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
ANNUAL REPORT

CHARACTERISTICS OF GEM (THE "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.

This report, for which the directors (the "Directors") of China Information Technology Development Limited (the "Company" or "CITD") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Wong King Shiu, Daniel
(Chairman and Chief Executive Officer)
Mr. Chang Ki Sum Clark
(Appointed on 31 March 2021)
Mr. Wong Kui Shing, Danny
(Resigned on 31 March 2021)
Mr. Chan Kai Leung *(Resigned on 5 January 2021)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Ms. Lam Mei Wai Michelle
(Appointed on 31 March 2021)
Mr. Chang Ki Sum Clark
(Resigned on 31 March 2021)

COMPLIANCE OFFICER

Mr. Chang Ki Sum Clark

AUTHORISED REPRESENTATIVES

Mr. Chang Ki Sum Clark
Ms. Lam Mei Wai Michelle
(Appointed on 31 March 2021)
Mr. Wong King Shiu, Daniel
(Resigned on 31 March 2021)

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

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

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
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

COMPANY WEBSITE

www.citd.com.hk

Chairman’s Statement

Dear Shareholders,

I am pleased to present the annual results of China Information Technology Development Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 (the “Year”).

OVERVIEW

During the Year, the novel coronavirus (“COVID-19”) pandemic (“Pandemic”) continued to rage around the world. With the hope that life would slowly become normal glimpsed through, the economic activities had gradually restored in the beginning of 2021. The Hong Kong economy recovered in the first quarter of 2021, the real GDP had ended the contraction and registered a year-on-year growth of 7.9%. However, the Pandemic resurged again in late 2021 with the Omicron variant swept in all over the world and seriously affected the economic condition which further hindered business developments for all industries.

The other side of the coin, the measures to combat the Pandemic, like lockdowns and work from home arrangements etc, had catalyzed the popularization of technologies in our lives. Virtual desktop infrastructure (“VDI”) and cloud technologies, for instance, allows people to work remotely and keep connected to each other. Meanwhile, the Internet of things (“IoT”) and artificial intelligence (“AI”) technology have become vital tools for real-time operations management, enterprises are depending on these technologies to improve efficiency. According to the latest Worldwide Artificial Intelligence Spending Guide published by the International Data Corporation (IDC), the global spending on AI technology is forecasted to increase from US$85.3 billion in 2021 to more than US$204 billion in 2025, with a compound annual growth rate of 24.5%. For example, smart logistics which uses IoT in logistics system, automatizes manual work and decisions with accurate assumption abilities. It manages all the logistics problems with a better use of logistics sources to accelerate circulation of information. It also utilizes mobile intelligence technology with the help of sensors to distribute information on goods. Smart logistics also increases business efficiency and reliability while reducing business costs. With accurate solutions, smart logistics helps prevent unnecessary wastage and contributes to sustainability in the long run. The Company is of the view that there is a huge potential market especially in the PRC and Asia Pacific regions and strong growth is expected to continue. Despite the widespread of COVID-19, the global IT spending is set to reach US$3.92 trillion in 2021, which is 20% larger than in 2020. Meanwhile, AI software has a market size of $34.9 billion and an annual growth rate of 41%, slated to reach $126 billion by 2025. There is a huge potential in the market, yet, opportunities are only for those who are equipped with innovative technologies and able to provide advanced but user-friendly services and systems to the clients.

Chairman's Statement

During 2021, the Group continued to use its best endeavor to secure the existing projects and services rendered, while maintaining stable operation and mitigating the impacts of the COVID-19 Pandemic. In the first half of 2021, the Group had acquired two IT companies with high potentials and synergies to the Group. With the objective to secure and expand market share in advanced AI and other IT technologies, the continuous support to accelerate the research and development ("R&D") of its AI systems and constant modification of its systems and platforms are inevitable. During the Year, the Group persistently spent more resources in R&D, including its in-house research and development team with experienced data scientists and engineers. We had been developing IoT and the smart logistics and customer relationships management system, which is one of the branches of the AI Booster solution services, a simplified AI solution targeting small to medium-sized enterprises without AI specialists, extending our business footprints from niche professional to commercial mass market. We will continue to modify our technologies and products so as to provide comprehensive and updated services to our clients which fit in the ever-evolving demands for advanced technologies.

PROSPECT

In view of the on-going adversed impacts on the economy caused by the COVID-19 Pandemic and the intensified global geo-political tensions, the business environment will continue to remain tough for the Group. Nevertheless, it is expected that the economic and operating environment will recover gradually due to the increase in vaccination rates and reopening of the affected economic sectors especially in the second half of 2022. With the objective to prudently improve our business while maintaining a healthy financial condition for sustainable growth, we had proposed to conduct the rights issue on the basis of one (1) Rights Share for every two (2) existing Shares. Details of which has been set out in the circular dated 9 March 2022. With the actions to strengthen our R&D team during the Year, we believe that we are more than prepared to harness global innovation. The Group believes that the efforts we made shall bear fruits for our business and shareholders of the Company ("Shareholders") in long run.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our valued customers, business partners, suppliers and shareholders for your continuous support. A sincere note of appreciation is also extended to the management team and all employees of the Group for your hard work and dedication.

Wong King Shiu, Daniel
Chairman and Chief Executive Officer
China Information Technology Development Limited

Management Discussion and Analysis

BUSINESS REVIEW

During the Year, the Group was engaged in IT Solutions Business, including provision of integrated marketing AI solutions, big data analytics, system integration services and data storage to clients across different industries in the PRC and Hong Kong, through two subsidiaries, namely Macro Systems Limited ("Macro System") and DataCube Research Centre Limited ("DataCube"), money lending services and securities trading services and rental of properties in the PRC. During the Year, the Group had continued to dedicate its effort and resources in developing innovative and advanced technologies especially in fields like AI and cloud technologies while cautiously controlled and efficiently allocated our resources and took appropriate corporate actions according to the market conditions.

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 per share (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 per share (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.

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, the net proceeds has been utilised as intended.

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 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. 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.

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 date for the Litigation has been scheduled to take place at the Nanshapian District Court on 20 June 2022.

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 Year, Macro Systems Limited 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.

Amid the COVID-19 outbreak, Macro Systems transformed our traditional workshop to online webinars. During the Year, we had organized various webinars together with reputable vendors to promote VDI solution as well as AI technology and algorithm, etc. In October 2021, Macro Systems together with DataCube joined hands to hold a big data training course with the Hong Kong Polytechnic University, providing students with modeling lessons through AI Book modeling tool so as to cultivate talents and improve public awareness of data application to seize the opportunities of development.

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-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 Year, 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 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 platforms. 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. The 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 analyses 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 Year, 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 putting effort and injecting resources in refining the CRM system. The system is considered to be part of the IT Solutions Business of the Group and is expected to launch in the second half of 2022.

During the Year, Macro Systems has contributed a revenue of approximately HK$32,700,000 to the Group while DataCube had been negotiating with different business partners for potential projects and focused on the R&D of the AI Booser 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 business performance.

FUTURE PROSPECT

Shadowed by the uncertainty brought by the COVID-19 Pandemic and heightened geopolitical tension, 2022 is expected to remain a challenging year, especially in the first half of 2022. The rebound of COVID-19 cases in various areas including Hong Kong, have created instability in macro-economy since the second half of 2021. The performance of the Group was also affected and was in line with the general market conditions. Nevertheless, the future of the economic development and the industry remains positive. Robust growth in different technology trends such as IoT, cloud technology and AI are expected. This is especially the case when the reliance on technology rocketed during the COVID-19 Pandemic in our lives and businesses. Software development is constantly transforming to cater the needs under the “New Normals”. To keep track 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 CRM System requires capital as well as seasoned experts. The Company shall therefore inject necessary resources to strengthen our research and development team. Meanwhile, under such volatile market condition, the Board shall continue to closely monitor the market conditions 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. In 2022, the Group shall continue to nurture its existing businesses while looking for potential business opportunities and build up its competitive edge which creates value to the Company and the shareholders of the Company in long run.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue for 2021 amounted to approximately HK$66,092,000, increased by 44.6% from approximately HK$45,694,000 in 2020. The increase in revenue is mainly attributable to the number of projects with lower gross profit margin increased in order to maintain the market share. Besides, rental income of approximately HK$7,267,000 was generated by the PRC properties during the year.

Cost of sales and services

The Group had a total cost of sales and services of approximately HK$42,386,000 in 2021, which increased by 44.8%, compared with approximately HK$29,270,000 in 2020. The increase is mainly due to the outsource of some projects to other service providers.

Gross profit

The gross profit of the Group in 2021 amounted to approximately HK$23,706,000 which increased by approximately HK$7,282,000, compared with approximately HK$16,424,000 in 2020. The increase is mainly due to the slightly increase in number of projects during the year.

Other income and gains

During the financial year ended 31 December 2021, the Group generated other income and gains of approximately HK$614,000 (2020: approximately HK$18,185,000). The decrease in other income is mainly due to (i) the government grants under the Employment Support Scheme of approximately HK$2,453,000, and (ii) the recognition of forfeited deposit of approximately HK$14,666,000 as the purchaser of Joyunited Investments Limited failed to complete the Disposal were recognised in 2020.

Selling and distribution expenses

The Group's selling and distribution expenses in 2021 amounted to approximately HK$15,856,000, which increased by HK$15,184,000, compared with approximately HK$672,000 in 2020. The increase was due to the research and development expenses for smart retail cloud platform and network security of IoT cloud platform of approximately HK$15,000,000 during the year.

Administrative expenses

Administrative expenses of the Group in 2021 were approximately HK$31,064,000, decreased by 9.4%, compared to approximately HK$34,304,000 in 2020. The decrease is mainly due to reduction of unnecessary operation costs and control of expenditure during the year.

Management Discussion and Analysis

Fair value loss on investments at fair value through profit or loss

As at 31 December 2021, the Group held an investment portfolio comprising of marketable securities that are listed in Hong Kong and outside Hong Kong. The fair value loss from the portfolio amounted to approximately HK$2,462,000 (2020: loss of approximately HK$2,795,000).

Change in fair value of investment properties

As at 31 December 2021, the fair value of investment properties decreased by approximately HK$53,206,000 (2020: Nil). The investment properties were revalued at 31 December 2021 by income approach (2020: direct comparison approach).

Finance costs

Finance costs of the Group for 2021 were approximately HK$11,530,000, a decrease of approximately HK$313,000, comparing to approximately HK$11,843,000 in 2020. The decrease is mainly due to the decrease in margin loan interest expenses and bank loan interest expenses during the year.

Loss attributable to owners

The Group's loss attributable to owners of the Company was approximately HK$90,326,000 for 2021 as compared to approximately HK$9,758,000 in 2020. The increase in loss was mainly due to (i) the fair value loss on the investment properties of approximately HK$53,206,000 for the year; (ii) the research and development expenses for smart retail cloud platform and network security of IoT cloud platform of approximately HK$15,000,000 for the year; and (iii) the recognition of forfeited deposit of approximately HK$14,666,000 in 2020.

FINANCIAL POSITION

Liquidity and financial resources

As at 31 December 2021, cash and bank balances held by the Group decreased from approximately HK$7,904,000 as of 31 December 2020 to approximately HK$6,714,000.

As at 31 December 2021, the Group's total borrowings amounted approximately HK$87,439,000 (2020: approximately HK$104,230,000). The gearing ratio (calculated as total borrowings over total equity) of the Group was 0.25 (2020: 0.25).

For the year ended 31 December 2021, the Group had capital expenditure of approximately HK$103,000 (2020: approximately HK$362,000) for addition of property, plant and equipment, and approximately HK$209,000 for further construction works of investment properties (2020: HK$nil for addition of investment properties by acquisition of a subsidiary and further construction works).

Management Discussion and Analysis

Significant Investments, material Acquisitions and Disposals of Subsidiaries

During the Year, the Group has acquired (i) 10% equity interest in Global Engine Holdings Limited and (ii) 51% of equity interest in Orient Rise Investment Development Limited. Details of the two acquisitions are set out on pages 7 and 8 of the annual report and Notes 20 and 42 in the consolidated financial statements.

There is no plans for material investments or capital assets as at the date of this report.

Capital structure

As at 31 December 2021 and as at the date of this report, there are a total of 343,141,329 issued shares of the Company of par value of HK$0.01 each.

The details of the changes in capital structure of the Company during the year are set out in Note 36 of the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group as at the date of this report.

Foreign Exchange Rates Risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Liquidity Risk

Liquidity risk is the potential risk that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Price Risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

EMPLOYEES AND REMUNERATION POLICIES

There were a total of 59 employees in the Group as of 31 December 2021 (2020: 75 employees). Total expenses on employee benefits amounted to approximately HK$24,218,000 of which HK$2,462,000 is related to equity-settled share-based payment for the year ended 31 December 2021 (2020: approximately HK$21,095,000 of which HK$745,000 is related to equity-settled share-based payment). The management believes the remuneration packages offered by the Group to its employees are competitive.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUBSEQUENT EVENTS

(A) Proposed 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 placing of Placing Shares under Specific Mandate ("Placing Under Specific Mandate")

(i) Proposed Rights Issue

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

As at 4:00 p.m. on Wednesday, 23 March 2022, being the latest time for acceptance of, and payment for, the Rights Shares in respect of the provisional allotments under the Rights Issue and the application and payment for excess Rights Shares, a total of 16 valid acceptances and applications had been received for a total of 203,244,024 Rights Shares, comprising (a) 9 valid acceptances of provisional allotments under the provisional allotment letters ("PAL(s)") in respect of 115,027,076 Rights Shares; and (b) 7 valid applications for excess Rights Shares under the excess application forms ("EAF(s)") 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.

The Company will publish a further announcement on, among other things, the further information relating to the allotment results of the Rights Issue on Tuesday, 12 April 2022.

Details of the above Rights Issue are set forth in the announcements dated 5 January 2022 and 30 March 2022 and prospectus dated 9 March 2022.

(ii) Proposed Placing under Specific Mandate

On 5 January 2022, 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 renouncee(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. 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.

Subsequently, 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.

Details of the Placing under Specific Mandate are set forth in the announcements dated 5 January 2022 and 30 March 2022 and circular dated 25 January 2022.

(B) Provision of Guarantee to a Subsidiary ("Provision of Guarantee")

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

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

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

Save as disclosed, there was no other subsequent event after the year ended 31 December 2021.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. WONG King Shiu, Daniel, aged 62, has been appointed as the chairman of the Board and chief executive officer of the Company with effect from 25 November 2019. He was the authorised representative and the process agent of the Company from 12 November 2020 to 31 March 2021. He has over 13 years of experience in natural resources industry and served as an executive director in a various natural resources company which is listed in Hong Kong. He also has extensive experience in the management and development of natural resources projects in China. He is currently an independent non-executive director of Huisheng International Holdings Limited (Stock Code: 1340). He was also an executive director of China Baoli Technologies Holdings Limited (Stock Code: 164) from 13 January 2012 to 3 October 2019. He was also a former executive director of China Oil And Gas Group Limited ("China Oil And Gas Group") (Stock Code: 603) from January 2002 to 30 August 2006. Mr. Daniel Wong joined the Group on 16 August 2017.

Mr. CHANG Ki Sum Clark, aged 36, has been appointed as executive director of the Company with effect from 31 March 2021. He is currently compliance officer, one of the authorized representatives and the process agents of the Company. He is responsible overall financial management matters of the Group. He was the company secretary of the Company from 18 June 2019 to 31 March 2021. Mr. Chang is a member of The Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in auditing, accounting and company secretarial matters. He has obtained his bachelor degree of business administration in accountancy from the City University of Hong Kong in 2009. He is the founder and the managing director of Clark Chang & Co CPA Limited since December 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HUNG Hing Man, aged 51, is the chairman of audit committee and nomination committee of the Company. He holds a master's degree in Business Administration from the University of Western Sydney. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. Mr. Hung is currently a proprietor of a certified public accountants firm. He has extensive working experience in corporate finance, accounting, auditing and taxation sectors. Mr. Hung joined the Group on 24 April 2015. Mr. Hung is also an independent non-executive director of Heng Tai Consumables Group Limited (Stock Code: 197) since 20 February 2017. He was an independent non-executive director of the Hong Kong listed company, namely China Baoli Technologies Holdings Limited (Stock Code: 164) from 31 March 2009 to 21 September 2015 and Ping An Securities Group (Holdings) Limited (Stock Code: 231) from 23 September 2009 to 17 November 2015. He was also an independent non-executive Director of REXLot Holdings Limited (Stock Code: 555) from 1 January 2019 to 26 November 2020. On 20 August 2020, a winding up order (the "Winding Up Order") was made by the High Court of Hong Kong against REXLot upon a winding up petition filed on 9 March 2020 in respect of a debt of HK$770,609,876.28 owning under convertible bonds issued by REXLot. Liquidators were appointed to REXLot pursuant to an order made by the High Court of Hong Kong dated 27 August 2020. On 18 September 2020, an appeal was lodged against the Winding Up Order with the Court of Appeal of Hong Kong. REXLot is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in lottery system and game development business and distribution and marketing of lottery products in China. The securities of REXLot are listed on the Main Board of the Stock Exchange (Stock Code: 555) but have been suspended since 1 April 2019. Mr. Hung has confirmed that he was not one of the respondents of such petition nor a party of such winding up proceedings and am not aware of any actual or potential claim that has been or will be made against him because of the Winding Up Order.

Biographical Information of Directors and Senior Management

Mr. WONG Hoi Kuen, aged 61, is the chairman of the remuneration committee of the Company and the member of the audit committee and nomination committee of the Company. He is a practising certified public accountant in Hong Kong and a chartered accountant in the United Kingdom. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Mr. Wong joined the Group on 16 August 2017. Mr. Wong is an independent non-executive director, members of audit committee and nomination committee of Elife Holdings Limited (Stock Code: 223) since 9 May 2011. Mr. Wong was also an independent non-executive director, members of audit committee and nomination committee of China Baoli Technologies Holdings Limited (Stock Code: 164) from 13 February 2006 to 16 July 2018. He was also an independent non-executive director of REXLot Holdings Limited (Stock Code: 555) from 29 June 2018 to 27 November 2020. As disclosed above, on 20 August 2020, the Winding Up Order was made by the High Court of Hong Kong against REXLot upon a winding up petition filed on 9 March 2020 in respect of a debt of HK$770,609,876.28 owning under convertible bonds issued by REXLot. Liquidators were appointed to REXLot pursuant to an order made by the High Court of Hong Kong dated 27 August 2020. On 18 September 2020, an appeal was lodged against the Winding Up Order with the Court of Appeal of Hong Kong. REXLot is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in lottery system and game development business and distribution and marketing of lottery products in China. The securities of REXLot are listed on the Main Board of the Stock Exchange (Stock Code: 555) but have been suspended since 1 April 2019. Mr. Wong has confirmed that he was not one of the respondents of such petition nor a party of such winding up proceedings and am not aware of any actual or potential claim that has been or will be made against him because of the Winding Up Order.

Dr. CHEN Shengrong, aged 42, is a member of the audit committee, remuneration committee and nomination committee of the Company. She obtained a doctorate degree in Business Administration from the Pacific States University of the USA in 2011. She was an audit manager with Baker Tilly China Certified Public Accountants and had been the vice general manager of New Times Securities Company Limited in charge of risk control. From August 2014 to December 2016, Dr. Chen served as the vice president of finance of Skyslink New Energy Asset Management Limited. From January 2017 to February 2021, she served as the vice president of Sky Cloud Green Data Technology Co., Ltd. (天之雲綠色數據技術有限責任公司). She is currently serving as general manager in China Ageing Welfare Development Co., Ltd. Dr. Chen has extensive experience in internal control of enterprises, risk control in investment businesses, project risk evaluation and assets restructuring management. Dr. Chen joined the Group on 30 January 2015.

SENIOR MANAGEMENT

Ms. LAM Mei Wai Michelle, is the company secretary and one of the authorised representatives of the Company with effect from 31 March 2021. She holds a Bachelor of Arts from The University of Hong Kong and a Master of Science in Professional Accounting and Corporate Governance from City University of Hong Kong. She is a Chartered Secretary, Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators). She has more than 10 years in company secretarial field, providing professional corporate services to Hong Kong listed companies and private companies of various jurisdictions.

Directors' Report

The Directors are pleased to present their report and the audited consolidated financial statements of China Information Technology Development Limited and its subsidiaries for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 40 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and indication of likely future developments in the Group's businesses and other relevant information, can be found in the Management Discussion and Analysis set out on pages 7 to 16 and the Chairman's Statement as set out on pages 5 to 6 of this report. Such discussion forms part of this Directors' Report.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2021 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 47 to 50.

The Audit Committee has reviewed the draft audited consolidated financial statements and annual report before presenting them to the Board for consideration and approval.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 123. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movement in the share capital and share options of the Company during the year are set out in note 36 and note 37 to the consolidated financial statements respectively.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme adopted by the Company on 2 August 2012 ("Share Option Scheme") as disclosed in the section headed "Share Options" of this Directors' Report, the Company has not entered into any equity-linked agreement for the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Associations") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 39 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company had no reserve available for distribution to shareholders (including share premium account, foreign currency translation reserve and retained earnings). Under the Companies Law, Cap 22 (Law 38 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its articles of association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business, in accordance with the Company's Articles of Association, dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 39.3% of the total sales for the year and sales to the largest customer included therein amounted to 11.0%. Purchases from the Group's five largest suppliers accounted for 50.2% of the total purchases for the year ended 31 December 2021 and purchase from the largest supplier included therein amounted to 13.1%.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

Directors' Report

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Wong King Shiu, Daniel *(Chairman and Chief Executive Officer)*
Mr. Chang Ki Sum Clark *(appointed on 31 March 2021)*
Mr. Wong Kui Shing, Danny *(resigned on 31 March 2021)*
Mr. Chan Kai Leung *(resigned on 5 January 2021)*

Independent non-executive Directors:

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

In accordance with Articles 87(1) and 87(2) of the Articles of Association, one-third of the Directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 17 to 18 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the remuneration committee of the Company (the "Remuneration Committee"). Further details of the Directors' remuneration and the five highest paid individuals are set out in the note 11 to the consolidated financial statements on pages 89 to 91 of the annual report.

PERMITTED INDEMNITY OF DIRECTORS

Pursuant to the Articles of Association, every Director or other senior officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Company during the year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

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

MANAGEMENT CONTRACTS

No contracts, other than the employment contracts of the Directors and senior management of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

At 31 December 2021, the interests and short positions of the Directors and chief executive of the Company 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:

		Nature of Interest		Percentage of the Company's issued share capital
Name of Directors	**Capacity**	**Registered Shareholder**	**Underlying Interest**	*(approximately)* *(Note a)*
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 31 December 2021 and as at of the date of this report, none of the Directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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 (the "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 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 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 34,314,132 Shares.

As at 31 December 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
SUBSTANTIAL SHAREHOLDER								
ZHANG Rong	Substantial Shareholder	0.245	13/5/2021	230,000	—	—	—	230,000
	Sub-total:			**230,000**	**–**	**–**	**–**	**230,000**
DIRECTOR								
CHANG Ki Sum Clark	Executive Director	0.245	13/5/2021	2,390,000	—	—	—	2,390,000
	Sub-total:			**2,390,000**	**–**	**–**	**–**	**2,390,000**
EMPLOYEES								
Batch A[1]		0.245	13/5/2021	3,700,000	(800,000)	—	—	2,900,000
Batch B[1]		0.245	13/5/2021	2,200,000	—	—	—	2,200,000
Batch C[1]		0.245	13/5/2021	11,140,000	—	—	—	11,140,000
	Sub-total:			**17,040,000**	**(800,000)**	**–**	**–**	**16,240,000**
CONSULTANTS								
WEI Qi	AI consultant	0.245	13/5/2021	2,120,000	—	—	—	2,120,000
WEI Guokang	Data center construction consultant	0.245	13/5/2021	2,120,000	—	—	—	2,120,000
	Sub-total:			**4,240,000**	**–**	**–**	**–**	**4,240,000**
	TOTAL:			**23,900,000**	**(800,000)**	**–**	**–**	**23,100,000**

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

Directors' Report

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. 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 year ended 31 December 2021.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2021, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital** *(approximately)* *(Note a)*
Mr. ZHANG Rong ("Mr. Zhang")	Beneficial owner	37,843,333 *(Registered shareholder)*	11.03%
		230,000 *(underlying interest)*	0.07%
	Through controlled corporation *(Note b)*	7,592,000 *(Registered shareholder)*	2.21%
Mr. LAM Shu Chung ("Mr. Lam")	Beneficial owner	25,342,000 *(Registered shareholder)*	7.39%
Ms. CHOI Hing Lin Lori ("Ms. Choi")	Interest of Spouse	25,342,000 *(Note c)*	7.39%
Mr. TANG Keung	Beneficial owner	23,356,000 *(Registered shareholder)*	6.81%
Valuable Fortune Limited	Beneficial owner *(Note d)*	20,000,000 *(Registered shareholder)*	5.83%
Discover Wide Investments Limited ("Discover Wide")	Beneficial owner *(Note e)*	16,832,143 *(Registered shareholder)*	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 31 December 2021, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The details of environmental, social and governance policies and performance of the Group will be disclosed in a standalone Environmental, Social and Governance Report, which will be issued in or before end of May 2022.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Directors' Report

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2021 and up to the date of this report, the Directors had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to the GEM Listing Rules were as follows:

Name of Director	Name of Company	Nature of Business	Nature of interest
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 year 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.

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group.

The Group maintains strong relationships with its employees and offers them with safe working environments. The Group has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CORPORATE GOVERNANCE

The Company's corporate governance report is set out on pages 31 to 42.

AUDITORS

ZHONGHUI ANDA CPA Limited retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

SUBSEQUENT EVENTS

Subsequent events are set out in the "Management Discussion and Analysis" on pages 15 to 16 in this annual report.

Save as disclosed in this annual report, there are no other subsequent event.

ON BEHALF OF THE BOARD

Mr. Wong King Shiu, Daniel
Chairman and Chief Executive Officer

Hong Kong
31 March 2022

Corporate Governance Report

INTRODUCTION

The Company has complied with the code provisions (the "Code Provision(s)") of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "Code") for the year ended 31 December 2021, except for the following:

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 served as both the Chairman and the Chief Executive Officer during the year. 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 the same person to hold both positions as it helps maintain the continuity of the policies and the stability of the operations of the Company.

BOARD OF DIRECTORS AND ITS RESPONSIBILITIES

The Board, which currently comprises five Directors, including two executive Directors and three independent non-executive Directors. The Board is responsible for corporate strategy, annual, interim and quarterly results, succession planning, internal control and risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters of the Company. The independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as to provide a balance in the Board in order to protect shareholders' interest and overall interest of the Group.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual, interim and quarterly accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of risk management and internal controls procedures, and compliance with relevant statutory requirements and rules and regulations.

All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director and non-executive Director (including the independent non-executive Director) has sufficient experience, knowledge and execution ability to hold the position so as to carry out his duties effectively and efficiently.

Upon reasonable request, the Directors are enabled to seek independent professional advice in appropriate circumstances to assist them perform their duties to the Company.

The composition of the Board, details of backgrounds and qualifications of all Directors are set out in the "Corporate Information" and "Biographical Information of Directors and Senior Management" sections of this annual report. The latest list of Directors setting out their roles and responsibilities is available and accessible at the websites of the Company (http://www.citd.com.hk) and the Stock Exchange (www.hkexnews.hk).

There was no financial, business, family or other material relationship among Directors.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the director's securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors have confirmed that they have complied with the GEM Listing Rules throughout the year ended 31 December 2021.

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each Director receives comprehensive, formal and tailored induction on the first occasion of his appointment so as to ensure the he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development.

During the year, each Director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. During the year ended 31 December 2021, all Directors participated in continuing professional development regarding their duties and responsibilities as a director of a listed company which included reading materials and/or attending training courses. All Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The executive Directors and non-executive Directors have not entered into any service contract with the Company with a fixed term, yet all the Directors of the Company are subject to retirement and re-election at the forthcoming general meeting of the Company after his appointment and will also be subject to retirement by rotation and re-election in accordance with the Articles of Association and the Code.

BOARD MEETING

During the year of 2021, the board held totally 20 board meetings and 2 general meetings. The attendance of each Director are set out below:

Name of Director	Attendance/ Number of board meetings held	Attendance/ Number of general meetings held
Executive Directors:		
Mr. Wong King Shiu, Daniel	20/20	2/2
Mr. Chang Ki Sum Clark *(Appointed on 31 March 2021)*	18/18	1/1
Mr. Wong Kui Shing, Danny *(Resigned on 31 March 2021)*	0/0	0/1
Mr. Chan Kai Leung *(Resigned on 5 January 2021)*	0/0	0/0

Name of Director	Attendance/ Number of board meetings held	Attendance/ Number of general meetings held
Independent non-executive Directors:		
Mr. Hung Hing Man	20/20	2/2
Mr. Wong Hoi Kuen	20/20	2/2
Dr. Chen Shengrong	20/20	2/2

At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Board's procedures comply with the Articles of Association, as well as relevant rules and regulations.

If a Director has a conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction.

Board minutes of each Board meeting are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

NON-EXECUTIVE DIRECTORS

The Board fulfilled the requirement of appointing at least three independent non-executive directors and they represented at least one-third of the Board as stipulated 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. The independent non-executive Directors have appropriate and sufficient experience and qualification to carry out their duties so as to fully represent the interests of the shareholders.

The Company has received from each independent non-executive Director an annual confirmation for independence pursuant to Rule 5.09 of the GEM Listing Rules. The independent non-executive Directors have confirmed that they are independent.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are not appointed for a specific term. In accordance with the Articles of Association, all non-executive Directors are subject to retirement by rotation and re-election by shareholders at annual general meeting ("AGM") of the Company.

INSURANCE ON DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate liabilities insurance for the Directors to cover their liabilities arising out of corporate activities. The insurance coverage is reviewed annually.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions, which include but not limited to the following duties:

(a) To develop and review the Company's policies and practices on corporate governance and make recommendation to the Board;

(b) To review and monitor the training and conditions professional development of Directors and senior management;

(c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) To develop, review and monitor the code of conduct applicable to employees and Directors; and

(e) To review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board has reviewed and discharged the above corporate governance functions.

REMUNERATION COMMITTEE

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

During the year under review, members of the Remuneration Committee are Mr. Wong Hoi Kuen (Committee Chairman), Mr. Hung Hing Man, Dr. Chen Shengrong. All of the Remuneration Committee members are independent non-executive Directors.

Its main role and functions include but not limited to making recommendations 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 and senior management of the Company. The Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

During the year of 2021, 4 Remuneration Committee meetings were held. The attendance of each member is set out below:

Name of member	**Attendance/ Number of meetings held**
Mr. Wong Hoi Kuen *(Committee Chairman)*	4/4
Mr. Hung Hing Man	4/4
Dr. Chen Shengrong	4/4

The works performed by the Remuneration Committee during the year include the following:

- reviewed and recommended the remuneration package of Mr. Chang Ki Sum Clark regarding his appointment as executive Director with effect from 31 March 2021;
- reviewed and recommended the grant of share options to Mr. Chang Ki Sum Clark, the executive Director on 13 May 2021;
- reviewed and determined the policy for the remuneration of Directors and senior management;
- reviewed and recommended the remuneration package of the Directors and senior management; and
- reviewed and approved the terms of executive Directors' service contract.

No Director nor any of his/her associates was involved in deciding his/her own remuneration.

For the year, the remuneration payable (including equity-settled share option expense) to a senior management (excluding Directors) fell within the band of HK$nil to HK$550,000.

Further details of the remuneration of the Directors and the five highest paid individuals are set out in note 11 to the financial statements.

NOMINATION OF DIRECTORS

The Board is empowered under the Articles of Association to appoint any person as a director either to fill a casual vacancy or, subject to authorisation by the shareholders of the Company in general meeting, as an additional member of the Board. The Company has adopted the nomination policy (the "Nomination Policy") with effect from 1 January 2019. The Nomination Policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board of Directors. The criteria for recommending the suitable candidates for directorship include (i) reputation for integrity, (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, (iii) commitment in respect of sufficient time and relevant interest; (iv) diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and (v) such other perspectives appropriate to the Company's business. These factors are for reference only, and not meant to be exhaustive and decisive. The nomination committee of the Company ("Nomination Committee") has the discretion to nominate and recommend any person, as it considers appropriate to the Board for further approval.

The Nomination Committee shall review and recommend to the Board on any revisions to the Nomination Policy to ensure its transparent and fair for the election or re-election process of directors, remains relevant to the Company needs and reflects the good corporate governance practice. The Nomination Committee will discuss any revisions that may be required, and recommend any such revision to the Board for consideration and approval.

During the year ended 31 December 2021, Mr. Chang Ki Sum Clark has been nominated to the Board as an executive Director in accordance with the Nomination Policy.

BOARD DIVERSITY

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities.

The Company also takes into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board. Nomination Committee has considered measurable objectives based on four focus areas: gender, age, professional experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness at least once annually. The Board Diversity Policy is available on the website of the Company for public information.

NOMINATION COMMITTEE

The Company established a Nomination Committee with written terms of reference in compliance with Code Provisions B.3.1 to B.3.4 of Appendix 15 of the GEM Listing Rules.

During the year under review, members of the Nomination Committee are Mr. Hung Hing Man (Committee Chairman), Dr. Chen Shengrong and Mr. Wong Hoi Kuen. All of the Nomination Committee members are independent non-executive Directors.

The Nomination Committee's role and functions include but not limited to reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably 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 directors.

During the year of 2021, 3 Nomination Committee meetings were held. The attendance of each member is set out below:

Name of member	Attendance/ Number of meetings held
Mr. Hung Hing Man *(Committee Chairman)*	3/3
Mr. Wong Hoi Kuen	3/3
Dr. Chen Shengrong	3/3

The works performed by the Nomination Committee during the year include the following:

- made recommendation for the appointment of Mr. Chang Ki Sum Clark as executive Director and one of the authorized representatives of the Company with effect on 31 March 2021;
- reviewed the structure, size and composition of the Board according to the board diversity and the development of the Company and the market situation;
- accessed the independence of independent non-executive Directors; and
- made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules.

During the year under review, members of the Audit Committee are Mr. Hung Hing Man (Committee Chairman), Dr. Chen Shengrong and Mr. Wong Hoi Kuen. None of them is a member of the former or existing auditors of the Company. All of the Audit Committee members are independent non-executive Directors.

The role and functions of the Audit Committee include but not limited to supervising the financial reporting procedure and reviewing the consolidated financial statements of the Group, overseeing the Company's financial reporting system risk management and internal control systems adopted by the Group and reviewing the relevant work of the Group's external auditor. The Audit Committee had reviewed this annual report and confirmed that it complies with the applicable standard, the GEM Listing Rules and other applicable legal requirements and the adequate disclosures have been made. There is no disagreement between the members of the Audit Committee regarding the selection and appointment of external auditors.

During the year of 2021, 4 Audit Committee meetings were held. The attendance of each member is set out below:

Name of member	Attendance/ Number of meetings held
Mr. Hung Hing Man *(Committee Chairman)*	4/4
Mr. Wong Hoi Kuen	4/4
Dr. Chen Shengrong	4/4

The works performed by the Audit Committee during the year include the following:

- reviewed the annual report and the annual results announcement of the Company for the year ended 31 December 2020;
- reviewed the first quarterly report and results announcement of the Company for the three months ended 31 March 2021;
- reviewed the interim report and the interim results announcement of the Company for the six months ended 30 June 2021;
- reviewed the third quarterly report and results announcement of the Company for the nine months ended 30 September 2021;
- reviewed and discussed with the management the risk management and internal control systems of the Group;
- reviewed and discussed with the management the effectiveness of the internal audit of the Company;
- reviewed and discussed with the management the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting functions;
- recommended to the Board, for approval by Shareholders, the re-appointment of auditors of the Company; and
- discussed with the auditors about the audit plan.

FINANCIAL REPORTING

With the assistance of the accounting department of the Company, the Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2021 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements including the Hong Kong Companies Ordinances and the Listing Rules and the applicable accounting standards including the International Financial Reporting Standards, Hong Kong Financial Reporting Standards. These statutory requirements and applicable accounting standards have been consistently used and applied and reasonable judgements and estimates are properly made. The Board aims to present a clear and balanced assessments of the Group's performance in the annual, interim and quarterly reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. During the year of 2021, the Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Directors' responsibilities for the consolidated financial statements and the responsibilities of the external auditors to the shareholders are set out on page 46.

AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year ended 31 December 2021, the remuneration paid or payable to the external auditors of the Company, ZHONGHUI ANDA CPA Limited, in respect of the audit and non-audit services were as follows:

Services rendered	**Fees paid/payable** (HK$'000)
Audit services	850
Non-audit services	—

RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations, 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 risk management and internal control 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.

The Group has formulated and adopted risk management policy in providing directions in identifying, evaluating and managing significant risks. At least on an annual basis, the senior management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group and in performing the internal audit functions for the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board at least once a year. The Board, through the Audit Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems were effective during the year. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

COMPANY SECRETARY

On 31 March 2021, Mr. Chang Ki Sum Clark has resigned as Company Secretary and Ms. Lam Mei Wai Michelle ("Ms. Michelle Lam") has been appointed as Company Secretary.

As at 31 December 2021, the Company Secretary of the Company, Ms. Michelle Lam, fulfilled the requirement under Rules 5.14 and 5.15 of the GEM Listing Rules. As an employee of the Company, the Company Secretary supports and reports directly to the Board, ensures good information flow within the Board and Board policy and procedures are followed; advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of directors. She has attained not less than fifteen hours of relevant professional training during the year. Her biography is set out in the "Biographical Information of Directors and Senior Management" section of this annual report.

INSIDE INFORMATION

Guidelines are provided to the Directors, management and relevant staff (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The procedures include, among others, regularly remind the Directors, management and relevant staff about the compliance with the securities dealing restrictions as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and the notification of the blackout period applicable to the publication of the annual, interim and quarterly results of the Company respectively.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

SHAREHOLDERS' RIGHTS

In accordance with the Company's Article 58, any shareholder or shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Shareholders may put forward their enquiries about the Company to the Board or the Company Secretary at the Company's head office in Hong Kong.

DIVIDEND POLICY

The dividend policy of the Company has been adopted on 31 December 2018 which sets out the factors in determination of dividend payment of the Company (the "Dividend Policy").

Under the Dividend Policy, the declaration and payment of dividends shall be in accordance with the applicable laws and the relevant provisions of articles of association of the Company effective from time to time.

In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's earnings, reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Company in their long-term development, the financial conditions, business plan, future operations and earnings, capital requirement and expenditure plans of the Company, any restrictions on payment of dividends that may be imposed by the Group's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate.

The Company will continually review the Dividend Policy as appropriate from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board is committed to maintaining a high degree of corporate transparency, as well as establishing a policy of open communication with shareholders having the aim to ensure shareholders be provided with information about the Company and enable them to engage actively with the Company and to exercise their rights.

The Company communicates with shareholders and investors through various channels including publication of quarterly, interim and annual reports, announcements, circulars and other corporate information available on the websites of the Stock Exchange and/or the Company.

The Company's general meeting provides valuable opportunities for the Board to have face-to-face communication with the shareholders. The Company encourages the participation of the shareholders through annual general meeting and other general meetings where the shareholders exchange views with the Board, and to exercise their rights to vote at meetings.

There was no significant change in the Company's constitutional documents for the year ended 31 December 2021.

ENQUIRES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

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

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Independent Auditor's Report

To the shareholders of
China Information Technology Development Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of China Information Technology Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 122, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Investment properties

Refer to note 15 to the consolidated financial statements.

The Group measured its investment properties at fair value with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the balance of investment properties of approximately HK$273,607,000 as at 31 December 2021 and change in fair value of investment properties of approximately HK$53,206,000 for the year ended 31 December 2021 are material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

— Assessing the competence, independence and integrity of the external valuer engaged by the Group;

— Obtaining the external valuation report and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

— Checking key assumptions and input data in the valuation model to supporting evidence;

— Checking arithmetical accuracy of the valuation model; and

— Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of the investment properties is supported by the available evidence.

Loan receivables

Refer to note 23 to the consolidated financial statements.

The Group tested the amount of loan receivables from borrowers for impairment. This impairment test is significant to our audit because the balance of loan receivables of approximately HK$91,298,000 as at 31 December 2021 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

— Assessing the Group's procedures on granting credit periods to the borrowers;

— Evaluating the Group's impairment assessment;

— Obtaining confirmation from the borrowers;

— Assessing aging of the debts; and

— Checking subsequent settlements from the borrowers.

We consider that the Group's impairment test for the loan receivables is supported by the available evidence.

Equity investments at fair value through other comprehensive income

Refer to Note 20 to the consolidated financial statements.

The Group measured its equity investments at fair value though other comprehensive income at fair value with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the balance of equity investments at fair value through other comprehensive income of HK$42,857,000 as at 31 December 2021 and the fair value loss of HK$16,285,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

— Assessing the competence, independence and integrity of the external valuer engaged by client;

— Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

— Checking key assumptions and input data in the valuation model to supporting evidence;

— Checking arithmetical accuracy of the valuation model; and

— Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of the equity investments at fair value through other comprehensive income is supported by the available evidence.

Other information

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:
http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/
This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Audit Engagement Director
Practising Certificate Number P06353
Hong Kong, 31 March 2022

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
INTEREST REVENUE		**4,666**	7,186
OTHER REVENUE		**61,426**	38,508
TOTAL REVENUE	*6&7*	**66,092**	45,694
Cost of sales and services		**(42,386)**	(29,270)
Gross profit		**23,706**	16,424
Bank and other interest income		**7,445**	6,831
Other income and gains	*8*	**614**	18,185
Selling and distribution expenses		**(15,856)**	(672)
Administrative expenses		**(31,064)**	(34,304)
Loss on extension of loan receivables	*23(c)&(d)*	**(7,442)**	(7,481)
Gain on extension of promissory notes	*32*	**2,247**	5,721
Equity-settled share-based payment expenses		**(2,992)**	(1,416)
Fair value loss on investments at fair value through profit or loss		**(2,462)**	(2,795)
Change in fair value of investment properties		**(53,206)**	—
Finance costs	*9*	**(11,530)**	(11,843)
LOSS BEFORE TAX	*10*	**(90,540)**	(11,350)
Income tax credit	*12*	**124**	403
LOSS FOR THE YEAR		**(90,416)**	(10,947)
Attributable to:			
Owners of the Company		**(90,326)**	(9,758)
Non-controlling interests		**(90)**	(1,189)
		(90,416)	(10,947)
LOSS PER SHARE	*14*		
Basic		**HK(31.49) cents**	HK(4.08) cents
Diluted		**HK(31.49) cents**	HK(4.08) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
LOSS FOR THE YEAR	**(90,416)**	(10,947)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**9,656**	18,162
Items that will not be reclassified to profit or loss:		
Change in fair value of equity investments at fair value through other comprehensive income	**(16,285)**	39,053
Income tax on items that will not be reclassified to profit or loss	**5,190**	(8,850)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX	**(1,439)**	48,365
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(91,855)**	37,418
Attributable to:		
Owners of the Company	**(91,732)**	38,665
Non-controlling interests	**(123)**	(1,247)
	(91,855)	37,418

Consolidated Statement of Financial Position

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Investment properties	*15*	**273,607**	317,098
Property, plant and equipment	*16*	**2,618**	4,141
Goodwill	*17*	**6,504**	3,865
Right-of-use assets	*18*	**1,328**	3,410
Other intangible assets	*19*	**4,727**	5,137
Equity investments at fair value through other comprehensive income	*20*	**42,857**	50,846
Prepayments, deposits and other receivables	*21*	**939**	1,007
Deferred tax assets	*22*	**4,081**	3,949
Loan receivables	*23*	**58,012**	56,408
Total non-current assets		**394,673**	445,861
CURRENT ASSETS			
Inventories	*24*	**1,277**	389
Trade receivables	*25*	**14,029**	2,796
Prepayments, deposits and other receivables	*21*	**20,207**	26,792
Loan receivables	*23*	**33,286**	49,206
Investments at fair value through profit or loss	*27*	**17,676**	27,118
Bank and cash balances	*28*	**6,714**	7,904
Total current assets		**93,189**	114,205
CURRENT LIABILITIES			
Trade payables	*29*	**6,396**	4,275
Contract liabilities	*26*	**4,341**	1,318
Other payables and accruals	*30*	**28,052**	17,882
Current tax liabilities		**99**	85
Bank and other loans	*31*	**12,791**	30,205
Lease liabilities	*33*	**1,426**	2,752
Total current liabilities		**53,105**	56,517
NET CURRENT ASSETS		**40,084**	57,688

Consolidated Statement of Financial Position *(Continued)*

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**434,757**	503,549
NON-CURRENT LIABILITIES			
Promissory note payables	*32*	**71,415**	70,882
Lease liabilities	*33*	**32**	1,007
Loan from a shareholder	*34*	**3,233**	3,143
Amount due to a director	*35*	**1,376**	3,576
Deferred tax liabilities	*22*	**4,439**	9,355
Total non-current liabilities		**80,495**	87,963
NET ASSETS		**354,262**	415,586
CAPITAL AND RESERVES			
Share capital	*36*	**3,431**	574,419
Reserves	*39*	**355,428**	(154,608)
Equity attributable to owners of the Company		**358,859**	419,811
Non-controlling interests		**(4,597)**	(4,225)
TOTAL EQUITY		**354,262**	415,586

Approved by the Board of Directors on 31 March 2022

Wong King Shiu, Daniel
Director

Chang Ki Sum, Clark
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

		Attributable to owners of the Company								
	Notes	Share Capital HK$'000	Share premium account HK$'000 *(note 39(a)(i))*	Share-based payment reserve HK$'000 *(note 39(a)(iv))*	Foreign currency translation reserve HK$'000 *(note 39(a)(ii))*	Accumulated losses HK$'000	Investment revaluation reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity 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 year		—	—	—	—	(9,758)	—	(9,758)	(1,189)	(10,947)
Other comprehensive income for the year:										
— Exchange differences on translation of foreign operations		—	—	—	18,220	—	—	18,220	(58)	18,162
— change in fair value of equity investments at fair value through other comprehensive income		—	—	—	—	—	39,053	39,053	—	39,053
— Income tax on items that will not be reclassified to profit or loss		—	—	—	—	—	(8,850)	(8,850)	—	(8,850)
Total comprehensive income for the year		—	—	—	18,220	(9,758)	30,203	38,665	(1,247)	37,418
Equity-settled share-based payment	37	—	—	1,416	—	—	—	1,416	—	1,416
Exercise of share options		2,203	740	(740)	—	—	—	2,203	—	2,203
Cancellation of share option		—	—	(91,110)	—	91,110	—	—	—	—
Disposal of partial interest in a subsidiary		—	—	—	—	1,230	—	1,230	(1,230)	—
At 31 December 2020 and 1 January 2021		**574,419**	**108,291***	**–**	**3,167***	**(292,582)***	**26,516***	**419,811**	**(4,225)**	**415,586**
Loss for the year		**–**	**–**	**–**	**–**	**(90,326)**	**–**	**(90,326)**	**(90)**	**(90,416)**
Other comprehensive income for the year:										
— Exchange differences on translation of foreign operations		**–**	**–**	**–**	**9,689**	**–**	**–**	**9,689**	**(33)**	**9,656**
— change in fair value of equity investments at fair value through other comprehensive income		**–**	**–**	**–**	**–**	**–**	**(16,285)**	**(16,285)**	**–**	**(16,285)**
— Income tax on items that will not be reclassified to profit or loss		**–**	**–**	**–**	**–**	**–**	**5,190**	**5,190**	**–**	**5,190**
Total comprehensive income for the year		**–**	**–**	**–**	**9,689**	**(90,326)**	**(11,095)**	**(91,732)**	**(123)**	**(91,855)**
Capital reorganisation		**(572,026)**	**–**	**–**	**–**	**572,026**	**–**	**–**	**–**	**–**
Equity-settled share-based payment	37	**–**	**–**	**2,992**	**–**	**–**	**–**	**2,992**	**–**	**2,992**
Issue of shares under placing		**768**	**17,640**	**–**	**–**	**–**	**–**	**18,408**	**–**	**18,408**
Cancellation of share option		**–**	**–**	**(100)**	**–**	**100**	**–**	**–**	**–**	**–**
Issue of shares for acquisition of an equity investment		**200**	**6,800**	**–**	**–**	**–**	**–**	**7,000**	**–**	**7,000**
Issue of shares for acquisition of a subsidiary		**70**	**2,310**	**–**	**–**	**–**	**–**	**2,380**	**(249)**	**2,131**
At 31 December 2021		**3,431**	**135,041***	**2,892***	**12,856***	**189,218***	**15,421***	**358,859**	**(4,597)**	**354,262**

Note:

* These reserve accounts comprise the consolidated reserve of approximately HK$355,428,000 (2020: approximately HK$(154,608,000)) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(90,540)**	(11,350)
Adjustments for:		
Equity-settled share-base payment expenses	**2,992**	1,416
Finance costs	**11,530**	11,843
Bank and other interest income	**(7,445)**	(6,831)
Change in fair value of investment properties	**53,206**	—
Written off of property, plant and equipment	**—**	35
Fair value loss on investments at fair value through profit or loss	**2,462**	2,795
Dividends received from investments at fair value through other comprehensive income	**(150)**	—
Dividends received from investments at fair value through profit or loss	**—**	(164)
Depreciation of property, plant and equipment	**1,644**	1,818
Depreciation of right-of-use assets	**2,710**	2,958
Amortisation of other intangible assets	**824**	783
Loss on extension of loan receivables	**7,442**	7,481
Gain on extension of promissory notes	**(2,247)**	(5,721)
Operating (loss)/profit before working capital change	**(17,572)**	5,063
Change in inventories	**(888)**	(4)
Change in trade receivables	**(11,233)**	6,982
Change in contract assets	**—**	186
Change in loan receivables	**14,620**	21,522
Change in prepayments, deposits and other receivables	**2,697**	(17,642)
Change in investments at fair value through profit or loss	**8,280**	15,565
Change in trade payables	**1,871**	(4,894)
Change in other payables and accruals	**9,557**	(19,328)
Change in contract liabilities	**3,023**	(2,735)
Cash generated from operations	**10,355**	4,715
Tax paid	**—**	(99)
Loan interest paid	**(1,502)**	(2,552)
Net cash generated from operating activities	**8,853**	2,064

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries *(Note 42)*	**9**	—
Purchases of property, plant and equipment	**(103)**	(362)
Payments for construction works of investment properties	**(209)**	—
Proceeds from disposal of an associate that was disposed in previous year	**3,956**	13,888
Proceed from time deposits	**251**	—
Refundable deposit for acquisition of a company received	**—**	14,700
Bank interest received	**5**	111
Dividends received from investments at fair value through profit or loss	**150**	164
Loan to Dehuang	**—**	(8,500)
Net cash generated from investing activities	**4,059**	20,001
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	**(2,929)**	(3,070)
Lease interest paid	**(134)**	(255)
Proceeds from issue of shares	**18,408**	2,203
Repayment of promissory notes	**(9,337)**	—
Repayment of amount advance from a director	**(2,250)**	(8,280)
Amount advance from a shareholder and a director	**50**	2,850
Repayment of bank and other loans	**(18,099)**	(11,739)
Net cash used in financing activities	**(14,291)**	(18,291)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(1,379)**	3,774
Cash and cash equivalents at beginning of year	**7,653**	4,708
Effect of foreign exchange rate changes	**440**	(829)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**6,714**	7,653
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances other than time deposits	**6,714**	7,653
Time deposits	**—**	251
Cash and cash equivalents as stated in the consolidated statement of financial position	**6,714**	7,904
Less: Time deposits with maturity of more than three months when acquired	**—**	(251)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**6,714**	7,653

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 3308, 33/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries (collectively the "Group") were principally engaged in provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, money lending, rental of properties and securities trading.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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 consolidated financial statements and amounts reported for the current and prior years.

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. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs and the applicable disclosures requirements under the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and investment properties which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 to these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in consolidated profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in consolidated other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination and goodwill *(Continued)*

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates or useful live are as follows:

Leasehold improvements	Over the lease terms or 5 years, whichever is shorter
Furniture, fixtures and equipment	18% – 30%
Motor vehicles	10% – 20%

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in consolidated profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	Over the lease term of 1 year to 3 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Customer relationships

Customer relationships are stated at cost less any accumulated impairment losses and are amortised on the straight-line basis over their estimated useful life of 10 years. Impairment is reviewed annually or when there is any indication that the customer relationships have suffered an impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Money lending license

Money lending license with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the money leading license has suffered an impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in consolidated profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in consolidated profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

— Financial assets at amortised cost;

— Equity investments at fair value through other comprehensive income; and

— Investments at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recognition and derecognition of financial instruments *(Continued)*

Financial assets *(Continued)*

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and contract assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables and contract assets, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to consolidated profit or loss represents contributions payable by the Group to the funds.

The Group also participates in a defined contribution retirement scheme organized by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to consolidated profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies: (Continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Impairment of assets

Intangible assets that have an indefinite useful life are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill, deferred tax assets, investment properties, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fair values of investment properties

The Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(b) Provision for impairment of trade, loan and other receivables

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade, loan and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade, loan and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Fair value of investment

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment in equity investments at fair value through other comprehensive income (the "equity investments"), details of which are set out in note 20 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of the equity investments.

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(d) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing for the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Property, plant and equipment/other intangible assets and depreciation/amortisation

The Group determines the estimated useful lives, residual values and related depreciation/amortisation charges for the Group's property, plant and equipment/other intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment/other intangible assets of similar nature and functions. The Group will revise the depreciation/amortisation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(g) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS *(Continued)*

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have rebutted the presumption that investment properties measured using the fair value model are recovered through sale.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group's investments at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with difference risk profiles.

At 31 December 2021, if the share prices of the investments increase/decrease by 10%, loss after tax for the year would have been HK$1,476,000 (2020: HK$2,264,000) lower/higher, arising as a result of the fair value gain/loss of the investments.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk

The carrying amount of the cash and bank balances, trade, loan and other receivables and investments included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales and loans are made to customers with an appropriate credit history.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on investments is limited because the counterparties are well-established securities broker firms and issuers in Hong Kong.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— internal credit rating;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower;

— significant increases in credit risk on other financial instruments of the same borrower;

— significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss provision**
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 December 2021			
Trade payables	**6,396**	**—**	**—**
Other payables and accruals	**27,685**	**—**	**—**
Bank and other loans	**12,791**	**—**	**—**
Promissory note payables	**—**	**89,320**	**—**
Loan from a shareholder	**—**	**3,323**	**—**
Amount due to a director	**—**	**1,376**	**—**
	46,872	**94,019**	**—**
At 31 December 2020			
Trade payables	4,275	—	—
Other payables and accruals	17,882	—	—
Bank and other loans	30,205	—	—
Promissory note payables	—	88,304	—
Loan from a shareholder	—	3,233	—
Amount due to a director	—	3,576	—
	52,362	95,113	—

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Interest rate risk

At 31 December 2021, the Group's bank deposits of approximately HK$nil (2020: approximately HK$251,000), other loan of approximately HK$2,362,000 (2020: approximately HK$10,015,000), loan from a shareholder of approximately HK$3,233,000 (2020: HK$3,143,000) and promissory note payables of HK$71,415,000 (2020: HK$70,882,000) bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2021, the Group's exposure to interest-rate risk arises from its bank balances of approximately HK$6,714,000 (2020: approximately HK$7,653,000) and bank loan of approximately HK$10,429,000 (2020: approximately HK$20,190,000). These bank balances and bank loan bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2021, if interest rates at that date had been 50 basis points lower with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$50,000 (2020: approximately HK$97,000) lower (2020: lower), arising mainly as a result of lower interest expenses on bank loans. If interest rates had been 50 basis points higher, with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$19,000 (2020: approximately HK$63,000) higher (2020: higher), arising mainly as a result of higher interest expenses on bank loans.

(f) Categories of financial instruments

	2021 **HK$'000**	2020 HK$'000
Financial assets:		
Equity investments at fair value through other comprehensive income	**42,857**	50,846
Investments at fair value through profit or loss — Mandatorily measured	**17,676**	27,118
Financial assets at amortised cost (including bank and cash balances)	**131,845**	142,953
Financial liabilities:		
Financial liabilities at amortised costs	**122,896**	129,963

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

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

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

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

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

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

(a) Disclosures of level in fair value hierarchy

	Fair value measurements using:			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
At 31 December 2021				
Recurring fair value measurements:				
Investments at fair value through profit or loss				
— Listed equity securities in Hong Kong	**16,964**	**–**	**–**	**16,964**
— Listed equity securities outside Hong Kong	**712**	**–**	**–**	**712**
Equity investments at fair value through other comprehensive income				
— Private equity investment	**–**	**–**	**42,857**	**42,857**
Investment properties				
Commercial — PRC	**–**	**–**	**273,607**	**273,607**
Total recurring fair value measurement	**17,676**	**–**	**316,464**	**334,140**

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(g) Fair values *(Continued)*

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

	Fair value measurements using:			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2020				
Recurring fair value measurements:				
Investments at fair value through profit or loss				
— Listed equity securities in Hong Kong	27,118	—	—	27,118
Equity investments at fair value through other comprehensive income				
— Private equity investment	—	—	50,846	50,846
Investment properties				
Commercial — PRC	—	—	317,098	317,098
Total recurring fair value measurement	27,118	—	367,944	395,062

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

At 31 December 2021

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

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(g) Fair values *(Continued)*

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

At 31 December 2020

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

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

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

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

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(g) Fair values *(Continued)*

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

As at 31 December 2021

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value HK$'000
Investment properties	Direct income approach	Monthly rental income	RMB70-122 per square meter	Increase	273,607
		Term yield rate	3.00%	Decrease	
		Reversionary yield rate	3.25%	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	(i) Investment method (for properties)	Capitalization rate	7.25%	Decrease	31,383
		Monthly market rent	RMB28 per square meter	Increase	
		Monthly rental income	RMB46-78 per square meter	Increase	
	(ii) Direct comparison method (for land)	Market price	RMB1,100 per square meter	Increase	
	(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	9.813%	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	Discounted cash flow	Weighted average cost of capital	12.66%	Decrease	11,474
		Discount for lack of marketability	20.6%	Decrease	

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(g) Fair values *(Continued)*

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

At 31 December 2020

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value HK$'000
Investment properties	Direct comparison approach	Market price of office	RMB30,000 per square meter	Increase	317,098
		Market price of commercial	RMB32,000 per square meter	Increase	
		Market price of carpark	RMB190,000 per unit	Increase	
		Unexpended construction cost	RMB10,892,000	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	(i) Investment method (for properties)	Capitalization rate	6.5%	Decrease	50,846
		Monthly market rent	RMB28 per square meter	Increase	
		Monthly rental income	RMB37–78 per square meter	Increase	
	(ii) Direct comparison method (for land)	Market price	RMB1,200 per square meter	Increase	
	(iii) Discounted cash flow (for financial assets and liabilities at amortised costs)	Discount rate	11.46%	Decrease	

During the two years, there were no changes in the valuation techniques used except valuation technique for investment properties was changed from direct comparison approach to direct income approach due to the investment properties had completed construction and leased out during the year ended 31 December 2021 and direct income approach is a more appropriate approach to value fair value of investment properties that are leased out.

6. 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 Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include bank interest income, investment income, finance costs as well as head office and corporate expenses. Segment assets do not include other unallocated head office and corporate assets. Segment liabilities do not include other loans, current tax liabilities and other unallocated head office and corporate liabilities.

	IT solutions and maintenance		Money lending		Securities investments		Rental of properties		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:										
Sales to external customers	**54,159**	38,508	**4,666**	7,186	**–**	—	**7,267**	—	**66,092**	45,694
Segment (loss)/profit	**(27,879)**	(8,296)	**287**	493	**(2,501)**	(2,757)	**6,425**	—	**(23,668)**	(10,560)
Reconciliation:										
Bank and other interest income									**7,445**	6,831
Change in fair value of investment properties									**(53,206)**	—
Corporate and other unallocated expenses and gains									**(9,581)**	4,222
Finance costs									**(11,530)**	(11,843)
Loss before tax									**(90,540)**	(11,350)

6. OPERATING SEGMENT INFORMATION *(Continued)*

	IT solutions and maintenance		Money lending		Securities investments		Rental of properties		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**113,384**	126,954	**36,804**	49,823	**17,741**	27,184	**294,374**	—	**462,303**	203,961
Reconciliation:										
Corporate and other unallocated assets									**25,559**	356,105
Total assets									**487,862**	560,066
Segment liabilities	**(84,143)**	(90,382)	**(114)**	(163)	**(2,362)**	(10,015)	**(33,112)**	—	**(119,731)**	(100,560)
Reconciliation:										
Corporate and other unallocated liabilities									**(13,869)**	(43,920)
Total liabilities									**(133,600)**	(144,480)
Other segment information:										
Depreciation on:										
Segment assets	**1,304**	836	**138**	142	**–**	—	**10**	—	**1,452**	978
Corporate and other unallocated assets									**2,902**	3,798
									4,354	4,776
Amortisation of other intangible assets on:										
Segment assets	**824**	783	**–**	—	**–**	—	**–**	—	**824**	783
Income tax credit									**124**	403
Capital expenditure on:										
Segment assets									**306**	217
Corporate and other unallocated assets									**6**	145
									312	362

6. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

	Revenue		Non-current assets	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**57,702**	45,232	**14,814**	15,983
PRC except Hong Kong	**8,390**	462	**274,909**	318,675
Consolidated total	**66,092**	45,694	**289,723**	334,658

In presenting the geographical information, revenue is based on the locations of the customers and information about the non-current assets, except equity investments at fair value through other comprehensive income, deferred tax assets and loan receivables classified in accordance with geographical location of the assets at the end of the reporting period.

Information about major customers

The Group had transaction with one (2020: one) external customer of the rental properties segment (2020: IT Solution and maintenance segment) during the year ended 31 December 2021 who contributed over 10% of the Group's total revenue for the year. A summary of revenue earned from each of these major external customers is set out below:

	2021	2020
	HK$'000	HK$'000
Customer 1	**7,267**	N/A
Customer 2	**N/A**	6,444

Customer 2 had less than 10% of the Group's revenue for the year ended 31 December 2021.

7. REVENUE

The Group's revenue which represents (1) the aggregate of the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for returns and trade discounts; (2) an appropriate proportion of contract revenue from the provision of the technical support and maintenance services, net of business tax and government surcharges; (3) an appropriate proportion of contract revenue from the provision of software development and system integration services, net of value-added tax, business tax and government surcharges; (4) rental income; and (5) loan interest income are as follows:

	2021 **HK$'000**	2020 HK$'000
Sale of computer hardware and software	**29,036**	30,982
Provision of services	**25,123**	7,526
Revenue from contracts with customers	**54,159**	38,508
Rental income	**7,267**	—
Loan interest income	**4,666**	7,186
Total revenue	**66,092**	45,694

Disaggregation of revenue from contracts with customers:

	2021 **HK$'000**	2020 HK$'000
Geographical markets		
Hong Kong	**53,036**	38,048
PRC except Hong Kong	**1,123**	460
Total	**54,159**	38,508
Major products/services		
Sale of computer hardware and software	**29,036**	30,982
Provision of technical support and maintenance services	**25,123**	7,526
Total	**54,159**	38,508
Timing of revenue recognition		
At a point in time	**29,036**	30,982
Over time	**25,123**	7,526
Total	**54,159**	38,508

7. REVENUE *(Continued)*

Sale of computer hardware and software

The Group sells computer hardware and software to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Provision of services

The Group provides software development, system integration, technical support and maintenance services to the customers. When the progress towards complete satisfaction of the performance obligations of a contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

8. OTHER INCOME AND GAINS

	Notes	**2021 HK$'000**	2020 HK$'000
Dividend income		**150**	164
Government grant	*(i)*	**—**	2,453
Recognition of forfeited deposit	*(ii)*	**—**	14,666
Net foreign exchange gains		**197**	387
Others		**267**	515
		614	18,185

Notes:

(i) During the year, the Group received government grants of HK$nil (2020: approximately HK$2,453,000) under the Employment Support Scheme provided by the Hong Kong government.

(ii) On 2 August 2019, the Group and Winner Sino Corporate Development Limited (the "Purchaser") and the Purchaser's guarantor entered into sale and purchase agreement (the "Agreement"), pursuant to which the Group has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% of the issued share capital of Joyunited Investments Limited (the "Target Company"), an indirect wholly-owned subsidiary of the Company, and sale loan at a consideration of RMB260,000,000 (equivalent to approximately HK$295,874,000) in cash.

The completion has not been taken place before 31 October 2019 (the "Long Stop Date"), no such later Long Stop Date can be agreed by the Purchaser and the Group. The directors of the Company are of the view that as a result of the default by the Purchaser, the Purchaser failed to complete the disposal in accordance with the terms of the Agreement after all the conditions precedent have been satisfied. The Company has therefore notified the Purchaser of its intention to accept the Purchaser's repudiation and terminate the Agreement by way of a written notice on 18 December 2019 (the "Termination"). During the year ended 31 December 2020, the directors of the Company confirmed that in accordance with the terms of the Agreement, the deposit of RMB13,000,000 (equivalent to approximately HK$14,666,000) paid by the Purchaser to the Group has been forfeited in favour of the Group.

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 HK$'000	2020 HK$'000
Interest on other loans	**689**	1,274
Interest on bank loans	**903**	1,368
Lease interest	**134**	255
Imputed interest on promissory notes	**9,804**	8,946
	11,530	11,843

10. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2021 HK$'000	2020 HK$'000
Cost of inventories sold	**38,864**	24,514
Cost of services provided	**3,522**	4,756
Depreciation of property, plant and equipment	**1,644**	1,818
Depreciation of right-of-use assets	**2,710**	2,958
Amortisation of other intangible assets	**824**	783
Expenses related to short-term leases	**632**	250
Auditors' remuneration	**860**	780
Employee benefit expense (including directors' remuneration — note 11):		
Salaries, allowances and benefits in kind	**20,111**	19,299
Pension schemes contribution	**1,645**	1,051
Equity-settled share-based payment expenses	**2,462**	745
	24,218	21,095
Equity-settled share-based payment to consultants	**530**	671
Written off of property, plant and equipment	**—**	35
Foreign exchange differences, net	**(197)**	(387)
Research and development expenses	**15,070**	—

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

(a) Directors' emoluments

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension schemes contribution HK$'000	Equity-settled share-based payment HK$'000	Total HK$'000
Year ended 31 December 2021						
Executive directors:						
Mr. Wong King Shiu, Daniel		160	840	18	–	1,018
Mr. Chang Ki Sum, Clark	*(iii)*	120	380	14	299	813
Mr. Wong Kui Shing, Danny	*(ii), (iv)*	–	–	–	–	–
Mr. Chan Kai Leung	*(i)*	–	–	–	–	–
		280	1,220	32	299	1,831
Independent non-executive directors:						
Dr. Chen Shengrong		160	–	–	–	160
Mr. Hung Hing Man		160	–	–	–	160
Mr. Wong Hoi Kuen		160	–	–	–	160
		480	–	–	–	480
Total		760	1,220	32	299	2,311

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension schemes contribution HK$'000	Total HK$'000
Year ended 31 December 2020					
Executive directors:					
Mr. Wong King Shiu, Daniel		160	840	18	1,018
Mr. Wong Kui Shing, Danny	*(iv)*	160	—	3	163
Mr. Chan Kai Leung	*(i)*	160	958	18	1,136
		480	1,798	39	2,317
Independent non-executive directors:					
Dr. Chen Shengrong		160	—	—	160
Mr. Hung Hing Man		160	—	—	160
Mr. Wong Hoi Kuen		160	—	—	160
		480	—	—	480
Total		960	1,798	39	2,797

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

(i) Resigned on 5 January 2021.

(ii) Resigned on 31 March 2021.

(iii) Appointed on 31 March 2021.

(iv) The director agreed to waive the emoluments for the years ended 31 December 2021 and 2020.

During the year, no emoluments were paid by the Group to any of the directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Employees' emoluments

The five highest paid individuals in the Group during the year included two (2020: one) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2020: four) individuals are set out below:

	2021	2020
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,175**	4,174
Pension schemes contribution	**54**	72
Equity settled share-based payment	**437**	—
	2,666	4,246

Their emoluments were within the following band:

	Number of individuals	
	2021	2020
HK$Nil — HK$1,000,000	**2**	—
HK$1,000,001 — HK$1,500,000	**1**	4

During the year, no emoluments were paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX CREDIT

	2021 **HK$'000**	2020 HK$'000
Current tax — Hong Kong	**14**	21
Deferred tax credit *(note 22)*	**(138)**	(424)
	(124)	(403)

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 December 2021 (2020: 16.5%).

For the year ended 31 December 2021, PRC corporate income tax is provided at 25% based on the assessable profit for the year less allowable losses brought forward. No provision for PRC corporate income tax was required since the Group had no assessable profit for the year ended 31 December 2020.

The reconciliation between the income tax credit and the product of loss before tax multiplied by tax rates applicable to profit or loss in the respective countries is as follows:

	2021 **HK$'000**	2020 HK$'000
Loss before tax	**(90,540)**	(11,350)
Tax calculated at domestic tax rates applicable to profit or loss in the respective countries	**(20,177)**	(2,676)
Tax effect of income that is not taxable	**(644)**	(4,236)
Tax effect of expenses that are not deductible	**17,468**	3,673
Tax effect of temporary differences not recognised	**(995)**	506
Tax effect of tax losses not recognised	**4,398**	2,838
Tax effect of utilisation of tax losses not previously recognised	**(140)**	(446)
Income tax on concessionary rate *(note)*	**(24)**	(42)
One-off tax reduction	**(10)**	(20)
Tax credit for the year	**(124)**	(403)

Note: For the year of assessment 2021/22 and 2020/21, a two-tiered profits tax rate was introduced of which one subsidiary of the Group can elect 8.25% tax rate for its first assessable profits of HK$2,000,000.

13. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2021 and 2020.

14. LOSS PER SHARE

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

	2021 **HK$'000**	2020 HK$'000
Loss for the year attributable to owners of the Company	**(90,326)**	(9,758)

	2021	2020
Weighted average number of ordinary shares for basic and diluted loss per share	**286,838,315**	239,068,411

The 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 for the years ended 31 December 2021 and 2020.

15. INVESTMENT PROPERTIES

	2021 **HK$'000**	2020 HK$'000
At 1 January	**317,098**	298,672
Additions	**209**	—
Fair value loss	**(53,206)**	—
Exchange differences	**9,506**	18,426
At 31 December	**273,607**	317,098

Investment properties were revalued at 31 December 2021 by income approach (2020: on the open market value basis by reference to market evidence of recent transactions for similar properties) by Roma Appraisals Limited, an independent firm of chartered surveyors.

At 31 December 2021, the carrying amount of investment properties of approximately HK$273,607,000 (2020: approximately HK$317,098,000) pledged as security for the Group's bank loans amounted to approximately HK$10,429,000 (2020: approximately HK$20,190,000).

During the year ended 31 December 2021, the Group signed a rental agreement to lease out its investment properties under operating lease. The lease term is 20 years. The lease is on a fixed rental basis and does not include variable lease payments.

15. INVESTMENT PROPERTIES *(Continued)*

The Group's future undiscounted lease payments under operating leases are receivable as follows:

	2021 **HK$'000**
Less than 1 year	**5,461**
Between 1 and 2 years	**5,625**
Between 2 and 3 years	**5,794**
Between 3 and 4 years	**5,968**
Between 4 and 5 years	**6,147**
Over 5 years	**109,733**
	138,728

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements **HK$'000**	**Furniture, fixtures and equipment** **HK$'000**	**Motor vehicles** **HK$'000**	**Total** **HK$'000**
COST:				
At 1 January 2020	2,364	2,784	3,458	8,606
Exchange realignment	—	44	26	70
Additions	—	362	—	362
Written off	—	(348)	—	(348)
At 31 December 2020 and 1 January 2021	**2,364**	**2,842**	**3,484**	**8,690**
Exchange realignment	**—**	**27**	**15**	**42**
Additions	**—**	**103**	**—**	**103**
At 31 December 2021	**2,364**	**2,972**	**3,499**	**8,835**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS:				
At 1 January 2020	417	958	1,630	3,005
Exchange realignment	—	16	23	39
Provided during the year	564	580	674	1,818
Written off	—	(313)	—	(313)
At 31 December 2020 and 1 January 2021	**981**	**1,241**	**2,327**	**4,549**
Exchange realignment	**—**	**11**	**13**	**24**
Provided during the year	**565**	**614**	**465**	**1,644**
At 31 December 2021	**1,546**	**1,866**	**2,805**	**6,217**
CARRYING AMOUNTS:				
At 31 December 2021	**818**	**1,106**	**694**	**2,618**
At 31 December 2020	1,383	1,601	1,157	4,141

17. GOODWILL

	2021	2020
	HK$'000	HK$'000
Cost		
At 1 January	**3,865**	3,865
Additions on acquisition of subsidiaries *(note 42)*	**2,639**	—
At 31 December	**6,504**	3,865
Carrying amount:		
At 31 December	**6,504**	3,865

	2021	2020
The carrying amount of goodwill had been allocated as follows:	**HK$'000**	HK$'000
IT solutions and maintenance	**6,504**	3,865

The recoverable amount of this CGUs are determined by reference to the value-in-use approach, which are based on discounted cash flow based on the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 12.65% (2020: approximately 14.5%) that reflects current market assessment of the time value of money and the risks specific to the CGUs. Cash flows beyond 5-year period have been extrapolated using a steady 3% (2020: 3%) annual growth rate.

18. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2021 HK$'000	2020 HK$'000
At 31 December:		
Right-of-use assets		
— Land and buildings	**1,328**	3,410

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2021 HK$'000	2020 HK$'000
— Less than 1 year	**1,450**	2,881
— Between 1 and 2 years	**34**	990
— Between 2 and 5 years	**—**	34
	1,484	3,905
For the year ended 31 December:		
Depreciation charge of right-of-use assets		
— Land and buildings	**2,710**	2,958
Lease interests	**134**	255
Expenses related to short-term leases	**632**	250
Total cash outflow for leases	**3,695**	3,575
Additions to right-of-use assets	**628**	715
Lease commitments of short-term leases	**305**	98

The Group leases various land and buildings. Lease agreements are typically made for fixed periods of 1 to 3 years (2020: 1 to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

19. OTHER INTANGIBLE ASSETS

	Customer relationships HK$'000 *(note (a))*	Money lending licence HK$'000 *(note (b))*	Total HK$'000
COST:			
At 1 January 2020, 31 December 2020, 1 January 2021	7,828	440	8,268
Acquisition of subsidiaries *(Note 42)*	414	—	414
At 31 December 2021	8,242	440	8,682
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS:			
At 1 January 2020	2,348	—	2,348
Provided during the year	783	—	783
At 31 December 2020 and 1 January 2021	3,131	—	3,131
Provided during the year	824	—	824
At 31 December 2021	3,955	—	3,955
CARRYING AMOUNTS:			
At 31 December 2021	**4,287**	**440**	**4,727**
At 31 December 2020	4,697	440	5,137

Notes:

(a) The customer relationship arose from the acquisition of 84% equity interest in Macro China Holding Limited and 51% equity interest in Orient Rise Investment Development Limited. The average remaining amortization period of the customer relationship is 5 years (2020: 6 years).

(b) The Group's money lending license of HK$440,000 (2020: HK$440,000) at 31 December 2021 is assessed as having indefinite useful life because the Group can renew the money lending license without substantial costs.

20. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	HK$'000	HK$'000
Unlisted equity investments, at fair value	**42,857**	50,846

The unlisted equity investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

(a) On 28 August 2019, the Group acquired 19% equity interest of Guangzhou Dehuang Investment Company Limited (廣州市德煌投資有限公司) ("Dehuang"), which is incorporated in the PRC and loan receivables with principal amount of RMB51,199,000 (note 23), at a consideration of RMB66,341,000 which is satisfied by issuance of promissory notes to the vendor (note 32). The principal activities of it is provision of business services. The principal assets of Dehuang are the two parcels of land and four (2020: four) buildings with a data centre owned by Dehuang and located in South of Shinan Highway, Nansha District, Guangzhou (廣州市南沙區市南公路南側). As at 31 December 2021, it was measured at fair value of approximately HK$31,383,000 (2020: approximately HK$50,846,000).

(b) On 1 April 2021, the Group acquired 10% equity interest of Global Engine Holdings Limited ("Global Engine"), a company incorporated in British Virgin Islands with limited liability, at a consideration of HK$10,000,000 which is satisfied by issuance of 20,000,000 new shares at consideration share price of HK$0.5 per share. Global Engine is an investment holding company and its directly wholly-owned subsidiary is an integrated solutions provider in information and communication technologies, system integration and other technical consultation services in Hong Kong and Asia Pacific region. During the year, the Company received HK$150,000 dividend from Global Engine. As at 31 December 2021, it was measured at fair value of approximately HK$11,474,000.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2021 HK$'000	2020 HK$'000
Prepayments		**1,342**	1,160
Deposits and other receivables	*(a)(b)*	**19,804**	26,639
		21,146	27,799
Analysed as:			
Non-current portion			
Prepayments		**939**	1,007
Current portion			
Prepayments		**403**	153
Deposits and other receivables	*(a)(b)*	**19,804**	26,639
		20,207	26,792
		21,146	27,799

Notes:

(a) As at 31 December 2021, included in the other receivables of approximately HK$656,000 (2020: HK$4,612,000) is receivables from the purchasers of Faithful Asia.

(b) As at 31 December 2021, included in other receivables of approximately HK$14,626,000 (2020: HK$18,591,000) is due from a former non-controlling shareholder of a subsidiary who will repay mortgage loan on behalf of the subsidiary.

22. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised by the Group:

	Revaluation of equity investments at fair value through other comprehensive income HK$'000	Other intangible assets HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2020	—	(905)	4,430	3,525
Credited to consolidated profit or loss	—	129	295	424
Debited to other comprehensive income	(8,850)	—	—	(8,850)
Exchange realignment	(505)	—	—	(505)
At 31 December 2020 and 1 January 2021	**(9,355)**	**(776)**	**4,725**	**(5,406)**
Acquisition of subsidiaries *(note 42)*	**–**	**(68)**	**–**	**(68)**
Credited to consolidated profit or loss	**–**	**135**	**3**	**138**
Credited to other comprehensive income	**5,190**	**–**	**–**	**5,190**
Exchange realignment	**(212)**	**–**	**–**	**(212)**
At 31 December 2021	**(4,377)**	**(709)**	**4,728**	**(358)**

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**4,081**	3,949
Deferred tax liabilities	**(4,439)**	(9,355)
	(358)	(5,406)

The Group has tax losses arising in Hong Kong of approximately HK$153,238,000 (2020: approximately HK$135,713,000) that are available indefinitely and in Mainland China of approximately HK$16,214,325 (2020: approximately HK$10,044,000) that are available for a maximum of five years, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses of approximately HK$140,806,000 as they have arisen in certain subsidiaries that have been loss-making for some time and it is considered not probable that taxable profits will be available against which tax losses can be utilised.

At the end of the reporting period, there is no temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised (2020: HK$nil).

23. LOAN RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Loan receivables	**91,298**	105,614
Analysed as:		
Non-current assets	**58,012**	56,408
Current assets	**33,286**	49,206
	91,298	105,614

Notes:

(a) As at 31 December 2021, loan receivables of approximately HK$nil (2020: approximately HK$720,000) are guaranteed by an independent third party.

(b) As at 31 December 2021, loan receivables of approximately HK$33,286,000 carried at fixed effective interest at 12% per annum and with the terms ranging from 9 months to 5 years. As at 31 December 2020, loan receivables of approximately HK$49,206,000 carried at fixed effective interest at 12% per annum and with the terms ranging from 9 months to 4 years.

(c) As at 31 December 2021, included in loan receivables are receivable from Dehuang of approximately HK$50,136,000 (2020: HK$50,712,000) (note 32) which is unsecured, non-interest bearing, repayable on 2 September 2023 (2020: 2 September 2022) and measured at amortised cost using effective interest rate of 14.42%.

On 31 December 2021, the Group entered into a supplemental agreement with Dehuang, pursuant to which the maturity date of the loan receivables was extended to 2 September 2023 (2020: 2 September 2022). The Group recognized a loss on extension of loan receivables amounted to approximately HK$7,098,000 (2020: HK$6,787,000) accordingly.

(d) As at 31 December 2021, included in loan receivables are receivable from Dehuang of approximately HK$7,876,000 (2020: approximately HK$7,878,000) which is unsecured, non-interest bearing, repayable on 15 October 2023 (2020: repayable on 15 October 2022) and measured at amortised cost using effective interest rate of 4.35%. The Group recognized a loss on extension of loan receivables of approximately HK$344,000 (2020: loss on initial recognition of loan receivables of approximately HK$694,000).

(e) The directors of the Company monitored the collectability of the loan receivables closely with reference to their respective current creditworthiness and repayment records. The management believes that no impairment allowance is necessary in respect of these receivables as they are considered fully recoverable. Upon its original maturity and up to the approval date of the consolidated financial statements, approximately HK$2,700,000 were fully settled.

24. INVENTORIES

	2021 HK$'000	2020 HK$'000
Finished goods and merchandises	**1,277**	389

25. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	**14,029**	2,796

Notes:

(a) The Group has granted credit terms to its customers within 30 to 90 days (2020: ranging from 30 to 90 days). The Group seeks to maintain strict control over its outstanding balances by imposing 2% (2020: 2%) monthly interest charge upon them and requesting payment in advances from certain customers. Overdue balances are reviewed by the directors. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

(b) The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2021 HK$'000	2020 HK$'000
Within 1 month	**10,251**	1,509
1 to 2 months	**821**	1,116
Over 3 months	**2,957**	171
	14,029	2,796

25. TRADE RECEIVABLES *(Continued)*

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Neither past due nor impaired	Less than 1 month past due	1 to 3 months past due	Over 3 months to 1 year past due	Over 1 year past due	Total
At 31 December 2021						
Weighted average expected loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Receivable amount (HK$'000)	**10,569**	**1,360**	**700**	**1,400**	**—**	**14,029**
Loss allowance (HK$'000)	**—**	**—**	**—**	**—**	**—**	**—**
At 31 December 2020						
Weighted average expected loss rate	0%	0%	0%	0%	0%	0%
Receivable amount (HK$'000)	1,509	1,116	160	—	11	2,796
Loss allowance (HK$'000)	—	—	—	—	—	—

26. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000	As at 1 January 2020 HK$'000
Contract assets — provision of technical support and maintenance services	**—**	—	186
Contract liabilities — sale of computer hardware and software	**3,205**	—	1,809
Contract liabilities — provision of technical support and maintenance services	**1,136**	1,318	2,244
Total contract liabilities	**4,341**	1,318	4,053
Contract receivables (included in trade receivables)	**9,584**	2,796	9,778

	2021 HK$'000	2020 HK$'000
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:		
— 2021	**—**	1,321
— 2022	**4,341**	—
	4,341	1,321

Year ended 31 December	**2021 HK$'000**	2020 HK$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	**1,318**	4,053

26. CONTRACT ASSETS AND LIABILITIES *(Continued)*

Significant changes in contract assets and contract liabilities during the year:

	2021 Contract assets HK$'000	**2021 Contract liabilities HK$'000**	2020 Contract assets HK$'000	2020 Contract liabilities HK$'000
Increase due to operations in the year	**—**	**57,182**	—	35,952
Transfer of contract assets to receivables	**—**	**—**	(186)	—
Transfer of contract liabilities to revenue	**—**	**(54,159)**	—	(38,687)

A contract asset represents the Group's right to consideration in exchange for products or services that the Group has transferred to a customer.

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

27. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Listed equity securities, at fair value		
— in Hong Kong	**16,964**	27,118
— outside Hong Kong	**712**	—
	17,676	27,118

Note: The investments included above as at 31 December 2021 and 2020 represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of the listed equity securities are determined based on the quoted market prices.

28. BANK AND CASH BALANCES

	2021 HK$'000	2020 HK$'000
Cash and bank balances other than time deposits	**6,714**	7,653
Time deposits	**—**	251
	6,714	7,904

Notes:

(a) As at 31 December 2021, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$571,000 (2020: approximately HK$1,056,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

(b) Time deposits are made for varying periods of between three months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE PAYABLES

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

	2021 HK$'000	2020 HK$'000
Within 1 month	**931**	655
1 to 2 months	**2,256**	417
2 to 3 months	**1,763**	3,203
Over 3 months	**1,446**	—
	6,396	4,275

30. OTHER PAYABLES AND ACCRUALS

	2021 HK$'000	2020 HK$'000
Accruals	**4,708**	6,806
Other payables	**21,041**	11,076
Deposit received	**1,936**	—
VAT payables	**367**	—
	28,052	17,882

31. BANK AND OTHER LOANS

	Notes	2021 HK$'000	2020 HK$'000
Bank loans:			
Mortgage loan	*(i)*	**10,429**	20,190
Other loans:			
Margin loans	*(ii)*	**2,362**	10,015
		12,791	30,205

Notes:

(i) The mortgage loan has terms of 10 years until 2022 with a repayable on demand clause exercisable by a bank. The average interest rate was 5.39% (2020: 5.39%).

The mortgage loan is secured by a charge over the Group's investment properties with fair value of approximately HK$273,607,000 (2020: approximately HK$317,098,000), and personal guarantee by former shareholders of a subsidiary.

(ii) As at 31 December 2021, the margin loans are secured by the Group's equity securities listed in Hong Kong with fair value of approximately HK$5,821,000 (2020: approximately HK$14,759,000) and repayable on demand. As at 31 December 2021, the loan is charged at a fixed interest rate of 8.25% (2020: 8.25%) per annum.

32. PROMISSORY NOTE PAYABLES

	HK$'000
At 1 January 2020	**63,553**
Imputed interest	**8,946**
Gain on modification	**(5,721)**
Exchange realignment	**4,104**
At 31 December 2020 and 1 January 2021	**70,882**
Imputed interest	**9,804**
Gain on modification	**(2,247)**
Repayment of promissory note	**(9,337)**
Exchange realignment	**2,313**
At 31 December 2021	**71,415**

32. PROMISSORY NOTE PAYABLES *(Continued)*

On 3 September 2019, the Group issued a promissory note (the "PN") with fair value of approximately HK$72,435,000 (principal amount of RMB66,341,000) as a consideration for the acquisition of 19% equity interest of Dehuang and a loan receivable with principal amount of RMB51,199,000 (the "Loan Receivable"). On the date of issuance of the PN, (i) the fair value of 19% equity interest in Dehuang and the Loan Receivable; and (ii) the fair value of the PN of approximately HK$72,435,000 allocated to 19% equity interest of Dehuang and the Loan Receivable are as follows:

	Fair value at the date of issuance of the PN	**Fair value of the PN allocated**
	HK$'000	HK$'000
19% equity interest in Dehuang *(note 20)*	9,544	12,825
The Loan Receivable *(note 23(c))*	44,361	59,610
	53,905	72,435

Loss on initial recognition of the Loan Receivable of HK$15,249,000 was recognized on the date of issuance of the PN.

The fair value of the promissory note approximates its carry amount. As at 31 December 2021, the PN is measured at amortised cost using effective interest rate of 14.28% (2020: 14.28%).

On 29 June 2020, the Group entered into supplemental agreement with the PN holder, pursuant to which the maturity date of the PN was extended to 2 September 2021. The Group recognized a gain on modification of PN amounted to approximately HK$3,263,000.

On 3 September 2020, the Group entered into supplemental agreement with the PN holder, pursuant to which the maturity date of the PN was extended to 2 September 2022 and the interest rate revised to 11% per annum. The Group recognized a gain on modification of PN amounted to approximately HK$2,458,000.

On 31 December 2021, the Group entered into supplemental agreement with the PN holder, pursuant to which the maturity date of the PN was extended to 2 September 2023. The Group recognized a gain on modification of PN amounted to approximately HK$2,247,000.

33. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,450**	2,881	**1,426**	2,752
In the second to fifth years, inclusive	**34**	1,024	**32**	1,007
	1,484	3,905		
Less: Future finance charges	**(26)**	(146)		
Present value of lease liabilities	**1,458**	3,759	**1,458**	3,759
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,426)**	(2,752)
Amount due for settlement after 12 months			**32**	1,007

At 31 December 2021, the average effective borrowing rate was 4.35% to 5.25% (2020: 4.35% to 5.25%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

34. LOAN FROM A SHAREHOLDER

As at 31 December 2021, loan from a shareholder is advanced from Mr. Zhang Rong and is unsecured, interest bearing at 3% (2020: 3%) and due for repayment on 1 January 2023 (2020: 1 January 2022).

35. AMOUNT DUE TO A DIRECTOR

As at 31 December 2021, the amount is unsecured, interest-free and due for repayment on 1 January 2023 (2020: 1 January 2022).

36. SHARE CAPITAL

	Number of shares		Share capital	
	2021	2020	**2021**	2020
			HK$'000	HK$'000
Authorised:				
Ordinary shares of HK$0.01 (2020: HK$0.1) each				
At the beginning and at the end of the year	**120,000,000,000**	12,000,000,000	**1,200,000**	1,200,000

		Number of shares		Share capital	
		2021	2020	**2021**	2020
	Note			**HK$'000**	HK$'000
Issued and fully paid:					
Ordinary shares of HK$0.01 (2020: HK$0.1) each					
At the beginning of the year		**5,744,191,908**	5,722,159,908	**574,419**	572,216
Capital reorganisation	*(i)*	**(5,504,850,579)**	—	**(572,026)**	—
Acquisition of an equity investment	*(ii)*	**20,000,000**	—	**200**	—
Placing of shares under general mandate	*(iii)*	**20,800,000**	—	**208**	—
Acquisition of subsidiaries	*(iv)*	**7,000,000**	—	**70**	—
Placing of shares under general mandate	*(v)*	**56,000,000**	—	**560**	—
Exercise of share options		**—**	22,032,000	**—**	2,203
At the end of the year		**343,141,329**	5,744,191,908	**3,431**	574,419

Notes:

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

(ii) On 1 April 2021, Rosy Depot Limited ("Rosy Depot"), a wholly-owned subsidiary of the Company, had entered into an agreement with Valuable Fortune Limited ("Valuable Fortune"), pursuant to which Rosy Depot, as the purchaser, intended to acquire and Valuable Fortune, as the vendor, intended to sell 10% equity interest in Global Engine Holdings Limited at a consideration of HK$10,000,000, which to be settled by way of allotment and issue of the 20,000,000 consideration shares by the Company at the HK$0.5 per share. The acquisition was completed on 31 May 2021. The consideration shares of the Company had fair value of HK$7,000,000 on 31 May 2021.

36. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(iii) On 25 May 2021, the Company entered into a placing agreement with a placing agent to place 20,800,000 new shares under general mandate of the Company at HK$0.23 per share. The placing was completed on 17 June 2021. The net proceeds of approximately HK$4,688,000 were raised from the placing.

(iv) On 12 May 2021, Golden Shield Global Limited ("Golden Shield"), a wholly-owned subsidiary of the Company, had entered into an agreement with Unity Victory Limited ("Unity Victory"), pursuant to which Golden Shield has conditionally agreed to acquire, and Unity Victory has conditionally agreed to sell 51% of the issued share capital of Orient Rise Investment Development Limited at a consideration of HK$3,500,000 which to be settled by way of allotment and issue of the 7,000,000 consideration shares by the Company at the HK$0.5 per share. The acquisition was completed on 15 July 2021. The consideration shares of the Company had fair value of HK$2,380,000 on 15 July 2021.

(v) On 30 July 2021, the Company entered into a placing agreement with a placing agent to place 56,000,000 new shares under general mandate of the Company at HK$0.25 per share. The placing was completed on 16 August 2021. The net proceeds of approximately HK$13,720,000 were raised from the placing.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, retained profits and other reserves) and includes some forms of subordinated debts.

37. SHARE OPTION SCHEME

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

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

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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

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

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

Details of the specific categories of options are as follows:

Date of grant	**Vesting period**	**Exercise period**	**Exercise price** HK$
13 May 2021	13 May 2021	13 May 2021–12 May 2031	0.245

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

37. SHARE OPTION SCHEME *(Continued)*

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

	2021		2020	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**–**	**–**	1,341,456,000	0.1351
Granted during the year	**23,900,000**	**0.245**	42,192,000	0.1000
Exercised during the year	**–**	**–**	(22,032,000)	0.1000
Forfeited during the year	**(800,000)**	**0.245**	—	—
Cancelled during the year	**–**	**–**	(1,361,616,000)	0.1314
Outstanding at the end of the year	**23,100,000**	**0.245**	—	—

The estimated fair values of the options granted on 13 May 2021 are approximately HK$2,992,000.

At the date of approval of these financial statements, the number of share options permitted to be granted under the Scheme was 34,314,132, representing 10% of the Company's shares in share as at that day.

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

	13 May 2021
Share price at the date of grant	**HK$0.245**
Exercise price	**HK$0.245**
Expected volatility	**68.33%**
Expected life	**10 years**
Risk free rate	**1.20%**
Expected dividend yield	**0%**
Expected Early Exercise Multiple	**2.2**

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

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

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 **HK$'000**	2020 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**—**	—
Right-of-use assets	**836**	2,842
Loan receivable	**7,875**	7,878
Total non-current assets	**8,711**	10,720
CURRENT ASSETS		
Due from subsidiaries	**217,217**	221,910
Prepayments, deposits and other receivables	**1,675**	1,993
Cash and bank balances	**1,616**	5,544
Total current assets	**220,508**	229,447
CURRENT LIABILITIES		
Other payables and accruals	**6,302**	5,500
Lease liabilities	**962**	2,226
Total current liabilities	**7,264**	7,726
NET CURRENT ASSETS	**213,244**	221,721
Total assets less current liabilities	**221,955**	232,441
NON-CURRENT LIABILITIES		
Lease liabilities	**—**	962
Due to a director	**996**	3,196
Total non-current liabilities	**996**	4,158
NET ASSETS	**220,959**	228,283
CAPITAL AND RESERVES		
Share capital	**3,431**	574,419
Reserves	**217,528**	(346,136)
TOTAL EQUITY	**220,959**	228,283

39. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations.

(iii) The PRC reserve funds

The PRC reserve funds are reserves set aside in accordance with the PRC Companies Law or the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment as applicable to the Group's subsidiaries. None of the Group's PRC reserve funds as at 31 December 2021 and 2020 were distributable in the form of cash dividends.

(iv) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

39. RESERVES *(Continued)*

(b) Company

	Share premium account HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2020	107,551	90,434	(518,697)	(320,712)
Total comprehensive loss for the year	—	—	(26,840)	(26,840)
Equity-settled share-based payment	—	1,416	—	1,416
Exercise of share options	740	(740)	—	—
Cancellation of share option	—	(91,110)	91,110	—
At 31 December 2020 and 1 January 2021	**108,291**	**–**	**(454,427)**	**(346,136)**
Total comprehensive loss for the year	**–**	**–**	**(38,104)**	**(38,104)**
Capital reorganisation	**–**	**–**	**572,026**	**572,026**
Equity-settled share-base payment	**–**	**2,992**	**–**	**2,992**
Cancellation of share option	**–**	**(100)**	**100**	**–**
Issue of shares under placing	**17,640**	**–**	**–**	**17,640**
Issue of shares for acquisitions of an equity investment	**6,800**	**–**	**–**	**6,800**
Issue of shares for acquisition of subsidiaries	**2,310**	**–**	**–**	**2,310**
At 31 December 2021	**135,041**	**2,892**	**79,595**	**217,528**

40. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2021 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up capital/ registered capital	Percentage of ownership interest	Principal activities
China Information Technology Development (Hong Kong) Limited	Hong Kong	HK$100	100%	Office management
Macro Systems Limited	Hong Kong	HK$1,050,000	84%	Provision of system integration and maintenance services in Hong Kong
Macro Systems (Guangzhou) Co., Ltd.**	PRC	HK$1,300,000	84%	Provision of system integration and maintenance services in the PRC
DataCube Research Centre Limited	Hong Kong	HK$100	80%	Big data application
Logic Network Limited	Hong Kong	HK$10,000	51%	Provision of telecommunications consultancy, cloud services, managed IT services, support consultancy and intelligent retail system services
Guangzhou Xinfeng Investment Consultancy Company Limited**	PRC	HK$101,400,000	100%	Assets acquisition, management and consultancy services
Global Shine Investment Limited	Hong Kong	HK$1	100%	Securities trading
Value Creation Finance Limited	Hong Kong	HK$10,000	100%	Money lending
Guangzhou Deyong Technology Investment Co., Ltd.**	PRC	*	100%	Investment holding

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

* The amount of registered capital is HK$10 million and it is not yet injected.

** Wholly-foreign-owned enterprises.

41. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Promissory note payables HK$'000	Lease liabilities HK$'000	Bank and other loans HK$'000	Loan from a shareholder HK$'000	Amount due to a director HK$'000	Total liabilities from financing activities HK$'000
At 1 January 2020	63,553	6,130	40,106	3,053	9,006	121,848
Change in cash flows	—	(3,325)	(11,739)	—	(5,430)	(20,494)
Non-cash changes						
— imputed interest	8,946	—	—	—	—	8,946
— gain on modification of promissory notes	(5,721)	—	—	—	—	(5,721)
— interest charged	—	255	—	90	—	345
— additions of lease liabilities	—	715	—	—	—	715
— early termination of a lease	—	(17)	—	—	—	(17)
— exchange differences	4,104	1	1,838	—	—	5,943
At 31 December 2020 and 1 January 2021	**70,882**	**3,759**	**30,205**	**3,143**	**3,576**	**111,565**
Change in cash flows	**(9,337)**	**(3,063)**	**(18,099)**	**—**	**(2,200)**	**(32,699)**
Non-cash changes						
— imputed interest	**9,804**	**—**	**—**	**—**	**—**	**9,804**
— gain on modification of promissory notes	**(2,247)**	**—**	**—**	**—**	**—**	**(2,247)**
— interest charged	**—**	**134**	**—**	**90**	**—**	**224**
— additions of lease liabilities	**—**	**628**	**—**	**—**	**—**	**628**
— exchange differences	**2,313**	**—**	**685**	**—**	**—**	**2,998**
At 31 December 2021	**71,415**	**1,458**	**12,791**	**3,233**	**1,376**	**90,273**

42. ACQUISITION OF SUBSIDIARIES

On 12 May 2021, Golden Shield Global Limited ("Golden Shield"), a wholly-owned subsidiary of the Company, had entered into an agreement with Unity Victory Limited ("Unity Victory"), pursuant to which Golden Shield has conditionally agreed to acquire, and Unity Victory has conditionally agreed to sell 51% of the issued share capital of Orient Rise Investment Development Limited and its subsidiary (the "Target Group") at a consideration of HK$3,500,000 which to be settled by way of allotment and issue of the 7,000,000 consideration shares by the Company at the HK$0.5 per share. The acquisition was completed on 15 July 2021. The consideration shares of the Company had fair value of HK$2,380,000 on 15 July 2021.

The fair value of the identifiable assets and liabilities of the Target Group acquired as at its date of acquisition is as follows:

Net assets acquired:	HK$
Other intangible assets	414
Bank and cash balances	9
Trade payables	(250)
Other payables and accruals	(613)
Deferred tax liabilities	(68)
Total identifiable net assets	(508)
Non-controlling interests	249
Goodwill *(note 17)*	2,639
	2,380
Satisfied by:	
7,000,000 ordinary shares of the Company	2,380
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	9

The fair value of 7,000,000 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date.

The fair value of the acquired identifiable assets and liabilities were valued by Valor Appraisal & Advisory Limited, an independent qualified professional valuer.

The goodwill arising on the acquisition of the Target Group is attributable to the anticipated future operating synergies from the combination.

42. ACQUISITION OF SUBSIDIARIES *(Continued)*

The Target Group contributed approximately HK$5,059,000 to the Group's revenue and reduced approximately HK$224,000 to the Group's loss for the year for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2021, total Group revenue for the year would have been HK$71,466,000, and loss for the year would have been HK$73,703,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is intended to be a projection of future results.

43. LITIGATIONS

As disclosed in the announcement of the Company dated 13 August 2021, 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, pursuant to which 廣州麓湖錦城置業管理有限公司 (Guangzhou Luhu Jincheng Properties Management Limited*) (the "Guarantor") alleged that Giant Prestige Investments Limited (the "Vendor"), Joyunited Investments Limited (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 Corporate Development Limited (中勝企業發展有限公司) (the "Purchaser") failed to perform their obligations under the sale and purchase agreement dated 2 August 2019 (the "Agreement") in relation to, inter alia, the entire issued share capital of the Target Company (the "PRC Litigation"). The 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 in the PRC Litigation to repay the deposit of RMB13,000,000 (the "Deposit") paid by the Guarantor under the Agreement, the interest on the Deposit and the legal costs of the PRC Litigation. The Vendor, the Target Company, Xinfeng and Deyong are wholly owned subsidiaries of the Company. The Company has been taking appropriate actions to vigorously defend the claim. The hearing date for the PRC Litigation has been scheduled to take place at the Nanshapian District Court on 20 June 2022.

44. EVENTS AFTER THE REPORTING PERIOD

(A) Proposed 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 placing of Placing Shares under Specific Mandate ("Placing Under Specific Mandate")

(i) Proposed Rights Issue

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

44. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(A) Proposed 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 placing of Placing Shares under Specific Mandate ("Placing Under Specific Mandate") *(Continued)*

(i) ***Proposed Rights Issue*** *(Continued)*

As at 4:00 p.m. on Wednesday, 23 March 2022, being the latest time for acceptance of, and payment for, the Rights Shares in respect of the provisional allotments under the Rights Issue and the application and payment for excess Rights Shares, a total of 16 valid acceptances and applications had been received for a total of 203,244,024 Rights Shares, comprising (a) 9 valid acceptances of provisional allotments under the provisional allotment letters ("PAL(s)") in respect of 115,027,076 Rights Shares; and (b) 7 valid applications for excess Rights Shares under the excess application forms ("EAF(s)") 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.

The Company will publish a further announcement on, among other things, the further information relating to the allotment results of the Rights Issue on Tuesday, 12 April 2022.

Details of the above Rights Issue are set forth in the announcements dated 5 January 2022 and 30 March 2022 and prospectus dated 9 March 2022.

(ii) ***Proposed Placing under Specific Mandate***

On 5 January 2022, 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 renouncee(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. 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.

44. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(A) Proposed 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 placing of Placing Shares under Specific Mandate ("Placing Under Specific Mandate") *(Continued)*

(ii) Proposed Placing under Specific Mandate *(Continued)*

Subsequently, 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.

Details of the Placing under Specific Mandate are set forth in the announcements dated 5 January 2022 and 30 March 2022 and circular dated 25 January 2022.

(B) Provision of Guarantee to a Subsidiary ("Provision of Guarantee")

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

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

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

Save as disclosed, there was no other subsequent event after the year ended 31 December 2021.

45. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2022.

Five Year Financial Summary

31 December 2021

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published annual report and audited financial statements is set out below:

	Year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000
RESULTS					
REVENUE	**66,092**	45,694	63,712	51,666	48,817
Loss before tax	**(90,540)**	(11,350)	(82,216)	(80,168)	(117,283)
Income tax credit	**124**	403	281	1,913	504
LOSS FOR THE YEAR	**(90,416)**	(10,947)	(81,935)	(78,255)	(116,779)
Attributable to:					
Owners of the Company	**(90,326)**	(9,758)	(80,850)	(75,308)	(112,456)
Non-controlling interests	**(90)**	(1,189)	(1,085)	(2,947)	(4,323)
	(90,416)	(10,947)	(81,935)	(78,255)	(116,779)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000
TOTAL ASSETS	**487,862**	560,066	548,373	596,458	691,983
TOTAL LIABILITIES	**(133,600)**	(144,480)	(173,824)	(149,883)	(156,692)
NET ASSETS	**354,262**	415,586	374,549	446,575	535,291
Equity attributable to:					
Owners of the Company	**358,859**	419,811	376,297	447,252	539,071
Non-controlling interests	**(4,597)**	(4,225)	(1,748)	(677)	(3,780)
	354,262	415,586	374,549	446,575	535,291

Particulars of Property Interests

Particulars of property interests held by the Group as at 31 December 2021 are as follows:

Location	Tenure	Attributable interest of the Group
Investment properties		
A composite building situated in No. 123 Lu Jing Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	Medium	100%