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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 THIRD QUARTERLY 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 nine months ended 30 September 2021. This announcement, containing the full text of the 2021 third quarterly 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 announcement of quarterly results. Printed version of the Company’s 2021 third quarterly 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 November 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 Information” 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.*

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## **CORPORATE INFORMATION**

### **EXECUTIVE DIRECTORS**

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

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

### **COMPANY SECRETARY**

Ms. Lam Mei Wai Michelle

### **COMPLIANCE OFFICER**

Mr. Chang Ki Sum, Clark

### **AUTHORISED REPRESENTATIVES**

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

### **NOMINATION COMMITTEE**

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

### **REMUNERATION COMMITTEE**

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

### **AUDIT COMMITTEE**

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

### **AUDITOR**

ZHONGHUI ANDA CPA Limited

### **LEGAL ADVISOR**

Conyers Dill & Pearman

### **PRINCIPAL BANKERS**

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

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Unit 3308, 33/F.  
Millennium City 6  
392 Kwun Tong Road  
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### **REGISTERED OFFICE**

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

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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Suite 3204, Unit 2A  
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Gardenia Court  
Camana Bay  
Grand Cayman KY1-1100  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor  
Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East, Hong Kong

### **GEM STOCK CODE**

8178

### **WEB-SITE ADDRESS**

[www.citd.com.hk](http://www.citd.com.hk)

## SUMMARY

- Revenue for the nine months ended 30 September 2021 (the “Period”) was approximately HK\$44,198,000, representing an increase of 9.76% from the corresponding period in last year (2020: approximately HK\$40,267,000).
- Loss attributable to owners of the Company for the nine months ended 30 September 2021 amounted to approximately HK\$24,593,000 (2020: approximately HK\$14,762,000). The increase in loss is mainly attributable to (i) the research and development expenses for smart retail cloud platform and network security of Internet of Things (“IoT”) cloud platform of approximately HK\$4,700,000 incurred during the Third Quarter 2021; (ii) the Group’s business especially in the IT solutions and maintenance segment was adversely affected by the COVID-19 pandemic. The loss in IT solutions and maintenance segment for the Period was approximately HK\$11,216,000 (2020: segment profit of approximately HK\$2,483,000). Besides, (iii) the Group recorded an unaudited fair value loss on securities investment of approximately HK\$5,427,000 for the three months ended 30 September 2021 (three months ended 30 September 2020: gain of approximately HK\$2,818,000).
- Loss per share attributable to owners of the Company for the nine months ended 30 September 2021 was HK9.18 cents (2020: Loss per share of HK6.18 cents (restated)).
- The Board (the “Board”) of Directors (the “Director(s)”) of the Company does not recommend the payment of an interim dividend for the nine months ended 30 September 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 for 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 COVID-19 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 nine months ended 30 September 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.

For the nine months ended 30 September 2021, the Group recorded a revenue of approximately HK\$44,198,000 representing an increase of 9.76% from approximately HK\$40,267,000 in the corresponding period in 2020. Loss attributable to owners of the Company for the nine months ended 30 September 2021 amounted to approximately HK\$24,593,000 (2020: approximately HK\$14,762,000). The increase in loss is mainly attributable to (i) the research and development expenses for smart retail cloud platform and network security of IoT cloud platform of approximately HK\$4,700,000 was incurred during the Third Quarter 2021; (ii) the Group’s business especially in the IT solutions and maintenance segment was adversely affected by the COVID-19 Pandemic. The loss in IT solutions and maintenance segment for the Period was approximately HK\$11,216,000 (2020: segment profit of approximately HK\$2,483,000). Besides, (iii) the Group recorded an unaudited fair value loss on securities investment of approximately HK\$5,427,000 for the three months ended 30 September 2021 (three months ended 30 September 2020: gain of approximately HK\$2,818,000).

## **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 should take place on or before 20 April 2021 (the “Closing Date”), on which the conditions precedent of the GEL 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 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 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 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.

\* For identification purposes only



### ***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, the net proceeds has been fully utilised as intended.

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

### ***Placing of 56,000,000 Placing Shares under General Mandate (“Second Placing of Shares”)***

On 30 July 2021, the Company and Orient Securities Limited, as the placing agent (“Orient Securities”) entered into a placing agreement (the “Second Placing Agreement”), pursuant to which the Company agreed to appoint Orient Securities, and Orient 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 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 per placing share.

On 1 August 2021, the Company entered into a supplemental placing agreement with Orient Securities, pursuant to which the Company agreed to place through Orient Securities, 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. The Second Placing of Shares has been completed on 16 August 2021.

The gross proceeds and net proceeds from the Second Placing of Shares were HK\$14,000,000 and approximately HK\$13,700,000 respectively, which would be used for general working capital of the Group. As at the date of this report, approximately HK\$6.5 million of the proceeds has been utilised as intended and the remaining proceeds has been kept in bank.

Details of the above Second Placing of Shares are set in the announcements dated 30 July 2021, 1 August 2021 and 16 August 2021.

### ***Litigation against the Company's Subsidiary (the "Litigation")***

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

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

\* For identification purpose only

As at 31 December 2020, the Company had recognised the Deposit forfeited as other income of the Group. The Board is seeking legal advice in respect of the Litigation and is assessing its potential impact on the Company at the moment. In any event, the Litigation does not affect the normal operation of the Group. The Company will take appropriate actions to vigorously defend the claims under the Litigation. There were no further update regarding the Litigation at the date of this report. The Company will make further announcement(s) to keep its shareholders and investors informed of any significant development of the Litigation as and when appropriate.

### ***Macro Systems***

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

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. In July 2021, we held a gathering to let the participants to experience SMART technologies in office and how it can help them.

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\$37,115,000 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. The rebound of COVID-19 cases in various countries have created instability in macro-economy during the nine months ended 30 September 2021. The performance of the Group was also affected and was in line with the general market conditions. Nevertheless, the future of the economy and the industry remain positive. Robust growth in different technology trends such as IoT, cloud technology and AI are expected. This is especially the case when the reliance on technology 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 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 IoT, AI, cloud and other technologies so as to provide updated and quality services and products to our clients. The Board has been closely monitoring the market conditions and the impact of COVID-19 and shall continue to assess the impact of COVID-19 on the financial position and operations of the Group. The Group shall timely implement measures and adjust its business strategies to mitigate any possible business risks. 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 of the Company in long run.

## **Employees**

The total number of full-time employees hired by the Group maintained at 74 as of 30 September 2021 (30 September 2020: 78 employees). Total expenses on employee benefits amounted to HK\$15,068,000 of which HK\$2,462,000 related to equity-settled share-based payment (30 September 2020: approximately HK\$14,420,000 of which HK\$745,000 related to equity-settled share-based payment). The management believes the salaries offered by the Group to its employees are competitive.

## Financial review

For the nine months ended 30 September 2021, the Group recorded a revenue of approximately HK\$44,198,000, an increase of 9.76% from approximately HK\$40,267,000 in the corresponding period in 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\$36,154,000 for the first three quarters of 2021, an increase of 60.81% compared with approximately HK\$22,482,000 in 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 nine months ended 30 September 2021 was approximately HK\$8,044,000, compared with approximately HK\$17,785,000 in 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.

The Group's selling and distribution expenses for the nine months ended 30 September 2021 amounted to approximately HK\$5,325,000, an increase of 829.32% compared with approximately HK\$573,000 in the corresponding period in 2020. The increase is mainly due to the research and development expenses for smart retail cloud platform and network security of IoT cloud platform of approximately HK\$4,700,000.

Administrative expenses for the period were approximately HK\$23,609,000, a decrease of 1.58% as compared to HK\$23,989,000 for the corresponding period last year.

During the first three quarters of 2021, the Group recorded a net loss of approximately HK\$1,598,000 from trading of marketable securities as compared to a net loss of approximately HK\$3,420,000 for 2020.

The Group's loss attributable to owners of the Company was approximately HK\$24,593,000 for the nine months ended 30 September 2021 (2020: approximately HK\$14,762,000).

The Board of Directors of the Company announces the unaudited results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2021, together with the unaudited comparative figures for the corresponding periods of the year 2020, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest revenue		1,145	3,497	3,592	10,563
Other revenue		9,362	7,845	40,606	29,704
Revenue	4	10,507	11,342	44,198	40,267
Cost of sales and services		(8,472)	(6,457)	(36,154)	(22,482)
Gross profit		2,035	4,885	8,044	17,785
Other income and gains, net	4	1,923	2,244	5,679	2,672
Selling and distribution expenses		(4,933)	(222)	(5,325)	(573)
Administrative expenses		(7,046)	(8,045)	(23,609)	(23,989)
Fair value (loss)/gain on investments at fair value through profit or loss, net		(5,427)	2,818	(1,598)	(3,420)
Finance costs	5	(2,795)	(2,181)	(8,719)	(7,970)
<b>LOSS BEFORE TAX</b>	6	<b>(16,243)</b>	(501)	<b>(25,528)</b>	(15,495)
Income tax expense	7	—	—	—	—
<b>LOSS FOR THE PERIOD</b>		<b>(16,243)</b>	(501)	<b>(25,528)</b>	(15,495)
<b>Attributable to:</b>					
Owners of the Company		(15,801)	(332)	(24,593)	(14,762)
Non-controlling interests		(442)	(169)	(935)	(733)
		(16,243)	(501)	(25,528)	(15,495)
Basic and diluted loss per share	8	HK(5.14) cents	HK(0.14) cents	HK(9.18) cents	HK(6.18) cents

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(16,243)</b>	(501)	<b>(25,528)</b>	(15,495)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX</b>				
— Exchange differences on translation of foreign operations	<b>718</b>	9,325	<b>2,050</b>	5,330
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD</b>	<b>(15,525)</b>	8,824	<b>(23,478)</b>	(10,165)
<b>ATTRIBUTABLE TO:</b>				
Owners of the Company	<b>(15,078)</b>	8,992	<b>(22,525)</b>	(9,452)
Non-controlling interests	<b>(447)</b>	(168)	<b>(953)</b>	(713)
	<b>(15,525)</b>	8,824	<b>(23,478)</b>	(10,165)



# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Accounting policies

The unaudited condensed consolidated financial information is prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The accounting policies and basis of preparation used in preparing the unaudited consolidated results are consistent with those used in the Company’s audited 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 HKFRSs; HKASs 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 and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### 3. Operating segment information

The Group has four reportable segments as follows:

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

The following table presents revenue and loss for the Group’s operating segments for the nine months ended 30 September 2021 and 2020 respectively.

#### Reporting segment information

	Nine months ended 30 September									
	IT solutions and maintenance		Money lending		Securities investments		Rental of properties		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Segment revenue:</b>										
Sales to external customers	39,926	34,461	3,592	5,806	—	—	680	—	44,198	40,267
<b>Segment (loss)/profit</b>	<b>(11,216)</b>	2,483	<b>3,461</b>	5,668	<b>(1,634)</b>	(3,374)	<b>294</b>	—	<b>(9,095)</b>	4,777
<b>Reconciliation:</b>										
Bank and other interest income									5,514	55
Unallocated gains									49	438
Corporate and other unallocated expenses									(13,277)	(12,795)
Finance costs									(8,719)	(7,970)
Loss before tax									<b>(25,528)</b>	(15,495)

#### 4. Revenue, other income and gains

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Revenue</b>				
Sale of computer hardware and software	7,644	5,972	20,170	24,439
Provision of technical support and maintenance services	1,038	1,873	19,756	5,265
Rental income	680	—	680	—
<hr/>				
Revenue from contracts with customers	9,362	7,845	40,606	29,704
Loans interest income	1,145	3,497	3,592	10,563
<hr/>				
	10,507	11,342	44,198	40,267
<hr/>				
Disaggregation of revenue from contracts with customers:				
<b>Geographical markets</b>				
Hong Kong	8,682	7,798	39,684	29,355
PRC except Hong Kong	680	47	922	349
<hr/>				
	9,362	7,845	40,606	29,704
<hr/>				
<b>Major products/services</b>				
Sale of computer hardware and software	7,644	5,972	20,170	24,439
Provision of technical support and maintenance services	1,038	1,873	19,756	5,265
Rental income	680	—	680	—
<hr/>				
Total	9,362	7,845	40,606	29,704
<hr/>				
<b>Timing of revenue recognition</b>				
At a point in time	7,644	5,972	20,170	24,439
Over time	1,718	1,873	20,436	5,265
<hr/>				
Total	9,362	7,845	40,606	29,704
<hr/>				
<b>Other income and gains</b>				
Bank interest income	1	34	1	55
Dividend income	—	164	—	164
Government grant	—	1,067	—	1,310
Other interest income	1,901	—	5,513	—
Others	21	979	165	1,143
<hr/>				
	1,923	2,244	5,679	2,672
<hr/>				

## 5. Finance costs

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank loan	212	327	729	1,063
Interest on other loans	93	313	593	973
Lease interest	27	65	109	206
Imputed interest on promissory notes	2,463	1,476	7,288	5,728
	<b>2,795</b>	<b>2,181</b>	<b>8,719</b>	<b>7,970</b>

## 6. Loss before tax

Loss before tax was arrived at after charging the following:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of other intangible assets	195	196	587	587
Depreciation on property, plant and equipment	409	450	1,242	1,355
Depreciation on right-of-use assets	664	720	1,993	2,223
Directors' remuneration	530	1,056	1,470	1,956
Equity-settled share-based payments to employees	—	—	2,462	745
Equity-settled share-based payment to consultants	—	—	530	671

## 7. Income tax expense

No provision for Hong Kong Profits Tax has been made for the nine months ended 30 September 2021 as the Group has accumulated tax losses brought forward from previous year (2020: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of the PRC, certain of the Company's subsidiaries enjoy income tax reduction by reason that these subsidiaries are certified as New and/or High Technology Enterprises in Mainland China.

No provision of the PRC corporate income tax has been made for the nine months ended 30 September 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 September 2021 (Unaudited) HK\$'000		Nine months ended 30 September 2021 (Unaudited) HK\$'000	
Loss for the period attributable to owners of the Company	15,801	332	24,593	14,762

  

	Three months ended 30 September 2021 (Unaudited)		Nine months ended 30 September 2021 (Unaudited)	
Weighted average number of ordinary shares for basic and diluted loss per share	307,497,851	239,341,330	267,864,406	238,975,439

For the nine months ended 30 September 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 nine months ended 30 September 2021 and 2020.

## 9. Dividend

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

## 10. Reserves

	Attributable to owners of the Company								
	Share capital	Share premium account	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Investment revaluation reserve	Total	Non-controlling interests	Total equity
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) 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	—	—	—	—	(14,762)	—	(14,762)	(733)	(15,495)
Other comprehensive income									
— Exchange differences on translation of foreign operations	—	—	—	5,310	—	—	5,310	20	5,330
Total comprehensive income/(loss) for the period	—	—	—	5,310	(14,762)	—	(9,452)	(713)	(10,165)
Equity-settled share-based payment	—	—	1,416	—	—	—	1,416	—	1,416
Exercise of share options	2,203	740	(740)	—	—	—	2,203	—	2,203
Lapsed of share options	—	—	(77,378)	—	77,378	—	—	—	—
<b>At 30 September 2020</b>	<b>574,419</b>	<b>108,291</b>	<b>13,732</b>	<b>(9,743)</b>	<b>(312,548)</b>	<b>(3,687)</b>	<b>370,464</b>	<b>(2,461)</b>	<b>368,003</b>
At 1 January 2021	574,419	108,291	—	3,167	(292,582)	26,516	419,811	(4,225)	415,586
Loss for the period	—	—	—	—	(24,593)	—	(24,593)	(935)	(25,528)
Other comprehensive income/(loss)									
— Exchange differences on translation of foreign operations	—	—	—	2,068	—	—	2,068	(18)	2,050
Total comprehensive income/(loss) for the period	—	—	—	2,068	(24,593)	—	(22,525)	(953)	(23,478)
Capital reorganisation	(572,026)	—	—	—	572,026	—	—	—	—
Equity-settled share-based payment	—	—	2,992	—	—	—	2,992	—	2,992
Issue of shares for acquisitions	270	13,230	—	—	—	—	13,500	—	13,500
Issue of shares under placing	768	17,640	—	—	—	—	18,408	—	18,408
<b>At 30 September 2021</b>	<b>3,431</b>	<b>139,161</b>	<b>2,992</b>	<b>5,235</b>	<b>254,851</b>	<b>26,516</b>	<b>432,186</b>	<b>(5,178)</b>	<b>427,008</b>

## GENERAL INFORMATION

### Directors' service contracts

At 30 September 2021, none of the Directors had any existing or proposed service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### Directors' interests in contracts

Save as disclosed in this report, 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 nine months ended 30 September 2021.

### Directors' interests and short positions in shares and underlying shares

At 30 September 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:

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	—	0.12%
Mr. CHANG Ki Sum Clark	Beneficial owner	—	2,390,000	0.70%
Mr. WONG Kui Shing, Danny (resigned as Director with effect from 31 March 2021)	Interest in controlled corporation (Note b)	16,832,143	—	4.91%
	Beneficial owner	833,333	—	0.24%

*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 343,141,329 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 September 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 sections “Directors’ interests and short positions in shares and underlying shares” and “Share options”, at no time during the nine months ended 30 September 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 minor children, 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 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 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 September 2021, details for Options granted and remain effective are as follows:

Name	Title	Exercise price (HK\$)	Date of Grant	Number of share options				
				Granted	Lapsed	Cancelled	Exercised	Outstanding
<b>SUBSTANTIAL SHAREHOLDER</b>								
ZHANG Rong	Substantial Shareholder	0.245	13/5/2021	230,000	–	–	–	230,000
	<b>Sub-total:</b>			<b>230,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>230,000</b>
<b>DIRECTOR</b>								
CHANG Ki Sum Clark	Executive Director	0.245	13/5/2021	2,390,000	–	–	–	2,390,000
	<b>Sub-total:</b>			<b>2,390,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,390,000</b>
<b>EMPLOYEES</b>								
Batch A <sup>1</sup>		0.245	13/5/2021	3,700,000	(200,000)	–	–	3,500,000
Batch B <sup>1</sup>		0.245	13/5/2021	2,200,000	–	–	–	2,200,000
Batch C <sup>1</sup>		0.245	13/5/2021	11,140,000	–	–	–	11,140,000
	<b>Sub-total:</b>			<b>17,040,000</b>	<b>(200,000)</b>	<b>–</b>	<b>–</b>	<b>16,840,000</b>
<b>CONSULTANTS</b>								
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
	<b>Sub-total:</b>			<b>4,240,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,240,000</b>
	<b>TOTAL:</b>			<b>23,900,000</b>	<b>(200,000)</b>	<b>–</b>	<b>–</b>	<b>23,700,000</b>

Note 1:

<b>Batch</b>	<b>Number of Options Granted to each employee</b>	<b>Number of Employees</b>
A	0 to 500,000	18 (1 of the 18 employees resigned and the options granted have been lapsed)
B	500,001 to 1,000,000	4
C	2,000,001 to 2,500,000	5

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

Mr. Wei Qi is engaged for providing advice on AI technology developments and introduce potential business partners for DataCube Research Centre Limited, a subsidiary of 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. He introduced an integrated pharmaceutical manufacturing, retail and wholesale enterprise in China to the Group and the Group has eventually entered into a co-operation with the enterprise in relation to the provision of AI retail data prediction services for the enterprise. He was also involved in various successful tenders, including the provision of software services for a university in China. Mr. Wei Guokang ("Mr. Wei") is the data center construction consultant for the Group in Guangzhou for years. Mr. Wei has been assisting in the management our data center and the IT systems and hardware of the office in China. He oversees the daily maintenance and construction of the data center in China and he provides advice to the senior management on the improvements and advancements to be made to the data center and the office so that the Group can keep pace with the market trends. The Options are granted to him as his service fees and to maintain the long-term cordial relationship with Mr. Wei. The Company believes that this provides motivations for the consultants to create value for the Company without affecting the operating cost of the Company. The number of Options granted to them is determined with reference to the market and the potential benefits and/or income they may bring to DataCube and/or the Group with the projects they involved in.

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

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

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

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

At 30 September 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:

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 ("Mr. Zhang")	Beneficial owner	37,843,333 <i>(Registered shareholder)</i>	11.03%
		230,000 <i>(underlying interest)</i>	0.07%
	Through controlled corporation <i>(Note b)</i>	7,592,000 <i>(Registered shareholder)</i>	2.21%
Mr. LAM Shu Chung ("Mr. Lam")	Beneficial owner	25,342,000 <i>(Registered shareholder)</i>	7.39%
Ms. CHOI Hing Lin Lori ("Ms. Choi")	Interest of Spouse	25,342,000 <i>(Note c)</i>	7.39%
Mr. TANG Keung	Beneficial owner	23,356,000 <i>(Registered shareholder)</i>	6.81%
Valuable Fortune Limited	Beneficial owner <i>(Note d)</i>	20,000,000 <i>(Registered shareholder)</i>	5.83%
Discover Wide Investments Limited ("Discover Wide")	Beneficial owner <i>(Note e)</i>	16,832,143 <i>(Registered shareholder)</i>	4.91%

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 343,141,329.
- (b) The 7,592,000 Shares are held by Corporate Advisory Limited ("Corporate Advisory"), which is wholly-owned by Mr. Zhang. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang is deemed to have an interest in all shares in which Corporate Advisory has, or deemed to have an interest.
- (c) Ms. Choi is the spouse of Mr. Lam, and therefore deemed to have an interest on the Shares in which Mr. Lam has, or deemed to have, an interest.

- (d) *The 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.*
- (e) *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 September 2021, the Directors are not aware of any interests or short positions in shares and debentures or underlying shares of substantial shareholders of Company and other persons, which will have to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which will be required to be recorded pursuant to Section 336 of the SFO.

## **Purchase, sale or redemption of the Company's listed securities**

During the nine months ended 30 September 2021, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of Company's listed securities.

## **Competing interests**

During the nine months ended 30 September 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:

<b>Name of Director</b>	<b>Name of Company</b>	<b>Nature of Business</b>	<b>Nature of interest</b>
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 (Resigned as Director with effect from 31 March 2021)	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 nine months ended 30 September 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 nine months ended 30 September 2021, the Company has complied with the code provisions of Corporate Governance Code (the “Code”) as set out in Appendix 15 of 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. Daniel 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. Daniel 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.

### **Non-executive Directors**

The Board fulfilled the minimum requirement of appointing at least three independent non-executive Directors as required by the GEM Listing Rules. It met the requirement of having at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. They have appropriate and sufficient experience and qualification to carry out their duties so as to fully represent the interests of the shareholders. None of the non-executive Directors is appointed for a specific term, which constitutes a deviation from Code Provision A.4.1 which stipulates non-executive Directors should be appointed for a specific term, subject to re-election.

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 nine months ended 30 September 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 systems adopted by the Group and reviewing the relevant work of the Group's external auditor.

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

The Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 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, the GEM Listing Rules and other legal requirements and adequate disclosures have been made.

## **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 of the GEM Listing Rules.

The nomination committee of the Company (the "Nomination Committee") is responsible for 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 comprises three members, including Mr. Hung Hing Man (Nomination Committee chairman), Mr. Wong Hoi Kuen and Dr. Chen Shengrong. All of the 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 comprises three members, including Mr. Wong Hoi Kuen (Remuneration Committee chairman), Mr. Hung Hing Man and Dr. Chen Shengrong. All the 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 is no change in information of Directors during the nine months ended 30 September 2021 and as at the date of this report.

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

## **Internal control and risk management**

The Board has the ultimate responsibility to maintain a 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.

## Events after the Reporting Period

On 5 October 2021, the Company has proposed the refreshment of share option scheme mandate limit under the Share Option Scheme (“Refreshment of Scheme Mandate Limit”) at the extraordinary general meeting on 5 November 2021 (“EGM”). The above proposal for Refreshment of Scheme Mandate Limit has been approved by the Shareholders at the EGM.

Details of the Refreshment of Scheme Mandate Limit and the EGM are set out in the circular of the Company dated 5 October 2021.

By Order of the Board  
**China Information Technology Development Limited**  
**Wong King Shiu, Daniel**  
*Executive Director*

Hong Kong, 9 November 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.*