level 2	Level 3	
	(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	23,509	—	—	23,509
Equity securities — listed outside Hong Kong	723	—	—	723
Equity investments at fair value through other comprehensive income				
Equity securities — unlisted investments	—	—	61,480	61,480
Investment properties				
Commercial — PRC	—	—	321,052	321,052
Total recurring fair value measurement	24,232	—	382,532	406,764

Description	Fair value measurements as at 31 December 2020 using:			Total (Audited) HK\$'000
	Level 1	Level 2	Level 3	
	(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	27,118	—	—	27,118
Equity investments at fair value through other comprehensive income				
Equity securities — unlisted investments	—	—	50,846	50,846
Investment properties				
Commercial — PRC	—	—	317,098	317,098
Total recurring fair value measurement	27,118	—	367,944	395,062

(b) Reconciliation of assets measured at fair value based on level 3:**At 30 June 2021**

Description	Equity investments at fair value through other comprehensive income		Investment properties (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Investments at fair value through profit or loss (Audited) HK\$'000	comprehensive income (Audited) HK\$'000		
	HK\$'000	HK\$'000		
At 1 January		50,846	317,098	367,944
Additions		10,000	—	10,000
Exchange realignment		634	3,954	4,588
At 30 June		61,480	321,052	382,532

At 31 December 2020

Description	Equity investments at fair value through other comprehensive income		Investment properties (Audited) HK\$'000	Total (Audited) HK\$'000
	Investments at fair value through profit or loss (Audited) HK\$'000	comprehensive income (Audited) HK\$'000		
	HK\$'000	HK\$'000		
At beginning of year	5,593	9,012	298,672	313,277
Total losses recognised in				
— consolidated profit or loss	4	—	—	4
— other comprehensive income	—	39,053	—	39,053
Disposal	(5,597)	—	—	(5,597)
Exchange realignment	—	2,781	18,426	21,207
At end of year	—	50,846	317,098	367,944

(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 2021

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	RMB30,000 per square meter	Increase	321,052	
		Market price of commercial	RMB32,000 per square meter	Increase		
		Market price of carpark	RMB190,000 per unit	Increase		
		Unexpended construction cost	RMB10,892,000	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	51,480	
		Monthly market rent	RMB28 per square meter	Increase		
		Monthly rental income	RMB37-78 per square meter	Increase		
	(ii) Direct comparison method (for land)	Market price	RMB1,200 per square meter	Increase		
		(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	11.46%		Decrease
			Market approach	Discount for lack of marketability		20.60%
Private equity investments classified as equity investments at fair value through other comprehensive income	Market approach	Discount for lack of marketability	20.60%	Decrease	10,000	

As at 31 December 2020

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	RMB30,000 per square meter	Increase	317,098	
		Market price of commercial	RMB32,000 per square meter	Increase		
		Market price of carpark	RMB190,000 per unit	Increase		
		Unexpended construction cost	RMB10,892,000	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	50,846	
		Monthly market rent	RMB28 per square meter	Increase		
		Monthly rental income	RMB37-78 per square meter	Increase		
	(ii) Direct comparison method (for land)	Market price	RMB1,200 per square meter	Increase		
		(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	11.46%		Decrease

23. Contingent liabilities

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: 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 9 August 2021.

GENERAL INFORMATION

Directors' service contracts

At 30 June 2021, 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 2021.

Directors' interests and short positions in shares and underlying shares

At 30 June 2021, 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	
Mr. WONG King Shiu, Daniel	Beneficial owner	417,000	—	0.15%
Mr. CHANG Ki Sum Clark	Beneficial owner	—	2,390,000	0.83%
Mr. WONG Kui Shing, Danny (resigned as Director with effect from 31 March 2021)	Interest in controlled corporation (Note b)	16,832,143	—	5.86%
	Beneficial owner	833,333	—	0.29%

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 287,141,329 Shares.
- (b) The 16,832,143 Shares are held by Discover Wide Investments Limited ("Discover Wide"), which is wholly-owned by Mr. Wong Kui Shing, Danny ("Mr. Danny Wong"), the former executive Director. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Danny 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 2021 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 2021, 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.

Upon Capital Reorganisation, the total number of Shares which may issue under the Share Option Scheme or any other share option schemes shall not exceed 23,934,132 Shares.

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.

As at 30 June 2021, 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 2021
				Outstanding as at 1 January 2021	Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period	
SUBSTANTIAL SHAREHOLDER									
ZHANG Rong	Substantial Shareholder	0.245	13/5/2021	—	230,000	—	—	—	230,000
	Sub-total:			—	230,000	—	—	—	230,000
DIRECTOR									
CHANG Ki Sum Clark	Executive Director	0.245	13/5/2021	—	2,390,000	—	—	—	2,390,000
	Sub-total:			—	2,390,000	—	—	—	2,390,000
EMPLOYEES									
		0.245	13/5/2021	—	17,040,000	—	—	—	17,040,000
	Sub-total:			—	17,040,000	—	—	—	17,040,000
CONSULTANTS									
WEI Qi	AI Consultant	0.245	13/5/2021	—	2,120,000	—	—	—	2,120,000
WEI Guokang	Data center construction Consultant	0.245	13/5/2021	—	2,120,000	—	—	—	2,120,000
	Sub-total:			—	4,240,000	—	—	—	4,240,000
	TOTAL:			—	23,900,000	—	—	—	23,900,000

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.

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 Company (“DataCube”). 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.

Mr. Wei Guokang (“Mr. Wei”) is the data center construction consultant for the Group in Guangzhou for years. The Options are granted to him as his service fees and to maintain the long-term cordial relationship with Mr. Wei.

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.

Save as disclosed above, none of the outstanding Options were granted, exercised or cancelled or lapsed during the six months ended 30 June 2021.

As at the date of this report, there were 34,132 Shares available for issue under the Share Option Scheme, representing 0.01% of the issued share capital of the Company.

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

At 30 June 2021, 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 (approximately) (Note a)
Mr. ZHANG Rong	Beneficial owner	35,909,333 <i>(Registered shareholder)</i>	12.51%
		230,000 <i>(underlying interest)</i>	0.08%
	Through controlled corporation <i>(Note b)</i>	6,912,000 <i>(Registered shareholder)</i>	2.41%
Mr. TANG Keung	Beneficial owner	23,356,000 <i>(Registered shareholder)</i>	8.13%
Valuable Fortune Limited	Beneficial owner <i>(Note c)</i>	20,000,000 <i>(Registered shareholder)</i>	6.97%
Discover Wide Investments Limited	Beneficial owner <i>(Note d)</i>	16,832,143 <i>(Registered shareholder)</i>	5.86%

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 287,141,329.
- (b) The 6,912,000 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) The 20,000,000 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.
- (d) The 16,832,143 Shares are held by Discover Wide, which is wholly-owned by Mr. Danny Wong, the former executive Director. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Danny 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, as at 30 June 2021, 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 2021, 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 2021 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	Huisheng International Holdings Limited (“Huisheng”), Stock Code: 1340	Money Lending Business	Independent non-executive director of Huisheng
Mr. WONG Kui Shing, Danny (<i>resigned as Director with effect from 31 March 2021</i>)	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 2021 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 2021, 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 2021.

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 2021 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.5.5 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 no changes in information of Directors during the six months ended 30 June 2021 and as at the date of this report.

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 2021 (2020: Nil).

Events after Reporting Period

Placing of 56,000,000 New Placing Shares (“Placing of 56,000,000 New Placing Shares”) under General Mandate

On 30 July 2021, the Company and Orient Securities Limited, as the placing agent (the “Placing Agent”) entered into a placing agreement (the “Placing Agreement”), pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, placees for, or failing which on a best effort basis, a maximum of 57,400,000 placing shares to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the placing price of HK\$0.25 (“Placing Price”) per placing share.

On 1 August 2021, the Company entered into a supplemental placing agreement with the Placing Agent, pursuant to which the Company agreed to place through the Placing Agent, on a best effort basis, up to a maximum of 56,000,000 placing shares (“New Placing Share(s)”) to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.25 per New Placing Share.

Details of the above Placing of 56,000,000 New Placing Shares are set in the announcements dated 30 July 2021 and 1 August 2021.

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 2021

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.