



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)



2022

THIRD QUARTERLY REPORT

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

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

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

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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.

The English text of this report shall prevail over The Chinese text in case of inconsistencies.

** For identification purpose only.*

CONTENTS

Corporate Information	2
Summary	3
Management Discussion and Analysis	3
Condensed Consolidated Statement of Profit or Loss	14
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Notes to Condensed Consolidated Financial Statements	16
General Information	22
Corporate Governance	29

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Hon. Li Sai Wing, MH

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

HONG KONG LEGAL ADVISOR

C&T Legal LLP

CAYMAN ISLANDS LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

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Corporation Limited
Public Bank (Hong Kong) Limited
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GEM STOCK CODE

8178

COMPANY WEBSITE

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SUMMARY

- Revenue for the nine months ended 30 September 2022 (the “Period”) was approximately HK\$53,869,000, representing an increase of 21.88% from the corresponding period in last year (2021: approximately HK\$44,198,000).
- Loss attributable to owners of the Company for the nine months ended 30 September 2022 amounted to approximately HK\$25,054,000 (2021: approximately HK\$24,593,000). The 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\$14,924,000 incurred for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately HK\$4,700,000); and (ii) the Group recorded an unaudited fair value loss on securities investment of approximately HK\$2,293,000 for the nine months ended 30 September 2022 (nine months ended 30 September 2021: loss of approximately HK\$1,598,000).
- Loss per share attributable to owners of the Company for the nine months ended 30 September 2022 was HK5.54 cents (2021: Loss per share of HK7.92 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 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market overview

During the first nine months of 2022, the rebound of COVID-19 cases in Hong Kong has almost put the city to stagnant in early 2022. Meanwhile, the Government of People’s Republic of China (“PRC”) had locked down cities including first tier cities such as Guangzhou, Shenzhen and Shanghai in 2022. These stringent measures also slowed down the economy recovery and business activities in both China and Hong Kong in the early 2022. To make things worse, the Russo-Ukrainian war has intensified the geopolitical atmosphere in addition to the interest rate hikes during the Period, had driven the macroeconomy and business sentiments even more pessimistic.

Nevertheless, the stringent COVID-19 containment measures like cross-border restrictions, lockdowns, quarantine and “work-from-home” arrangements had reinforced the reliance of technologies like virtual desktop infrastructures, cloud technologies, Artificial Intelligence (“AI”) etc. AI for example, has become more prominent in business to reduce administrative and operational cost while helping the increase of productivity. Not only is AI the tool to help efficient business decision-making and even tackle climate change or develop medical treatments, it is also the premise of other upcoming IT development trends like metaverse and virtual reality. The potential of AI and Smart technology is tremendous.

Business review

During the nine months ended 30 September 2022, the Group has continued to develop steadily, preparing ourselves to face the challenges ahead while grabbing the golden opportunities for the sustainable growth of the Group. The Group had continued to dedicate its effort and resources in developing innovative and advanced technology especially in fields like AI and cloud technologies while cautiously controlled and efficiently allocated our other resources and took appropriate corporate actions according to the market conditions.

Guangzhou Xinfeng Investment Consultancy Limited* (廣州信豐投資諮詢有限公司) (“Guangzhou Xinfeng”) on 3 January 2022, entered into a construction contract (“Construction Contract”) with Guangdong Wing Kei Hung Yip Construction Work Main Co. Ltd.* (廣東榮基鴻業建築工程總公司) as contractor for the asset enhancement work of the investment property (“Property”). The contractor is an independent third party. The total contracted amount under the construction contract was RMB50,000,000 (equivalent to approximately HK\$61.35 million). The above enhancement work were undertaken to ensure that the Property meets level 8 anti-earthquake standard and a higher level of fire safety standards required for the operation of a senior care home by Guangzhou City Jiayi Seniors Care Co. Ltd.* (廣州市嘉怡頤養院有限公司) as the tenant under the lease agreement of the Property dated 26 March 2021 (the “Lease”) in accordance with the relevant PRC laws and regulations. As such, Guangzhou Xinfeng mandated the contractor to undertake structural reinforcement and facilities enhancement works to meet those standards. The construction has been completed and relevant regulatory requirements were fulfilled in July 2022.

Meanwhile, on 15 February 2022, Guangzhou Xinfeng entered into a facility agreement (the “Facility Agreement”) with China Construction Bank Corporation, Guangzhou Liwan Sub-branch (the “Lender”). Pursuant to the Facility Agreement, the Subsidiary agreed to borrow and the Lender agreed to provide a loan of RMB50,000,000 (the “Loan Facility”).

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

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

Details of the Construction Contract and the Lease of Property are set out in the announcement regarding major transactions (1) Construction Contract on Investment Properties held by a Subsidiary; (2) Supplemental Agreements to extend Loans; and (3) Lease of Property Held by a Subsidiary dated 21 October 2022.

A circular containing, among other things, (i) further information in relation to the Construction Contract, the Supplemental Agreements and the Lease; (ii) the notice convening extraordinary general meeting; and (iii) other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders in due course in accordance with the GEM Listing Rules.

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

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

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

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

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

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

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

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

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

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

As at 30 September 2022, the Group used (i) approximately HK\$10,604,000 for research and development expenses and (ii) approximately HK\$1,710,000 for the general working capital as intended. The remaining net proceeds of approximately HK\$12,396,000 were kept in the bank of the Group.

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

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

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

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

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

Macro Systems

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

On April 29, 2022, Macro Systems was invited by GS1 to hold an online seminar themed “Go Digital Seminar” 360° Business Solutions”, which introduced a series of smart retail solutions.

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

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

DataCube

During the Period, DataCube Research Centre Limited (“DataCube”), has continued to promote data modelling and big data analysis, as well as developing related technologies to expedite the adoption and drive the evolution of AI and business intelligence across different industries and regions with its unique advanced core technologies of the AI Book, AI Manager and BI Canvas. As such, DataCube provides the technological platforms and all related resources to drive the development of smart cities in Asia. Currently, the AI Book and BI Canvas developed by DataCube serve clients in the PRC. AI Book is a learning platform that analyzes and generates meaningful and accurate data through deep learning and machine learning technologies. The BI Canvas then clearly presents the analysis generated by the AI Book through various charts and tables. Such platforms help clients and their IT teams to explore potential opportunities and provide insights for developing their businesses and

improving their operational efficiency. The AI Book and BI Canvas cover various industries such as the education and retailing industries. By providing services to its customers via the AI Book and BI Canvas, the Group gains a better understanding about the unique needs of each industry. In order to customise its data empowerment platforms to specific industries, the Group, together with the research team of DataCube, have dedicated tremendous efforts and resources to develop the AI Booster solution services.

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

During the Period, Macro Systems and DataCube had contributed a revenue of approximately HK\$16,500,000 and approximately HK\$13,883,000 respectively to the Group while DataCube continues to negotiate with different business partners for potential projects and focused on the R&D of the AI Booster branches. The Directors and the Company shall continue to develop the businesses of Macro Systems and DataCube. Macro Systems and DataCube shall continue to ally with each other and look for collaborations to create synergy to the Group's business performance.

Future prospect

Shadowed by the uncertainty brought by the COVID-19 Pandemic, heightened geopolitical tension and the soaring interest rates, the rest of 2022 is anticipated to remain volatile.

Nevertheless, Hong Kong and many places in the world had begun to lift the travel restrictions. Chinese government also implemented an array of measures to stabilize the economy including investments in infrastructure and the extension of tax deferrals for businesses etc. The Group believes that the business opportunities will grow with the gradual recovery of Hong Kong and the future of the industry remains positive. Robust growth in different technology trends such as IoT, cloud technology and AI are expected. This is especially the case when the reliance on technology rocketed during the COVID-19 Pandemic in our lives and businesses. Software development is constantly transforming to cater the needs under the "New Normals". To keep pace with the technological advancement and the market trends, the Group shall dedicate more resources on research and development of the IoT, AI, cloud and other technologies so as to provide updated and quality services and products to the clients that can improve their business efficiency. Research and development of such advanced technologies like our "Retail Booster" and other AI Booster branches requires capital as well as seasoned experts. The Company shall therefore inject necessary resources to strengthen our research and development team and we have kick started the promotion of "Retail Booster" during the Period.

Apart of that, the Company has continued to stay attentive to the market trends and sees a huge potential in IT trends like the blockchain, metaverse and virtual reality, of which all of them based on artificial intelligence technologies, and have become increasingly known and popular with many companies and institutions seeking to adopt and leverage these technologies. Subsequent to the Period, the Company had started a strategic alliance by entering into a share swap agreement with Bonanza Goldfields Corp to tap into these market trends. The Group believes that these collaborations would bring synergies to our business and enables us to broaden our client base.

Seeing the instability during the Period and in the near future, the Group shall take a cautious approach in its business development to mitigate the risks and maintain healthy growth of the Group. The Group shall keep alert on the market conditions and trends and continue to nurture its existing businesses while look for potential projects, business opportunities and/or collaborations especially on cloud technology, IoT and AI or related IT services for the long term development of the Group.

Employees

The total number of full-time employees hired by the Group maintained at 64 as of 30 September 2022 (30 September 2021: 74 employees). Total expenses on employee benefits amounted to approximately HK\$14,920,000 of which approximately HK\$1,100,000 related to equity-settled share-based payment (30 September 2021: approximately HK\$15,068,000 of which approximately HK\$2,462,000 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 2022, the Group recorded a revenue of approximately HK\$53,869,000, an increase of 21.88% from approximately HK\$44,198,000 in the corresponding period in last year. The increase is mainly due to rental income from the PRC properties which were rented to an independent third party for commercial office and other use permitted by the laws and regulations of the PRC.

The Group had a total cost of sales and services of approximately HK\$35,796,000 for the first three quarters of 2022, a decrease of 0.99% compared with approximately HK\$36,154,000 in the same period of 2021.

The gross profit of the Group for the nine months ended 30 September 2022 was approximately HK\$18,073,000, compared with approximately HK\$8,044,000 in corresponding period of last year. The increase is mainly due to the rental income of approximately HK\$8,786,000 for the Period (2021: approximately HK\$680,000).

The Group's selling and distribution expenses for the nine months ended 30 September 2022 amounted to approximately HK\$15,465,000, an increase of 190.42% compared with approximately HK\$5,325,000 in the corresponding period in 2021. 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\$14,924,000 (2021: approximately HK\$4,700,000).

Administrative expenses for the Period were approximately HK\$22,485,000, a decrease of 4.76% as compared to HK\$23,609,000 for the corresponding period last year.

During the first three quarters of 2022, the Group recorded a net loss of approximately HK\$2,293,000 from trading of marketable securities as compared to a net loss of approximately HK\$1,598,000 for 2021.

The Group's loss attributable to owners of the Company was approximately HK\$25,054,000 for the nine months ended 30 September 2022 (2021: approximately HK\$24,593,000).

EVENTS AFTER REPORTING PERIOD

(1) SHARE SWAP AGREEMENT INVOLVING THE ISSUE OF SHARES UNDER THE GENERAL MANDATE

On 12 October 2022, the Company entered into a non-legally binding memorandum of understanding (“MOU”) with Marvion Holdings Limited (the “Swap Shareholder”), pursuant to which the Company would swap shares up to 4.9% of the enlarged share capital of Company in exchange for shares of the Swap Shareholder and/or shares of its parent company.

On 25 October 2022, the Company entered into the share swap agreement (the “Share Swap Agreement”) with Bonanza Goldfields Corp., a company incorporated in the State of Nevada, the USA of which the issued shares are traded in the OTC (“Bonanza”). Pursuant the Share Swap Agreement, the Company will swap its 26,520,387 Shares (each share at HK\$0.135) (the “CITD Shares”) for a total of 218,574,618 Shares of Bonanza (each share at US\$0.0021) to be allotted and issued by Bonanza. The total consideration for the transaction is approximately HK\$3,580,252 (equivalent to approximately US\$459,007). The CITD Shares will be allotted and issued under the general mandate granted to the Board in the annual general meeting on 30 June 2022 (the “Share Swap”).

The entering into of the Share Swap Agreement will allow the Company and Bonanza to become strategic alliance with a shareholding stake in each other, which will allow the Company and Bonanza to share their experience and expertise in artificial intelligence, blockchain and DOT with each other.

As application of the metaverse and virtual reality, both premised on artificial intelligence technologies, have become increasingly known and popular with many companies and institutions seeking to adopt and leverage these technologies, the Company considers that there would be an ever increasing demand for Bonanza’s services and the Company sees there being much growth potential in the value of BONZ Shares. The Share Swap Agreement represents an investment opportunity of the Company to invest in Bonanza without cash outflow and will enhance the cooperation between the Company and Bonanza.

The Share Swap shall be completed upon the condition precedents are fulfilled, the Company shall publish further announcement(s) to keep its shareholders and investors informed of the status as and when appropriate.

Details of the MOU and Share Swap Agreement are set out in the announcements dated 20 October 2022, 25 October 2022 and 26 October 2022 respectively.

(2) PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE

On 24 October 2022, the Board proposes to implement the share consolidation on the basis that every ten (10) issued and unissued existing shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.1 each (the “Share Consolidation”).

It is also proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading in the consolidated shares will be changed from 10,000 existing shares to 2,000 consolidated shares. (the “Change of Board Lot Size”).

The existing shares have been traded below HK\$1.0 for the past few years. It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per consolidated share. The Share Consolidation and the Change in Board Lot Size would enable the Company to comply with the trading requirements under the GEM Listing Rules and the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020.

An extraordinary general meeting will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation.

A circular containing, among other things, further details of the proposed Share Consolidation, the proposed Change in Board Lot Size and a notice convening the EGM is expected to be despatched to the Shareholders in due course.

Details of the Proposed Share Consolidation and Change of Board Lot Size are set out in the announcements dated 24 October 2022 and 26 October 2022.

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 2022, together with the unaudited comparative figures for the corresponding periods of the year 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest revenue		917	1,145	2,751	3,592
Other revenue		18,217	9,362	51,118	40,606
Revenue	4	19,134	10,507	53,869	44,198
Cost of sales and services		(14,192)	(8,472)	(35,796)	(36,154)
Gross profit		4,942	2,035	18,073	8,044
Other income and gains, net	4	2,250	1,923	7,122	5,679
Selling and distribution expenses		(721)	(4,933)	(15,465)	(5,325)
Administrative expenses		(6,864)	(7,046)	(22,485)	(23,609)
Loss on redemption of promissory notes		-	-	(2,130)	-
Fair value loss on investments at fair value through profit or loss, net		(1,131)	(5,427)	(2,293)	(1,598)
Change in fair value of investment properties		21	-	(1,187)	-
Finance costs	5	(2,897)	(2,795)	(8,505)	(8,719)
LOSS BEFORE TAX	6	(4,400)	(16,243)	(26,870)	(25,528)
Income tax credit	7	-	-	10	-
LOSS FOR THE PERIOD		(4,400)	(16,243)	(26,860)	(25,528)
Attributable to:					
Owners of the Company		(4,026)	(15,801)	(25,054)	(24,593)
Non-controlling interests		(374)	(442)	(1,806)	(935)
		(4,400)	(16,243)	(26,860)	(25,528)
Basic and diluted loss per share	8	HK(0.78) cents	(Restated) HK(4.34) cents	HK(5.54) cents	(Restated) HK(7.92) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(4,400)	(16,243)	(26,860)	(25,528)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF INCOME TAX				
– Exchange differences on translation of foreign operations	(12,719)	718	(25,921)	2,050
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(17,119)	(15,525)	(52,781)	(23,478)
ATTRIBUTABLE TO:				
Owners of the Company	(16,807)	(15,078)	(51,086)	(22,525)
Non-controlling interests	(312)	(447)	(1,695)	(953)
	(17,119)	(15,525)	(52,781)	(23,478)

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 2021.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise 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)/profit for the Group’s operating segments for the nine months ended 30 September 2022 and 2021 respectively.

Reporting segment information

	Nine months ended 30 September									
	IT solutions and maintenance		Money lending		Securities investments		Rental of properties		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(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	(Unaudited) HK\$’000
Segment revenue:										
Sales to external customers	42,332	39,926	2,751	3,592	-	-	8,786	680	53,869	44,198
Segment (loss)/profit	(23,650)	(11,216)	2,621	3,461	(2,403)	(1,634)	8,403	294	(15,029)	(9,095)
Reconciliation:										
Bank and other interest income									5,444	5,514
Unallocated gains									832	49
Corporate and other unallocated expenses									(9,612)	(13,277)
Finance costs									(8,505)	(8,719)
Loss before tax									(26,870)	(25,526)

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue				
Sale of computer hardware and software	2,965	7,644	10,719	20,170
Provision of technical support and maintenance services	12,470	1,038	31,613	19,756
Revenue from contracts with customers	15,435	8,682	42,332	39,926
Rental income	2,782	680	8,786	680
Loans interest income	917	1,145	2,751	3,592
	19,134	10,507	53,869	44,198
Disaggregation of revenue from contracts with customers:				
Geographical markets				
Hong Kong	15,435	8,682	42,185	39,684
PRC except Hong Kong	-	-	147	242
	15,435	8,682	42,332	39,926
Major products/services				
Sale of computer hardware and software	2,965	7,644	10,719	20,170
Provision of technical support and maintenance services	12,470	1,038	31,613	19,756
Total	15,435	8,682	42,332	39,926
Timing of revenue recognition				
At a point in time	2,965	7,644	10,719	20,170
Over time	12,470	1,038	31,613	19,756
Total	15,435	8,682	42,332	39,926
Other income and gains				
Bank interest income	1	1	1	1
Dividend income	15	-	15	-
Government grant	431	-	687	-
Other interest income	1,803	1,901	5,443	5,513
Others	-	21	976	165
	2,250	1,923	7,122	5,679

5. Finance costs

	Three months ended 30 September		Nine months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank loan	595	212	1,401	729
Interest on other loans	88	93	263	593
Lease interest	69	27	91	109
Imputed interest on promissory notes	2,145	2,463	6,750	7,288
	2,897	2,795	8,505	8,719

6. Loss before tax

Loss before tax was arrived at after charging the following:

	Three months ended 30 September		Nine months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Amortisation of other intangible assets	216	195	649	587
Depreciation on property, plant and equipment	365	409	1,162	1,242
Depreciation on right-of-use assets	617	664	1,925	1,993
Directors' remuneration	530	530	1,590	1,470
Equity-settled share-based payments to employees	-	-	1,100	2,462
Equity-settled share-based payment to consultants	-	-	72	530
Research and development expenses	600	4,700	14,924	4,700

7. Income tax credit

No provision for Hong Kong Profits Tax has been made for the nine months ended 30 September 2022 as the Group has accumulated tax losses brought forward from previous year (2021: 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 2022 as the Group did not generate any assessable profits in the PRC during the period (2021: Nil).

8. Loss per share

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

	Three months ended		Nine months ended	
	30 September	2021	30 September	2021
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	4,026	15,801	25,054	24,593
	Three months ended		Nine months ended	
	30 September	2021	30 September	2021
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Weighted average number of ordinary shares for basic and diluted loss per share	514,711,993	364,042,766	451,865,596	310,479,198

For the nine months ended 30 September 2022 and 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 2022 and 2021.

9. Dividend

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

10. Reserves

	Attributable to owners of the Company Foreign								
	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share-based payment reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Investment revaluation reserve (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 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
At 30 September 2021	3,431	139,161	2,992	5,235	254,851	26,516	432,186	(5,178)	427,008
At 1 January 2022	3,431	135,041	2,892	12,856	189,218	15,421	358,859	(4,597)	354,262
Loss for the period	-	-	-	-	(25,054)	-	(25,054)	(1,806)	(26,860)
Other comprehensive (loss)/income									
- Exchange differences on translation of foreign operations	-	-	-	(26,032)	-	-	(26,032)	111	(25,921)
Total comprehensive loss for the period	-	-	-	(26,032)	(25,054)	-	(51,086)	(1,695)	(52,781)
Equity-settled share-based payment	-	-	1,172	-	-	-	1,172	-	1,172
Issue of shares under rights issue	1,716	23,145	-	-	-	-	24,861	-	24,861
At 30 September 2022	5,147	158,186	4,064	(13,176)	164,164	15,421	333,806	(6,292)	327,514

GENERAL INFORMATION

Directors' service contracts

At 30 September 2022, 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 2022.

Directors' interests and short positions in shares and underlying shares

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

Long positions in ordinary shares of the Company:

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

Notes:

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

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

Directors’ rights to acquire shares or debentures

Save as disclosed in the sections “Directors’ interests and short positions in shares and underlying shares” and “Share options”, at no time during the nine months ended 30 September 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or 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.

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

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

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

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

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

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

Note 1:

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

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

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

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

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

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

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

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

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

Long positions in ordinary shares of the Company:

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

Notes:

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

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

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

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

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

CORPORATE GOVERNANCE

Corporate governance practices

During the nine months ended 30 September 2022, 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 C.2.1 – Chairman and Chief Executive Officer

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

Mr. Wong King Shiu, Daniel (“Mr. 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 C.2.1 of the Code. The Board is of the opinion that it is appropriate and in the best interests of the Company for Mr. Daniel Wong to hold both positions as it helps maintain the continuity of the policies and the stability of the operations of the Company.

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 independent non-executive Directors is appointed for a specific term. In accordance with the articles of association of the Company, all non-executive Directors are subject to retirement by rotation at least once every three years. 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 2022.

Audit Committee

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

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 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, 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 Rule 5.36A and Code Provisions B.3.1 to B.3.4 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 Composition of the Board

Subsequently, with effect from 26 October 2022, Hon. Li Sai Wing, MH has been appointed as a non-executive Director of the Company.

Further details of the above appointment are set out in the announcement dated 26 October 2022.

Change in information of Directors

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

- (1) Mr. Wong King Shiu, Daniel, has retired as director of Huisheng International Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock Code 1340), with effect from the conclusion of its annual general meeting on 30 June 2022.
- (2) Mr. Chang Ki Sum Clark, has been appointed as company secretary of Bay Area Gold Group Limited (In Liquidation), a company listed on the Hong Kong Stock Exchange (Stock Code: 1194), with effect from 22 July 2022 and he has ceased to be its company secretary on 31 August 2022.

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

Internal control and risk management

The Board has the ultimate responsibility to maintain 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

Save as disclosed in this report, there was no other significant non-financial event that may cause material effects in the results of the Company subsequent to the Period and as at the date of this report.

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

Hong Kong, 9 November 2022

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