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 2014

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

GEM has been positioned as a market designed to accommodate companies to which a higher 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

SUMMARY

– The main businesses of China Information Technology Development Limited and its subsidiaries (the "Group") in 2014 included the development and sale of computer software and hardware, the provision of system integration and related support services in Mainland China, the People's Republic of China (the "PRC").

– Revenue from continuing operations for the year ended 31 December 2014 amounted to approximately HK$23,097,000 representing an increase of 26% from last year (2013: approximately HK$18,333,000).

– Profit for the year was approximately HK$1,361,000 (2013: loss of approximately HK$9,709,000).

– The Board does not recommend the payment of any dividend in respect of the year (2013: Nil).

The board of directors (the "Board") of China Information Technology Development Limited (the "Company") presents the consolidated results (the "Consolidated Results") of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014, which have been agreed by the auditor of the Company and together with the comparative figures for the year ended 31 December 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**23,097**	18,333
Cost of sales and service		**(15,882)**	(9,044)
Gross profit		**7,215**	9,289
Other income and gains	*5*	**5,922**	1,270
Selling and distribution expenses		**(5,267)**	(4,388)
Administrative expenses		**(18,292)**	(15,062)
Other expenses		**(1,140)**	(9,891)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**321**	(763)
Finance costs	*6*	**(374)**	(800)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*7*	**(11,615)**	(20,345)
Income tax expenses	*8*	**–**	–
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(11,615)**	(20,345)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	*10(c)*	**12,976**	10,636
PROFIT/(LOSS) FOR THE YEAR		**1,361**	(9,709)

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Attributable to:			
Owners of the Company			
Loss from continuing operations		**(11,927)**	(20,235)
Profit from discontinued operations		**12,976**	11,169
		1,049	(9,066)
Non-controlling interests			
Profit/(loss) from continuing operations		**312**	(110)
Loss from discontinued operations		**–**	(533)
		312	(643)
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE	*9*		
– From continuing and discontinued operations (Hong Kong cents)		**0.04**	(0.77)
– From continuing operations (Hong Kong cents)		**(0.49)**	(1.72)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
PROFIT/(LOSS) FOR THE YEAR		**1,361**	(9,709)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss:			
Share of other comprehensive income of a joint venture		**76**	–
Exchange differences on translation of foreign operations		**(772)**	2,704
Reclassification adjustment for cumulative amount of exchange differences upon disposal of subsidiaries	*10(e), 10(f)*	**(13,624)**	(7,494)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		**(14,320)**	(4,790)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(12,959)**	(14,499)
Attributable to:			
Owners of the Company		**(13,196)**	(13,937)
Non-controlling interests		**237**	(562)
		(12,959)	(14,499)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,780**	4,220
Goodwill	*12*	**–**	12,000
Other intangible assets		**431**	592
Investment in an associate		**–**	3,587
Investment in a joint venture	*13*	**31,594**	–
Available-for-sale financial assets	*14*	**15,632**	–
Held-to-maturity investments		**–**	3,293
Total non-current assets		**50,437**	23,692
CURRENT ASSETS			
Inventories		**82**	280
Amounts due from contract customers		**–**	5,317
Trade receivables	*15*	**5,848**	3,453
Prepayments, deposits and other receivables		**5,885**	6,408
Due from an associate		**–**	45
Held-to-maturity investments		**–**	12,692
Financial assets at fair value through profit or loss		**50,035**	17,818
Bank and cash balances		**207,622**	73,961
Total current assets		**269,472**	119,974
CURRENT LIABILITIES			
Trade payables	*16*	**3,371**	3,780
Amounts due to contract customers		**–**	2,754
Other payables and accruals		**4,066**	6,907
Income tax payables		**8,784**	9,394
Other loans		**–**	1,269
Finance lease payables		**251**	–
Total current liabilities		**16,472**	24,104
NET CURRENT ASSETS		**253,000**	95,870

	Notes	**2014** **HK$'000**	2013 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**303,437**	119,562
NON-CURRENT LIABILITIES			
Finance lease payables		**469**	–
		469	–
NET ASSETS		**302,968**	119,562
CAPITAL AND RESERVES			
Share capital	*17*	**269,547**	89,849
Reserves		**34,491**	30,689
Equity attributable to owners of the Company		**304,038**	120,538
Non-controlling interests		**(1,070)**	(976)
TOTAL EQUITY		**302,968**	119,562

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

		Attributable to owners of the Company								
	Notes	Share Capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Foreign currency translation reserve HK$'000	PRC reserve funds HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
1 January 2013		89,849	1,204,135	8,329	22,244	12,569	(1,202,651)	134,475	18,326	152,801
Loss for the year		–	–	–	–	–	(9,066)	(9,066)	(643)	(9,709)
Other comprehensive income for the year:										
– Exchange differences on translation of foreign operations		–	–	–	2,623	–	–	2,623	81	2,704
– Reclassification adjustment for cumulative amount of exchange differences upon disposal of subsidiaries	10(f)	–	–	–	(7,494)	–	–	(7,494)	–	(7,494)
Total comprehensive loss for the year		–	–	–	(4,871)	–	(9,066)	(13,937)	(562)	(14,499)
Disposal of subsidiaries		–	–	–	–	(5,782)	5,782	–	(18,740)	(18,740)
Transfer to PRC reserve funds		–	–	–	–	1,039	(1,039)	–	–	–
Transfer of capital reserve		–	–	(8,329)	–	–	8,329	–	–	–
At 31 December 2013 and 1 January 2014		89,849	1,204,135*	–*	17,373*	7,826*	(1,198,645)*	120,538	(976)	119,562
Profit for the year		–	–	–	–	–	1,049	1,049	312	1,361
Other comprehensive (loss)/income for the year:										
– Share of other comprehensive income of a joint venture		–	–	–	76	–	–	76	–	76
– Exchange differences on translation of foreign operations		–	–	–	(697)	–	–	(697)	(75)	(772)
– Reclassification adjustment for cumulative amount of exchange differences upon disposal of subsidiaries	10(e)	–	–	–	(13,624)	–	–	(13,624)	–	(13,624)
Total comprehensive profit/(loss) for the year		–	–	–	(14,245)	–	1,049	(13,196)	237	(12,959)
Issue of new shares		179,698	17,970	–	–	–	–	197,668	–	197,668
Transaction costs attributable to issue of new shares		–	(2,562)	–	–	–	–	(2,562)	–	(2,562)
Capital injection by a non-controlling shareholder of a subsidiary		–	–	–	–	–	–	–	1,259	1,259
Gain on equity transaction with non-controlling shareholder of a subsidiary		–	–	–	–	–	1,590	1,590	(1,590)	–
Share premium reduction (note i)		–	(1,193,300)	–	–	–	1,193,300	–	–	–
Disposal of subsidiaries		–	–	–	–	(6,982)	6,982	–	–	–
At 31 December 2014		269,547	26,243*	–*	3,128*	844*	4,276*	304,038	(1,070)	302,968

Notes:

* These reserve accounts comprise the consolidated reserve of approximately HK$34,491,000 (2013: approximately HK$30,689,000) in the consolidated statement of financial position.

(i) Pursuant to a special resolution passed by the shareholders at the Company's annual general meeting on 27 June 2014, it was agreed that both the share premium account and the accumulated losses account be reduced by the same amount of approximately HK$1,193.3 million.

NOTES:

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 KYI-1111, Cayman Islands. The address of its principal place of business is Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong. The Company's shares are listed on the Growth Enterprise Market 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 the development and sale of computer software and hardware, the provision of system integration and related support services in Mainland China, the People's Republic of China (the "PRC").

The Company is an investment holding company.

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 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year 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. OPERATING SEGMENT INFORMATION

The Group has two reportable segments as follows:

– the software development and system integration segment engages in (i) the sale of computer hardware; (ii) the provision of software development services; (iii) the provision of system integration services; and (iv) the provision of technical support and maintenance services; and

– the in-house developed products segment engages in the lease of in-house developed computer hardware.

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.

Segment profits or losses do not include bank interest income, investment income, finance costs, dividend income, as well as head office and corporate expenses. Segment assets do not include investment in an associate, amounts due from related companies and other unallocated head office and corporate assets. Segment liabilities do not include others loans, income tax payables and other unallocated head office and corporate liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

	Continuing operations						Discontinued operations			
	Software development and system integration		In-house developed products		Total		Software development and system integration		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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	**23,097**	18,333	**–**	–	**23,097**	18,333	**24,598**	42,603	**47,695**	60,936
Other income and gains	**541**	–	**–**	–	**541**	–	**–**	759	**541**	759
	23,638	18,333	**–**	–	**23,638**	18,333	**24,598**	43,362	**48,236**	61,695
Reconciliation:										
Bank interest income					**20**	24	**2,012**	1,403	**2,032**	1,427
Investment income from held-to maturity investments					**112**	60	**–**	–	**112**	60
Investment income from financial assets at fair value through profit or loss					**1,690**	743	**–**	–	**1,690**	743
Gain on deemed disposal of a subsidiary					**–**	45	**–**	–	**–**	45
Reversal of impairment loss on other receivables					**2,967**	–	**–**	–	**2,967**	–
Unallocated gains					**592**	398	**–**	–	**592**	398
Revenue, other income and gains					**29,019**	19,603	**26,610**	44,765	**55,629**	64,368
Segment profit/(loss)	**(5,247)**	(205)	**(105)**	(216)	**(5,352)**	(421)	**3,056**	1,441	**(2,296)**	1,020
Reconciliation:										
Bank interest income					**20**	24	**2,012**	1,403	**2,032**	1,427
Investment income from held-to maturity investments					**112**	60	**–**	–	**112**	60
Investment income from financial assets at fair value through profit or loss					**1,690**	743	**–**	–	**1,690**	743
Reversal of impairment loss on other receivables					**2,967**	–	**–**	–	**2,967**	–
Unallocated gains					**592**	399	**–**	–	**592**	399
Gain on deemed disposal of a subsidiary					**–**	45	**–**	–	**–**	45
Gain on disposal of subsidiaries					**–**	–	**8,564**	10,910	**8,564**	10,910
Corporate and other unallocated expenses					**(11,420)**	(19,632)	**–**	–	**(11,420)**	(19,632)
Fair value gain/(loss) on financial assets at fair value through profit or loss					**321**	(763)	**–**	–	**321**	(763)
Loss on disposal of held-to-maturity investments					**(171)**	–	**–**	–	**(171)**	–
Finance costs					**(374)**	(800)	**–**	–	**(374)**	(800)
Impairment of goodwill					**–**	–	**–**	(3,000)	**–**	(3,000)
(Loss)/profit before tax					**(11,615)**	(20,345)	**13,632**	10,754	**2,017**	(9,591)

	Continuing operations						Discontinued operations			
	Software development and system integration		In-house developed products		Total		Software development and system integration		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**14,036**	19,921	**570**	675	**14,606**	20,596	**–**	80,644	**14,606**	101,240
Reconciliation:										
Corporate and other unallocated assets					**305,303**	42,426	**–**	–	**305,303**	42,426
Total assets					**319,909**	63,022	**–**	80,644	**319,909**	143,666
Segment liabilities	**(6,516)**	(4,184)	**(310)**	(591)	**(6,826)**	(4,775)	**–**	(8,517)	**(6,826)**	(13,292)
Reconciliation:										
Corporate and other unallocated liabilities					**(10,115)**	(10,812)	**–**	–	**(10,115)**	(10,812)
Total liabilities					**(16,941)**	(15,587)	**–**	(8,517)	**(16,941)**	(24,104)

Geographical information

	Revenue		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**9**	6,891
PRC except Hong Kong	**23,097**	18,333	**34,796**	16,801
United States	**–**	–	**15,632**	–
Consolidated total	**23,097**	18,333	**50,437**	23,692

In presenting the geographical information, revenue is based on the locations of the customers.

Information about major customers

No external customers contributed over 10% of the Group's total revenue from continuing operations for the years ended 31 December 2014 and 2013.

4. REVENUE

The Group's revenue which represents (1) 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; (2) 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; and (3) an appropriate proportion of contract revenue from the provision of the technical support and maintenance services, net of business tax and government surcharges are as follows:

	2014	2013
	HK$'000	*HK$'000*
Provision of software development and system integration services	**22,409**	17,711
Sale of computer hardware	**327**	3,277
Provision of technical support and maintenance services	**24,959**	39,948
	47,695	60,936
Representing:		
Continuing operations	**23,097**	18,333
Discontinued operations *(note 10)*	**24,598**	42,603
	47,695	60,936

5. OTHER INCOME AND GAINS

	2014	2013
	HK$'000	*HK$'000*
Bank interest income	**2,032**	1,427
Investment income from held-to-maturity investments	**112**	60
Investment income from financial assets at fair value through profit or loss	**1,690**	743
Gain on deemed disposal of a subsidiary	**–**	45
Gain on disposal of property, plant and equipment	**85**	–
Foreign exchange gains	**163**	–
Government grant	**356**	–
Waiver of other payables	**315**	–
Reversal of impairment loss on other receivables	**2,967**	–
Tax refund	**–**	759
Others	**214**	398
	7,934	3,432
Representing:		
Continuing operations	**5,922**	1,270
Discontinued operations *(note 10)*	**2,012**	2,162
	7,934	3,432

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2014	2013
	HK$'000	*HK$'000*
Interest on other loans	**374**	70
Interest on long term loan	**–**	730
	374	800

No finance costs were incurred by the discontinued operations for the years ended 31 December 2014 and 2013.

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold	**1,246**	618
Cost of services provided	**14,636**	8,426
Depreciation	**739**	886
Amortisation of other intangible assets*	**161**	161
Minimum lease payments under operating leases in respect of land and buildings	**2,780**	2,950
Auditors' remuneration	**430**	400
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	**16,610**	14,471
Pension schemes contribution	**2,127**	1,792
	18,737	16,263
Impairment of other receivables**	**33**	9,563
Impairment of trade receivables**	**795**	315
Foreign exchange differences, net	**(163)**	(13)
Loss on disposal of held-to-maturity investments**	**171**	–

* The amortisation of other intangible assets is included in "Administrative expenses" of the consolidated statement of profit or loss.

** These items are included in "Other expenses" of the consolidated statement of profit or loss.

8. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2014 as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of the PRC, certain of the Company's subsidiaries enjoyed income tax reduction during the year ended 31 December 2013, by reason that these subsidiaries were certified as High-New Technology Enterprises in Mainland China.

	2014	2013
	HK$'000	*HK$'000*
Current income tax expenses:		
Hong Kong	**–**	–
Mainland China	**1,267**	564
Overprovision in prior years	**(611)**	(446)
	656	118
Representing:		
Continuing operations	**–**	–
Discontinued operations	**656**	118
	656	118

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

	2014	2013
	HK$'000	*HK$'000*
Loss before taxation	**(11,615)**	(20,345)
Tax calculated at domestic tax rates applicable to profit or loss in the respective countries	**(3,566)**	(3,799)
Tax effect of income that is not taxable	**(517)**	(7)
Tax effect of expenses that are not deductible	**2,007**	2,010
Tax effect of tax losses not recognised	**2,280**	1,810
Tax effect of utilisation of tax losses not previously recognised	**(204)**	(14)
Tax charge for the year	**–**	–

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

From continuing and discontinued operations

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit (2013: loss) for the year attributable to owners of the Company of approximately HK$1,049,000 (2013: loss of approximately HK$9,066,000) and the weighted average number of ordinary shares of 2,424,693,908 (2013: 1,174,949,293, as adjusted to reflect the open offer on 6 March 2014) in issue during the year.

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK$11,927,000 (2013: approximately HK$20,235,000) and the denominator used is the same as that detailed above for basic earnings/(loss) per share from continuing and discontinued operations.

From discontinued operations

Basic earnings per share from the discontinued operations is HK$0.53 cents per share (2013: HK$0.95 cents per share), and is calculated based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK$12,976,000 (2013: approximately HK$11,169,000) and the denominators used are the same as those detailed above for basic earnings/(loss) per share from continuing and discontinued operations.

(b) Diluted earnings/(loss) per share

No diluted earning/(loss) per share is presented for the years ended 31 December 2014 and 2013 as there were no dilutive potential ordinary shares outstanding for the years.

10. DISCONTINUED OPERATIONS

(a) Disposal of Wisdom Elite Holdings Limited ("Wisdom Elite") in 2014

On 10 July 2014, the Company entered into a sale and purchase agreement, (the "Disposal") with Beijing Enterprises Group Information Limited (BEGIL), pursuant to which the Company conditionally agreed to dispose, and BEGIL conditionally agreed to acquire the 100% issued share capital of Wisdom Elite at a consideration of Renminbi ("RMB") 72 million (equivalent to HK$89.37 million). BEGIL is a connected person of the Company under the GEM Listing Rules. As such, the Disposal was subject to the independent shareholders' approval requirement. On 19 September 2014, the Disposal, as an ordinary resolution, was approved by the independent shareholders in an extraordinary general meeting.

Wisdom Elite is an investment holding company which holds the entire registered capital of Beijing Enterprises VST Software Technology Co., Limited ("VST"). VST is engaged in the development, operation and maintenance of e-government systems of 北京市人力資源和社會保障局 (Beijing Human Resources and Social Security Bureau) and 北京市國土資源局 (Beijing Municipal Bureau of Land and Resources).

The Disposal was completed on 29 September 2014. Upon completion of the Disposal, Wisdom Elite and VST ceased to be subsidiaries of the Company and their results, assets and liabilities and cash flows ceased to be consolidated to that of the Group since then.

(b) Disposal of Astoria Innovations Limited ("Astoria") in 2013

On 15 November 2012, the Company entered into a sale and purchase agreement, (the "Astoria Disposal") with QIFA Holdings Limited ("QIFA"), pursuant to which the Company conditionally agreed to dispose, and QIFA conditionally agreed to acquire the 68% issued share capital of Astoria Innovations Limited ("Astoria") at a consideration of RMB50 million (equivalent to HK$62.24 million). QIFA is a connected person of the Company under the GEM Listing Rules. As such, the Astoria Disposal was subject to the independent shareholders' approval requirement. On 11 January 2013, the Astoria Disposal, as an ordinary resolution, was approved by the independent shareholders in an extraordinary general meeting.

Astoria is an investment holding company which holds 100% registered capital of Beijing Enterprises Sanxing Information Technology Co., Limited ("Sanxing"). Sanxing mainly engages in the provision of system supports to the systems in social security and social insurance administration, human resource and labor force management, and transient population administration to the relevant authorities of the Beijing Municipal Government.

The Astoria Disposal was completed on 4 February 2013. Upon completion of the Astoria Disposal, Astoria and Sanxing ceased to be subsidiaries of the Company and their results, assets and liabilities and cash flows ceased to be consolidated to that of the Group since then.

(c) The profit for the year from the discontinued operations is analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
Profit/(loss) arising from discontinued operations	**4,412**	(274)
Gain on disposal of subsidiaries *(note (e), (f))*	**8,564**	10,910
	12,976	10,636

(d) The results of the discontinued operations which have been included in consolidated profit or loss, are as follows:

	Year ended 31 December 2013 Wisdom Elite	Period from 1 January to 4 February 2013 Astoria	Total
	HK$'000	*HK$'000*	*HK$'000*
REVENUE	41,590	1,013	42,603
Cost of sales and service	(24,088)	(1,139)	(25,227)
Gross profit/(loss)	17,502	(126)	17,376
Other income and gains	2,155	7	2,162
Selling and distribution expenses	(3,561)	(697)	(4,258)
Administrative expenses	(11,548)	(850)	(12,398)
Other expenses	(38)	–	(38)
Impairment of goodwill	(3,000)	–	(3,000)
Profit/(loss) before tax	1,510	(1,666)	(156)
Income tax expenses	(118)	–	(118)
Profit/(loss) for the year/period	1,392	(1,666)	(274)
Gain on disposal of subsidiaries, net of income tax	–	10,910	10,910
Profit for the year/period from discontinued operations	1,392	9,244	10,636

	Period from 1 January 2014 to 29 September 2014 Wisdom Elite *HK$'000*
REVENUE	**24,598**
Cost of sales and service	**(11,523)**
Gross profit	**13,075**
Other income and gains	**2,012**
Selling and distribution expenses	**(1,597)**
Administrative expenses	**(8,422)**
Profit before tax	**5,068**
Income tax expenses	**(656)**
Profit for the period	**4,412**
Gain on disposal of subsidiaries, net of income tax	**8,564**
Profit for the period from discontinued operations	**12,976**

(e) Disposal of Wisdom Elite

On 29 September 2014, the Group disposed the equity interest in Wisdom Elite.

Net assets at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	1,127
Goodwill	12,000
Held-to-maturity investments	63,084
Inventories	37
Amounts due from contract customers	849
Amounts due from the Group	6,687
Prepayments, deposits and other receivables	907
Bank and cash balances	14,906
Trade payables	(327)
Amounts due to contract customers	(2,856)
Other payables and accruals	(1,130)
Income tax payables	(1,052)
Net assets disposed of	94,232
Release of foreign currency translation reserve	(13,624)
Direct cost to the disposal	198
Gain on disposal of subsidiaries	8,564
Total consideration	89,370
Total consideration satisfied by:	
Cash	85,650
Waiver of loan balances	3,720
	89,370
Net cash inflow arising on disposal:	
Cash and cash equivalents disposed of	(14,906)
Cash consideration received	85,650
Cash paid for direct cost	(198)
	70,546

(f) Disposal of Astoria

On 4 February 2013, the Group disposed the equity interest in Astoria.

Net assets at the date of disposal were as follows:

	HK$'000
Goodwill	19,000
Property, plant and equipment	3,415
Inventories	46
Amounts due from contract customers	5,072
Trade receivables	123
Prepayments, deposits and other receivables	17,788
Bank and cash balances	67,564
Trade payables	(113)
Amounts due to contract customers	(17,241)
Other payables and accruals	(15,303)
Income tax payables	(2,787)
Non-controlling interests	(18,740)
Net assets disposed of	58,824
Release of foreign currency translation reserve	(7,494)
Gain on disposal of subsidiaries	10,910
Total consideration – satisfied by cash	62,240
Net cash inflow arising on disposal:	
Cash and cash equivalents disposed of	(67,564)
Cash consideration received	62,240
	(5,324)

11. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2014 and 2013.

12. GOODWILL

	Cost	Accumulated impairment	Net carrying amount
	HK$'000	*HK$'000*	*HK$'000*
1 January 2013	**289,770**	**(255,770)**	**34,000**
Disposal of subsidiaries	**(23,541)**	**4,541**	**(19,000)**
Impairment loss recognised in the current year	**–**	**(3,000)**	**(3,000)**
At 31 December 2013, and 1 January 2014	**266,229**	**(254,229)**	**12,000**
Disposal of subsidiaries	**(266,229)**	**254,229**	**(12,000)**
At 31 December 2014	**–**	**–**	**–**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2014	2013
	HK$'000	*HK$'000*
Wisdom Elite Holdings Limited and its subsidiaries	**–**	12,000

At 31 December 2013, the recoverable amount of the cash-generating unit of the Wisdom Elite Group were determined based on a value-in-use calculation. To calculate this, cash flow projection was based on financial budget covering a five-year period approved by management. The discount rate used for the value-in-use calculation was 16%. Management determined the budgeted gross margin based on past performances and the average sales growth rate of 3% was comparable with the forecast of the information technology market in Mainland China.

At 31 December 2013, before impairment testing, goodwill of HK$15,000,000 was allocated to Wisdom Elite Group. Due to changes in market condition, the Group had revised its cash flow forecasts for these cash generating units. The goodwill allocated to Wisdom Elite Group had therefore been reduced to its recoverable amount of HK$12,000,000 through recognition of an impairment loss against goodwill of HK$3,000,000 during the year.

13. INVESTMENT IN A JOINT VENTURE

	2014	2013
	HK$'000	*HK$'000*
Unlisted investments in the PRC		
Share of net assets	**29,813**	–
Goodwill	**1,781**	–
	31,594	–

On 6 September 2013, the Company, Bloom Faith Holdings Limited and Shenzhen Qian Ti Investment Limited, both are independent third parties, have entered into an the agreement pursuant to which the Company has conditionally agreed to purchase 21.45% partnership interest in Shanghai Rui Hung Jiu Fang Investment Partnership Enterprise ("Jiu Fang") for the consideration of RMB25 million (equivalent to approximately HK$31,518,000). The acquisition was completed on 16 April 2014. Jiu Fang is principally engaged in investments, investment consultancy, investment management and business consultation.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**15,632**	–

As at 31 December 2014, the Group had a 7.254% equity interest in Sterile Doctor LLC, a company specializing in the development and sales of environmental friendly sterilization technology products which was held by the Company's indirectly and directly wholly-owned subsidiaries.

15. TRADE RECEIVABLES

The Group has granted credit terms to its customers, ranging from 30 to 90 days. In certain cases, the Group would request payment in advance from the customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

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

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**3,566**	1,401
1 to 2 months	**761**	339
2 to 3 months	**–**	–
Over 3 months	**1,521**	1,713
	5,848	3,453

An aged analysis of the trade receivables as at the end of the reporting period that are neither individually nor collectively considered to be impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,648**	1,601
Less than 1 month past due	**1,987**	321
1 to 3 months past due	**702**	3
Over 3 months past due	**1,511**	1,528
	5,848	3,453

Receivables that were neither past due nor impaired mainly relate to several major customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

16. TRADE PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**1,433**	2,044
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**1,938**	1,736
	3,371	3,780

The carrying amounts of all the Group's trade payables are denominated in RMB.

17. SHARE CAPITAL

		Number of shares		**Par value**	
		2014	2013	**2014**	2013
	Notes			***HK$'000***	*HK$'000*
Ordinary shares of HK$0.10 each (2013: HK$0.10 each)					
Authorised:					
At the beginning of the year		**1,000,000,000**	1,000,000,000	**100,000**	100,000
Increase in authorised share capital	*(a)*	**3,000,000,000**	–	**300,000**	–
At the end of the year		**4,000,000,000**	1,000,000,000	**400,000**	100,000

	Notes	Number of shares **2014**	2013	Par value **2014** *HK$'000*	2013 *HK$'000*
Ordinary shares of HK$0.10 each (2013: HK$0.10 each)					
Issued and fully paid:					
At the beginning of the year		**898,490,636**	898,490,636	**89,849**	89,849
Open offer	*(b)*	**1,796,981,272**	–	**179,698**	–
At the end of the year		**2,695,471,908**	898,490,636	**269,547**	89,849

Notes:

(a) By an ordinary resolution passed on 27 January 2014, the authorised ordinary share capital of the Company was increased from HK$100,000,000 to HK$400,000,000 by the creation of 3,000,000,000 shares of HK$0.10 each, such new shares ranking pari passu in all respects with the existing shares of the Company.

(b) The Company issued and allotted 1,796,981,272 ordinary shares of HK0.10 each at an issue price of HK$0.11 per ordinary share on the basis of two offer shares for every one share held on 10 February 2014, the record date of the open offer. The open offer was completed on 6 March 2014. Net proceeds from such issue amounted to approximately HK$195,106,000, out of which approximately HK$179,698,000 and approximately HK$15,408,000 were recorded in share capital and share premium respectively.

18. OPERATING LEASE COMMITMENTS

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 *HK$'000*	2013 *HK$'000*
Within one year	**2,053**	3,047
In the second to fifth years inclusive	**1,187**	2,684
	3,240	5,731

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of two years (2013: two years) and rentals are fixed over the lease terms and do not include contingent rentals.

19. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2014	2013
	HK$'000	*HK$'000*
	Note(b)	*Note(a)*
Intangible assets		
Contracted but not provided for	**475**	–
Partnership interest		
Contracted but not provided for	**34,796**	31,018

(a) Bloom Faith Holdings Limited and 深圳市乾惕投資有限公司 (collectively "the Vendors"), both are the independent third parties, together with the Company entered into an agreement on 6 September 2013, pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell 21.45% partnership interest in 上海瑞鴻九坊投資合夥企業 (the "Target Partnership"), for the consideration of RMB25,000,000 (equivalent to approximately HK$31,518,000) before 31 December 2013. During the year ended 31 December 2013, deposit of HK$500,000 was paid to the Vendors.

The acquisition was completed on 16 April 2014.

(b) On 6 June 2014, the Vendors, entered into an agreement, pursuant to which the Company has agreed to purchase 24% of the partnership interest in the Target Partnership from the Vendors, for the Consideration of RMB28,000,000 (equivalent to approximately HK$34,796,000). Completion will take place upon the nominee of the Company becoming the record holder of the sale interest.

The Vendors and the Company entered into a supplemental agreement on 31 December 2014 whereby the parties mutually agreed to extend the long stop date of the Agreement from 31 December 2014 to 30 June 2015.

20. EVENTS AFTER THE REPORTING PERIOD

In February 2015, the Company disposed of all its bonds investment in the principal amount of USD6,400,000 (equivalent to approximately HK$49,623,000) through the open market at a total consideration of approximately USD6,499,000 (equivalent to approximately HK$50,391,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

In January 2014, pursuant to an ordinary resolution passed at the related extraordinary general meeting, the authorised share capital of the Company was increased from HK$100 million to HK$400 million by creation of an additional 3,000 million new shares of HK$0.10 each.

In March 2014, the Company issued 1,796,981,272 offer shares of HK$0.11 each by way of an open offer on the basis of two offer shares for every one share held on the record date and raised net proceeds of approximately HK$195 million. The open offer was completed on 6 March 2014. More details on the open offer had been disclosed in the relevant circular of the Company dated 10 January 2014 and the prospectus of the Company dated 13 February 2014.

In April 2014, the Company completed the acquisition of 21.45% partnership interest in Shanghai Rui Hung Jiu Fang Investment Partnership Enterprise (“Rui Hung Jiu Fang“). More details on the transaction had been disclosed in the relevant announcements of the Company dated 6 September 2013, 30 December 2013, 28 March 2014 and 16 April 2014 respectively.

In May 2014, the Company and Favour Time Investments Limited entered into an agreement pursuant to which the Company acquired 60% of the equity interest in China Luck International Limited (“China Luck”) and took over US$1.2 million (equivalent to approximately HK$9,336,000) loan to China Luck from the vendor, for the consideration of approximately US$1.25 million (equivalent to approximately HK$9,711,000). Immediately after completion of the transaction, the Company owns 100% of the equity interest in China Luck. China Luck holds 7.254% equity interest in Sterile Doctor LLC, which has an exclusive right to manufacture and sell Sterile DoctorTM sterilization products. More details on the transaction had been disclosed in the relevant announcements of the Company dated 28 May 2014 and 29 May 2014.

In June 2014, the Company, Bloom Faith Holdings Limited and Shenzhen Qian Ti Investment Limited entered into an agreement, pursuant to which the Company had conditionally agreed to purchase a further 24% of the partnership interest in Rui Hung Jiu Fang, for the consideration of RMB28 million (equivalent to approximately HK$34,796,000).The transaction was approved by the shareholders at the related extraordinary meeting dated 19 September 2014. The Company is waiting for all the specified conditions precedent to be fulfilled to complete the transaction. More details on the proposed acquisition had been disclosed in the relevant announcement of the Company dated 6 June 2014 and the circular dated 29 August 2014.

In June 2014, the Company acquired certain bonds with a total nominal value of USD4,000,000 at a total consideration of USD4,116,000 (equivalent to approximately HKD31,040,000 and HK$31,940,160 respectively). All those bonds will mature in 2019. The coupon rates range from 3.125% to 5.25% per annum and bond interests are paid semi-annually. More details on the bonds acquired had been disclosed in the relevant announcement of the Company dated 16 June 2014.

In July 2014, the Company entered into an agreement with Beijing Group Information Limited pursuant to which the Company had conditionally agreed to dispose its holding of the entire equity interest in Wisdom Elite Holdings Limited ("Wisdom Elite") at a consideration of RMB72 million (equivalent to approximately HK$89.37 million). The disposal was completed on 29 September 2014. More details on the disposal had been disclosed in the relevant announcements of the Company dated 10 July 2014 and 30 September 2014, and the circular dated 28 August 2014.

In February 2015, the Company disposed of all its bonds investment in the principal amount of USD6,400,000 (equivalent to approximately HK$49,623,000) through the open market at a total consideration of approximately USD6,499,000 (equivalent to approximately HK$50,391,000). The bonds disposal provided the Group with a good opportunity to realise the bonds investment with a positive investment return and to minimize its exposure to the impacts of financial market turbulence. More details on bonds disposal are disclosed in the relevant announcement of the Company dated 4 February 2015.

Other than the above, during the period under review, revenue from provision of information technology related services in the People's Republic of China (the "PRC") remained as staple income of the Group.

Outlook and Prospect

Subsequent to the disposal of Wisdom Elite, the Group will focus more on development of the Pantosoft's operation, and to broaden the scope of investment in the IT field as planned.

As discussed in the prospectus for the Open Offer dated 13 February 2014, among other matters, the Company intended to apply approximately HK$181 million on investments in certain IT projects in 2014, namely:–

(1) City emergency management ("CEM") system in the areas of automated air and water pollution level monitoring;

(2) Automated control and monitoring system for new steel refining technology ("ACM");

(3) Medical related information technology system ("MRS"); and

(4) Other medium to small size projects of electronic business platforms.

The CEM project did not proceed. The Company is monitoring the progress of ACM and MRS projects and will move forward with the investments when those projects are proven to be commercially viable. The two projects together calls for investment of approximately HK$69 million. The Company will apply the remaining funds in the area of electronic business platform investments and the Group's general working capital. As at the date of this announcement, all the unutilized balances are placed in licensed banks in Hong Kong.

The Group received net proceeds of approximately HK$85 million from the disposal of Wisdom Elite. The Company will apply those funds to acquire projects with good potential in e-education administration, other IT areas and other new technology applications, and to provide general working capital to the Group.

The Group looks forward to expand its operation scale with those funds and to derive profits there from in future.

Financial review

The followings are the financial reviews on the continuing operations.

Revenue

The Group's revenue from continuing operations for 2014 amounted to approximately HK$23,097,000, increased by 26% from approximately HK$18,333,000 in 2013. The increase in revenue as compared to the same period of the year 2013 was mainly due to the increase in sales revenue of e-campus application by Pantosoft amounted to approximately HK$4.8 million.

Cost of sales and service

The Group had a total cost of sales and services from continuing operations of approximately HK$15,882,000 for 2014, which increased by 75.6% compared with approximately HK$9,044,000 in 2013. The increase was a result of the general increase in cost and especially staff costs.

Gross profit

The gross profit of the Group from continuing operations in 2014 amounted to approximately HK$7,215,000 which decreased by approximately HK$2,074,000 compared with approximately HK$9,289,000 in 2013. The gross profit margin was 31.2% compared with 50.7% in 2013. The decrease of gross profit margin was mainly attributable to increase in staff costs.

Other income and gains

During the financial year ended 31 December 2014, the Group generated other income and gains from continuing operations of approximately HK$5,922,000 (2013: approximately HK$1,270,000) which comprised: (i) bank interest income amounted to approximately HK$20,000 (2013: approximately HK$24,000); (ii) investment income from held-to-maturity investments and financial assets at fair value through profit or loss investments amounted to approximately HK$1,802,000 (2013: approximately HK$803,000); (iii) reversal of impairment loss on other receivables amount to approximately 2,967,000 (2013:Nil); (iv) government grants amount to approximately HK$356,000 (2013:Nil); (v) waived other payable amount to HK$315,000 (2013: Nil) and (vi) other miscellaneous items in an aggregate amount of approximately HK$462,000 (2013: approximately HK$443,000).

Selling and distribution expenses

The Group's selling and distribution expenses from continuing operations in 2014 amounted to approximately HK$5,267,000, which increased by 20% compared with approximately HK$4,388,000 in 2013. The increase was mainly due to increased staff cost and increased in expenses spent to explore new markets.

Administrative expenses

Administrative expenses of the Group from continuing operations in 2014 were approximately HK$18,292,000, increased by 21.4% comparing to approximately HK$15,062,000 in 2013. The increase was mainly attributable to increase in staff cost and other expenses of Pantosoft as the Group had been scaling up the Pantosoft operation.

Other expenses

Other expenses of the Group from continuing operations were approximately HK$1,140,000 for 2014 compared to approximately HK$9,891,000 for the previous year which comprised; (i) impairment provision on certain other receivables amounted to approximately HK$33,000 (2013: approximately HK$9,563,000); (ii) impairment provision on trade receivables amounted to approximately HK$795,000 (2013: approximately HK$315,000) and (iii) other miscellaneous expenses in an aggregate amount of approximately HK$312,000 (2013: approximately HK$13,000).

Finance costs

Finance costs of the Group from continuing operations for 2014 were approximately HK$374,000, a decrease of approximately HK$426,000 comparing to approximately HK$800,000 in 2013. All the finance costs were attributed to loan interest incurred by China Luck in 2014. The loan was fully repaid in June 2014. All the finance costs were attributed to the long term loan interest for 2013. The long term loan was fully repaid in May 2013.

Loss attributable to owners

The Group's loss attributable to owners of the Company from continuing operations was approximately HK$11,927,000 for 2014 (2013: approximately HK$20,235,000). The Group's loss attributable to owners of the Company for 2013 was significantly higher than that for 2014 as there was an impairment provision of approximately HK$9,563,000 made on other receivables in 2013.

Financial Position

Liquidity and financial resource

As at 31 December 2014, cash and bank balances held by the Group increased from approximately HK$73,961,000 as of 31 December 2013 to approximately HK$207,622,000.

As at 31 December 2014, the Group's total borrowings and finance lease amounted approximately HK$720,000 (2013: HK$1,269,000). The gearing ratio (calculated as total borrowings and finance lease over total equity) of the Group was 0.02 (2013: 0.01).

For the year ended 31 December 2014, the Group had capital expenditure of approximately HK$836,000 (2013: HK$204,000).

Capital structure

In January 2014, the authorised share capital of the Company was increased from HK$100 million to HK$400 million by creation of an additional 3,000 million new shares of HK$0.10 each.

In March 2014, the Company issued 1,796,981,272 offer shares of HK$0.11 each by way of an open offer on the basis of two offer shares for every one share held on the record date and raised net proceeds of approximately HK$195 million. Detail of movements in share capital is set out in note 17 to the financial statements.

Exposures to exchange rate fluctuation and hedging activities

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.

Employees and remuneration policies

The total number of full-time employees hired by the Group maintained at 136 as of 31 December 2014. (2013: 240 employees, out of which 129 was related to Wisdom Elite and its subsidiary). Total expenses on employee benefits amounted to approximately HK$18,737,000 for the year ended 31 December 2014 (2013: HK$38,721,000, out of which HK$22,458,000 was related to Wisdom Elite and its subsidiary). The decrease in both headcounts and staff costs were mainly attributed to the Group ceased to consolidate the Wisdom Elite and hence VST since the end of September 2014. 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 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the year and up to the date of this announcement, none of the directors or the management 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the financial year ended 31 December 2014, the Company had adopted a code of conduct regarding dealings in securities of Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.68 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 dealings and its code of conduct regarding dealings in securities of Directors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE GEM LISTING RULES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the codes on Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2014 except for the following deviation:

None of the non-executive directors is appointed for a specific term, which constitutes a deviation from Code Provision A4.1 which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Nonetheless, in accordance with the articles of association of the Company, all non-executive directors are subject to retirement by rotation. The Company considers that there are sufficient measures to ensure the corporate governance standard of the Company is not less exacting than the Code.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference. 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 Mr. Ng Kwok Fai (committee chairman), Dr. Sun Guofu, Mr. Chen Zhongfa (resigned on 30 January 2015) and Dr. Chen Shengrong (appointed on 30 January 2015).

The Group's consolidated results for the year ended 31 December 2014 have been reviewed and approved by the audit committee.

By order of the Board
China Information Technology Development Limited
Hu Zhuoer
Executive Director and Chief Executive Officer

Hong Kong, 23 March 2015

As at the date of this announcement, the Board comprises Mr. Hu Zhuoer (Chief Executive Officer), Mr. Tse Chi Wai and Ms. Wu Jingjing as Executive Directors; Mr. Ng Kwok Fai, Dr. Sun Guofu and Dr. Chen Shengrong as Independent Non-executive Directors.

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