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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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SUMMARY

– The main business of China Information Technology Development Limited and its subsidiaries (the "Group") in 2007 was the development and sale of computer software, sales of hardware, the provision of system integration and related support services and the provision of internet, mobile and telecommunication value-added services in the PRC. During the year, the Group acquired certain subsidiaries which engage in the provision of internet, mobile and telecommunication services.

– Revenue for the year ended 31 December 2007 amounted to approximately HK$135,814,000, representing an increase of 223% from last year (2006: approximately HK$42,075,000).

– Profit attributable to shareholders for the year ended 31 December 2007 amounted to approximately HK$16,310,000 (2006: loss of approximately HK$220,247,000).

– The Board does not recommend the payment of any dividend in respect of the year (2006: Nil).

The board of directors ("the Board") of China Information Technology Development Limited (the "Company") is pleased to present the consolidated results (the "Consolidated Results") of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007 together with the comparative audited figures for the year ended 31 December 2006.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	3	**135,814**	42,075
Cost of sales and services		**(49,963)**	(18,645)
Gross profit		**85,851**	23,430
Other income and gains	3	**5,956**	1,923
Selling and distribution costs		**(10,681)**	(8,532)
Administrative expenses		**(57,917)**	(22,837)
Other expenses		**(481)**	(2,964)
Impairment of goodwill		**–**	(210,759)
Finance costs	5	**(2,728)**	(558)
PROFIT/(LOSS) BEFORE TAX	4	**20,000**	(220,297)
Tax	6	**(3,947)**	(2,066)
PROFIT/(LOSS) FOR THE YEAR		**16,053**	(222,363)
Attributable to:			
Equity holders of the Company		**16,310**	(220,247)
Minority interests		**(257)**	(2,116)
		16,053	(222,363)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
– Basic		**HK 0.33 cents**	HK (5.73) cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 December 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**15,370**	4,883
Goodwill		**1,142,481**	78,706
Other intangible assets		**5,322**	3,040
Prepayments		**26,887**	–
Total non-current assets		**1,190,060**	86,629
CURRENT ASSETS			
Inventories		**3,001**	3,726
Trade receivables	*9*	**96,480**	29,642
Prepayments, deposits and other receivables		**40,709**	8,352
Financial assets designated at fair value through profit or loss		**8,547**	–
Cash and bank balances		**235,808**	39,655
Total current assets		**384,545**	81,375
CURRENT LIABILITIES			
Trade payables	*10*	**6,045**	3,500
Other payables and accruals		**23,867**	9,109
Due to holding company		**–**	12,913
Due to shareholders		**68,816**	–
Tax payable		**9,163**	2,089
Total current liabilities		**107,891**	27,611
NET CURRENT ASSETS		**276,654**	53,764
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,466,714**	140,393
NON-CURRENT LIABILITIES			
Convertible bonds		**177,493**	–
Net assets		**1,289,221**	140,393
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**62,339**	38,426
Reserves		**1,214,080**	91,601
		1,276,419	130,027
Minority interests		**12,802**	10,366
Total equity		**1,289,221**	140,393

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

	Attributable to equity holders of the Company								Minority interests	Total equity
	Issued share capital	Share premium account	Equity component of convertible bonds	Share option reserve	PRC reserve funds	Exchange fluctuation reserve	Retained profits/ (accumulated losses)	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	38,426	337,250	–	–	1,604	1,385	(30,744)	347,921	12,969	360,890
Exchange realignment	–	–	–	–	–	2,353	–	2,353	328	2,681
Loss for the year	–	–	–	–	–	–	(220,247)	(220,247)	(2,116)	(222,363)
Total income and expense for the year	–	–	–	–	–	2,353	(220,247)	(217,894)	(1,788)	(219,682)
Transfer to PRC reserve funds	–	–	–	–	1,739	–	(1,739)	–	–	–
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	(815)	(815)
At 31 December 2006 and 1 January 2007	38,426	337,250*	–	–	3,343*	3,738*	(252,730)*	130,027	10,366	140,393
Exchange realignment	–	–	–	–	–	7,455	–	7,455	917	8,372
Profit for the year	–	–	–	–	–	–	16,310	16,310	(257)	16,053
Total income and expense for the year	–	–	–	–	–	7,455	16,310	23,765	660	24,425
Transfer to PRC reserve funds	–	–	–	–	15,760	–	(15,760)	–	–	–
Acquisition of subsidiaries	15,600	879,988	25,345	–	–	–	–	920,933	1,776	922,709
Issue of shares	8,313	175,632	–	(394)	–	–	–	183,551	–	183,551
Share issue expenses	–	(6,021)	–	–	–	–	–	(6,021)	–	(6,021)
Equity-settled share option arrangements	–	–	–	24,164	–	–	–	24,164	–	24,164
Transfer of accumulated losses	–	(258,677)	–	–	–	–	258,677	–	–	–
At 31 December 2007	62,339	1,128,172*	25,345*	23,770*	19,103*	11,193*	6,497*	1,276,419	12,802	1,289,221

* *These reserve accounts comprise the reserves of HK$1,214,080,000 (2006: HK$91,601,000) in the consolidated balance sheet.*

NOTES:

1.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the financial assets designated at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2007. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

1.2 Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivative*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements – Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees in accordance with the Group's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2 Segment Information

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006. No further geographical segment information is presented as the Group's customers and operations are located in Mainland China.

Business segments

	Software development and system integration		Internet, mobile and telecommunication		In-house developed products		Corporate		Elimination		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*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	102,698	42,000	29,369	–	3,747	75	–	–	–	–	135,814	42,075
Intersegment sales	–	–	–	–	–	1,526	–	–	–	(1,526)	–	–
Other income and gains	2,256	1,740	–	–	108	–	–	–	–	–	2,364	1,740
Total	104,954	43,740	29,369	–	3,855	1,601	–	–	–	(1,526)	138,178	43,815
Segment results	35,194	5,491	25,714	–	(4,616)	(6,183)	–	–	–	–	56,292	(692)
Bank interest income and unallocated gains											3,592	184
Unallocated corporate expenses, net											(37,156)	(8,472)
Impairment of goodwill	–	(210,759)	–	–	–	–	–	–	–	–	–	(210,759)
Finance costs											(2,728)	(558)
Profit/(loss) before tax											20,000	(220,297)
Tax											(3,947)	(2,066)
Profit/(loss) for the year											16,053	(222,363)
Assets and liabilities												
Segment assets	233,440	143,028	100,176	–	16,824	10,567	149,666	11,397	–	–	500,106	164,992
Unallocated assets											1,074,499	3,012
Total assets											1,574,605	168,004
Segment liabilities	(43,404)	(6,840)	(49,169)	–	(1,831)	(1,899)	(2,419)	(388)	–	–	(96,823)	(9,127)
Unallocated liabilities											(188,561)	(18,484)
Total liabilities											(285,384)	(27,611)
Other segment information:												
Depreciation	1,478	1,049	126	–	324	191	126	107	–	–	2,054	1,347
Amortisation of other intangible assets	52	49	–	–	983	795	108	–	–	–	1,143	844
Impairment of trade receivables recognised in the income statement	151	240	–	–	285	–	–	–	–	–	436	240
Capital expenditure	6,192	1,389	–	–	287	2,417	3,466	2	–	–	9,945	3,808

3. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the value of services rendered during the year.

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

	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sale of computer software and hardware	**3,747**	75
Provision of software development and system integration services	**78,091**	25,513
Provision of technical support and maintenance services	**21,469**	16,487
Provision of internet, mobile and telecommunication value-added services	**32,507**	–
	135,814	42,075

	2007	2006
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**3,587**	184
PRC tax subsidy	**2,364**	1,739
Others	**5**	–
	5,956	1,923

4. Profit/(loss) before tax

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

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**2,381**	8,329
Cost of services provided	**47,582**	10,316
Depreciation	**2,054**	1,347
Amortisation of other intangible assets*	**1,143**	844
Minimum lease payments under operating leases in respect of land and buildings	**4,511**	2,936
Auditors' remuneration	**2,207**	844
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**24,944**	18,220
Pension scheme contributions	**1,498**	679
Equity-settled share option expense	**24,164**	–
	50,606	18,899
Foreign exchange differences, net	**14**	133
Impairment of trade receivables@	**436**	240
Write-off of trade and other receivables@	**–**	2,519
Loss on disposal of items of property, plant and equipment	**27**	73

* *The amortisation of other intangible assets is included in "Selling and distribution costs" and "Cost of sales and services" and "Administrative expenses" on the face of the consolidated income statement.*

@ *The amounts are included in "Other expenses" on the face of the consolidated income statement.*

5. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest on loans from holding company	**136**	558
Interest on convertible bonds	**2,592**	–
	2,728	558

6. Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

In accordance with the relevant tax rules and regulations of the PRC, certain of the Company's PRC subsidiaries enjoy income tax exemptions and reductions. Certain PRC subsidiaries are subject to income tax rates ranging from 0% to 15%.

	2007	2006
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – Elsewhere		
Charge for the year	**4,290**	2,066
Overprovision in prior years	**(343)**	–
Total tax charge for the year	**3,947**	2,066

7. Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings/(loss) per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$16,310,000 (2006: loss of HK$220,247,000) and the weight average number of 4,924,518,420 (2006: 3,842,606,368) ordinary shares in issue during the year.

A diluted earnings per share amount for the year ended 31 December 2007 has not been disclosed as the average share price of the Company for the year ended 31 December 2007 is lower than the exercise price of the share options outstanding during the year and the convertible bonds outstanding during the year had an anti-dilutive effect on the basic earnings per share.

A diluted loss per share amount for the year ended 31 December 2006 has not been disclosed as the share options outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

8. Dividend

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2007 (2006: Nil).

9. Trade receivables

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 1 month	**44,170**	23,646
1 to 2 months	**13,256**	350
2 to 3 months	**19,079**	124
Over 3 months	**19,975**	5,522
	96,480	29,642

Generally, the Group has granted credit terms to its customers, ranging from 30 days to 90 days. In certain cases, the Group would request payment in advance from the customers.

10. Trade payables

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 1 month	**3,356**	1,661
1 to 2 months	**528**	264
2 to 3 months	**296**	3
Over 3 months	**1,865**	1,572
	6,045	3,500

11. Comparative amounts

Due to the adoption of the new and revised HKFRSs during the year, certain comparative amounts have been reclassified to conform with the current year's presentation and to show separately comparative amounts in respect of items disclosed for the first time in 2007.

CHAIRMAN'S STATEMENT

I am pleased to announce that China Information Technology Development Limited and its subsidiaries (the "Group") achieved a significant turnaround in 2007, with a profit after tax of HK$16,053,000, compared with the loss of HK$222,363,000 for the previous year. Profit attributable to shareholders for the current year amounted to HK$16,310,000 and the basic earnings per share was HK$0.33 cents. Considering the working capital requirements for the Group's core business development, the board of directors does not recommend the payment of any dividend.

The year of 2007 was a milestone for the Group. In February 2007, the Group placed 300,000,000 ordinary shares at HK$0.098 each, and then in April, a further placing of 468,000,000 ordinary shares was carried out at a price of HK$0.315 per share. The Group recorded a net cash inflow of approximately HK$171,000,000 from the placements, and the cash received therefrom was used as the Group's working capital and was reserved for any investment that can generate further operating profit.

In May 2007, the Group entered into a sale and purchase agreement with Mr. Li Kecheng in respect of the acquisition of Full Trump International Limited ("Full Trump"). Such acquisition, which was completed in September, was a very substantial acquisition, and was of great significance to the Group's development. It signified:

1) Expansion of business scale

The acquisition of Huayuan Run Tong (Beijing) Sci-Tech Co. Ltd. and its subsidiaries ("Run Tong Group") under Full Trump facilitated the expansion of the Group's scale in terms of assets, operations and profit. Since the completion date of the acquisition (i.e. 18 September 2007) up to 31 December 2007, Run Tong contributed to the Group a turnover of HK$55,533,000 (41% of the Group's total turnover) and a profit after tax of HK$41,468,000.

2) Expansion of core business

Prior to the completion of acquisition, the Group primarily engaged in software development and system maintenance services for government IT development, with Beijing government authorities as our major customers. Following the incorporation of Run Tong into the Group, by leveraging on the technological edge of the Internet and mobile communication, our core business expanded into the mobilized law-enforcement for government authorities and information services for the government, community and individuals. The establishment of the mobilized law-enforcement system for Beijing Administration for Industry and Commerce played an important exemplary role for IT development of the industry and commerce authorities nationwide. Mingsuo（名索網）(www.mingsuo.com), one of the services developed and operated by Run Tong, is a public service platform for querying corporate registration information. The information provided on the website is the official data from Beijing Administration for Industry and Commerce, and is thus admissible as court evidences. Such business will be one of the key components of the Group's development, and in 2008, the Group will continue to expand the system to other provinces and cities in China in stages. Software development, system integration and maintenance services will maintain as one of the principal activities of the Group.

In November 2007, the board of directors decided to utilize part of the Company's share premium to offset the accumulated losses of HK$258,677,000 since the Company's incorporation up to 30 June 2007, as a preparation for future dividend payment.

At the Extraordinary General Meeting held in December 2007, it was approved to change the name of the Company from "Xteam Software International Limited 衝浪平台軟件國際有限公司" to "China Information Technology Development Limited 中國信息科技發展有限公司". The new name will benefit the Group's future development as it better reflects the Group's business focuses.

The Group's shareholding structure experienced changes in 2007 as a result of the significant events during the year. Beijing Development (Hong Kong) Limited ("Beijing Development"), which was the holding company of the Group holding a 55.05% interest, is currently the Group's largest shareholder which holds a 30.41% interest. The two placements of new shares and a reduction in the number of shares held by Beijing Development both contributed to the higher liquidity of our shares on the stock market.

In 2008, the Group will be dedicated to achieving the following objectives:

(1) formulate and specify Group's development strategies and speed up management team construction to enhance the Group's overall competitiveness.

(2) secure a stable profit by maintaining a steady growth in our existing businesses, integrating internal operations and expanding into the target markets.

(3) pursue investment opportunities, further expand the Group's business and enhance our strengths of profitability.

(4) improve investor relations, achieve higher degree of corporate transparency and better leverage on the capital market to facilitate further development.

On behalf of the board of directors, I would like to express my sincere gratitude to the community and the staff for their staunch support over the past year.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue for 2007 amounted to HK$135,814,000, grew by HK$93,739,000, or representing 2.2 times of, HK$42,075,000 for 2006. It was mainly attributable to the turnover contribution of HK$55,533,000 from Run Tong during the period of 105 days from the completion of acquisition to the end of the year. In addition, other subsidiaries of the Group also recorded positive operating income, particularly for the software development business which showed a remarkable growth in income.

Cost of Sales and Services

The Group had cost of sales and services of HK$49,963,000 for 2007, representing an increase of HK$31,318,000 as compared with HK$18,645,000 for 2006.

Gross Profit

In 2007, gross profit of the Group increased by 2.7 times from HK$23,430,000 for 2006 to HK$85,851,000. In 2007, gross profit margin rose to 63.2% from 55.7% for 2006.

Selling and Distribution Costs

The Group's selling and distribution costs amounted to HK$10,681,000 for 2007, an increase of HK$2,149,000 or 25% as compared with HK$8,532,000 for 2006.

Administrative and Other Expenses

Administrative expenses of the Group amounted to HK$57,917,000 for 2007, increased by HK$35,080,000 as compared with HK$22,837,000 for 2006. The increase in administrative expenses was mainly a result of the amortization of share option costs. In 2007, an aggregate of 421,000,000 share options were granted by the Group to the management, staff and advisors and the cost is amortized over the terms of the share options under accounting standards. During the year, share option costs of HK$24,164,000 was allocated to administrative expenses and increased the accounting costs.

Financial Costs

The Group recorded financial costs of HK$2,728,000 in 2007, surged by HK$2,170,000 from HK$558,000 for 2006. It was mainly attributable to the issuance of convertible bonds amounting to approximately HK$200,000,000 by the Group in respect of the acquisition of Full Trump. During the year, interest expenses on the convertible bonds amounted to HK$2,592,000.

Tax

The Group's tax expenses amounted to HK$3,947,000 for 2007, rose by HK$1,881,000 as compared with HK$2,066,000 for 2006. The increase was mainly due to the increase in enterprise income tax expenses resulted from the higher profit of Run Tong.

Profit attributable to Equity holders

The Group's profit attributable to shareholders was HK$16,310,000 for 2007, representing a turnaround of HK$236,557,000 as compared with the loss of HK$220,247,000 for 2006.

Non-current Assets

As at 31 December 2007, the Group had non-current assets of HK$1,190,060,000, of which HK$1,142,481,000 was goodwill. Goodwill arising on the acquisition of Full Trump in 2007 amounted to HK$1,063,775,000.

Current Assets

As at 31 December 2007, the Group had current assets of HK$384,545,000, representing an increase of 3.7 times of HK$81,375,000 for 2006. The increase was mainly a result of the increase in cash from the two share placements carried out by the Group during the year.

Current Liabilities

As at 31 December 2007, the Group had current liabilities of HK$107,891,000, increased by HK$80,280,000 as compared with HK$27,611,000 as at 31 December 2006. The increase in current liabilities was due to the fact that the Run Tong Group's distributable profit as at 30 June 2007 was owned by the vendor, being Mr. Li Kecheng. Such profit became current liabilities as it remained undistributed.

Exposure to exchange rate fluctuation and hedging activities

As the Group operates in China and substantially all of its business transactions, assets and liabilities are denominated in Renminbi, the exchange rate risk of the Group is considered minimal and no hedging activities have been conducted.

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

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the year under review, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group.

CODE OF CORPORATE GOVERNANCE PRACTICES OF THE GEM LISTING RULES

The Company has applied the principles and complied with the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules for the year ended 31 December, 2007.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2007, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

As required by the GEM Listing Rules, the Company has established an audit committee with written terms of reference, which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems. The audit committee comprises three independent non-executive Directors, namely Ms. Ma Yuhua, Ms. Liang Yeping and Dr. Zhou Chunsheng.

The Group's consolidated results for the year ended 31 December 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

By order of the Board
China Information Technology Development Limited
Zhang Honghai
Chairman

Hong Kong, 27 March, 2008

As at the date of this announcement, the Board comprises Mr. Zhang Honghai (Chairman), Mr. Wang Zhenyu (Chief executive officer), Mr. E Meng, Mr. Li Kangying, Dr. Yu Xiaoyang, Mr. Yan Qing, Mr. Zhang Zhihong and Mr. Cao Wei as Executive Directors, Ms. Ma Yuhua, Ms. Liang Yeping and Dr. Zhou Chunsheng as Independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading: (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the day of its posting.