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中國信息科技發展有限公司
China Information Technology Development Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08178)

2017 THIRD QUARTERLY RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of China Information Technology Development Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the nine months ended 30 September 2017. This announcement, containing the full text of the 2017 third quarterly report of the Company, complies with the relevant requirements of The Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on The Growth Enterprises Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of quarterly results. Printed version of the Company’s 2017 third quarterly report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.citd.com.hk on or before 15 November 2017.

By Order of the Board

China Information Technology Development Limited
Tse Chi Wai

Executive Director and Company Secretary

Hong Kong, 14 November 2017

As at the date of this announcement, the Board comprises Mr. Wong Kui Shing, Danny (Chairman and Chief Executive Officer), Mr. Tse Chi Wai, Mr. Wong King Shiu, Daniel, Mr. Chan Kai Leung, Ms. Wu Jingjing and Mr. Takashi Togo as executive Directors; Mr. Wong Chi Yung as non-executive Director; Mr. Hung Hing Man, Mr. Wong Hoi Kuen, Mr. May Tai Keung, Nicholas, and Dr. Chen Shengrong as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be available on the Company’s website <http://www.citd.com.hk> and will remain on the “Latest Company Announcement” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

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 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. 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.

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This report, 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 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 Company Report” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wong Kui Shing, Danny
(*Chairman and Chief Executive Officer*)
Mr. Tse Chi Wai
Ms. Wu Jingjing
Mr. Takashi Togo
Mr. Wong King Shiu, Daniel
Mr. Chan Kai Leung

NON-EXECUTIVE DIRECTOR

Mr. Wong Chi Yung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Hing Man
Mr. May Tai Keung, Nicholas
Mr. Wong Hoi Kuen
Dr. Chen Shengrong

COMPANY SECRETARY

Mr. Tse Chi Wai

COMPLIANCE OFFICER

Mr. Tse Chi Wai

AUTHORISED REPRESENTATIVES

Mr. Wong Kui Shing, Danny
Mr. Tse Chi Wai

NOMINATION COMMITTEE

Mr. Hung Hing Man (*Chairman*)
Mr. May Tai Keung, Nicholas
Mr. Wong Hoi Kuen
Dr. Chen Shengrong

REMUNERATION COMMITTEE

Mr. May Tai Keung, Nicholas (*Chairman*)
Mr. Hung Hing Man
Mr. Wong Hoi Kuen
Dr. Chen Shengrong

AUDIT COMMITTEE

Mr. Hung Hing Man (*Chairman*)
Mr. May Tai Keung, Nicholas
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
Citibank, N. A.

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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SUMMARY

- Turnover for the nine months ended 30 September 2017 was approximately HK\$32,186,000, representing an increase of 327.2% from the corresponding period in last year (2016: approximately HK\$7,535,000).
- Loss attributable to owners of the Company for the nine months ended 30 September 2017 amounted to approximately HK\$102,665,000 (2016: approximately HK\$26,415,000). The loss was mainly attributed to recognition of an equity-settled share-based payment amounted to approximately HK\$81,842,000 (2016: approximately HK\$19,625,000) during the period.
- Loss per share attributable to owners of the Company for the nine months ended 30 September 2017 was HK1.80 cents (2016: HK0.55 cent).
- The Board (the “Board”) of Directors (the “Director(s)”) of the Company does not recommend the payment of an interim dividend for the nine months ended 30 September 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

In 2016, the Company placed 1,830,792,000 new shares of the Company to not less than six independent places at a price of HK\$0.13 each and raised a net proceeds of approximately HK\$232 million (the “Placement”). It was expected that the net proceeds raised would be utilized as follows: HK\$73 million for the refurbishment of and operation of the business in the PRC properties as acquired in the acquisition of Joyunited Investments Limited on 7 April 2016 (“PRC Properties”), the Company would have approximately HK\$69 million for the general working capital and approximately HK\$88 million for the projects that are currently in progress. More details on the Placement had been disclosed in the relevant announcement of the Company dated 8 December 2015 and the circular dated 18 March 2016. The Placement had been completed on 9 May 2016. As at 30 September 2017, the use of net proceeds from the Placement was as follows:– (1) approximately HK\$68.6 million for refurbishment and other expenses relating to the PRC Properties; (2) approximately HK\$11.9 million for investment in Macro China Holding Limited (“Macro”); (3) approximately HK\$13.2 million for loans to an independent third parties to enhance yield of idle cash of the Group; (4) as a result of the loss in book value of the listed securities held by the Group, the Group has not realised those listed securities to settle part of the consideration for the PRC Properties as was planned. Instead, approximately HK\$76.1 million had been applied to settle the consideration for the PRC Properties; (5) approximately HK\$10.7 million for expenses relating to the Group’s Japan business and related travelling expenses; and (6) approximately HK\$43.0 million for administrative expenses and other expenses incurred by the Group. The unutilized proceeds were held as cash at bank.

For the nine months ended 30 September 2017, the Company has continued the businesses as acquired and developed in 2016, including the acquisition of 84% of the total issued share capital of Macro China Holding Limited (“Macro”) and its subsidiaries (together with Macro, “Macro Group”) and the acquisition of the entire share capital of Value Creation Finance Limited (“Value Creation Finance”), with the expectation to improve the business performance as well as to bring synergies and refinement to the whole business of the Company.

Macro Group

Macro Group provides comprehensive end-to-end solutions and services, ranging from (i) procurement and deployment of IT equipment and facilities; (ii) systems integration; (iii) consulting services on IT infrastructure and business solutions; and (iv) technical support and managed services. As one of the major players in the IT service management industry in Hong Kong and the PRC, Macro has strong relationships with well-renowned suppliers and large scale customers, being the subsidiary of the Group, it enjoys strong brand awareness and major presence in the Greater China region.

During the nine months ended 30 September 2017, the business performance of Macro has continued to convince the Company that the acquisition of Macro in 2016 was an appropriate step to diversify business risk as well as to refine the whole business of the Company. In April 2017, Macro has co-operated with the Company and Huawei International Co. Ltd., a prominent and multinational telecommunications equipment manufacturer and telecommunication service provider with products and services deployed in more than 140 countries, for a seminar on the topic of big data solutions. The speakers had shared ideas, new technologies and analytical approaches appealing to both technical and business people in the seminar. Through these co-operations, not only do both the Company and Macro enjoy the synergy effects from the sharing of experiences and knowledge, it also helps the Company and Macro build a brand name and network in the IT industry.

In September 2017, with the vision to foster Hong Kong big data application and contribute to build Hong Kong as a smart city, the Company and Macro have established the DataCube Research Centre (“DataCube Research Centre” or “DataCube”), the first big data research centre of the Group.

DataCube Research Centre is more than 2,000 square feet, which provides meeting venue for Macro technical team to meet with its clients and provide the most appropriate big data solution. The spacious centre also offers a demo room to showcase the latest hardware platform. With years of experience in Macro Systems to tailor-made information technology solutions for its clients, DataCube will be able to provide the most in-depth analysis for their business to realize the big data value.

The DataCube Research Centre will also focus on assisting local enterprises in the adoption of big data applications and inviting veteran data scientists to share and enhance related platforms for academic exchanges and other related projects. DataCube has adopted the latest hardware technology from Huawei Technology Co., Ltd., and the excellent integration technology platform and quality management from Macro. Not only can we provide a good demonstration for future big data applications and talents cultivation, but also foster a local group of data talents and enhance the public awareness of data applications in DataCube Research Centre, hence help them to seize the opportunity.

During the reporting period, Macro Group has contributed a revenue of approximately HK\$29,084,000 to the Group. This encouraging results motivates the Directors and the Company to continue developing the business of Macro.

Other businesses

The other business acquired in 2016, Value Creation Finance, which owns a money lending license in Hong Kong under Money Lenders Ordinance, has also started business in 2017 and it also gradually brings steady income for the Group.

In January 2017, the Company subscribed 16.67% equity interest of FULLPAY K.K. (FULLPAY 株式會社) ("Fullpay"), which is a company incorporated in Japan under the form of a joint stock company (kabushiki kaisha), at a consideration of JPY20,000,000 (equivalent to approximately HK\$1,341,000). Fullpay is principally engaged in the sourcing and provision of electronic fund transfer at point of sale (EFT-POS) terminals and peripheral devices which support WeChat Pay, as well as the provision of relevant EFT-POS installation and system support services, to vendors in Japan.

Grabbing hold of the rising popularity of mobile payment in the world, especially in China, the Directors believe that the subscription is a golden opportunity for the Company to step into the mobile payment business so as to gain relevant knowledge and bring synergy effects to the other businesses of the Company.

Other than the above, during the period under review, revenue from provision of information technology related services remained as staple income of the Group.

Outlook and Prospect

During the nine months ended 30 September 2017, the Group has continued to broaden the business scope and open up new income source. The business structure of the Group has been more complete and refined upon the corporate actions.

With the new business development of the Company during the reporting period, the Company has adopted a new logo and website in September 2017, giving a refreshing and innovative image to the Company. The Board also understands that in this ever-changing world of IT, one has to sustain its business growth by keeping itself up to the trend and take appropriate steps to upgrade and equip itself for the new challenges as well as to better manage the potential business risks ahead.

What is more important, if not the core to the success of a business, is the human resources and morale of the whole Company. We welcome the joining of new Directors during the reporting period with wealth of experience in various industries, including IT and financial industries, who bring into the Company with new inspirations and leadership. The Company had also granted a total of 571,200,000 share options at an exercise price of HK\$0.130 to grantees, who are directors, employees and consultants of the Group in September 2017. The Board believes that it would help to reward those who have contributed to the Group and encourage the grantees to work for the benefits of the Company and the shareholders.

The subscription of 16.67% equity interest of Fullpay in January 2017 as well as the establishment of DataCube Research Centre in September 2017 have demonstrated that the Group has been attentive to the market trends and is more than determined to make appropriate response to sustain, if not, to improve the business performance as well as the revenue of the Group.

The Group believes these corporate actions can create synergies to the existing business of the Company and expand its business footprints in Hong Kong, the PRC and even in Japan.

Meanwhile, the Directors are of the view that there is certain overlapping area in the businesses of the Macro and Faithful Asia Group Limited and its subsidiary (“Faithful Asia Group”) including but not limited to the provision of business analytics and data modelling for government and enterprise grade clients. The Directors are minded to reallocate the financial resources from the investment in the Faithful Asia Group to the Macro Group as it is believed that a more centralised investment in subsidiaries rather than associates would optimise the operational efficiency and investment return of the Group. The Company therefore intended to dispose 21% of equity interest in Faithful Asia Group (“Proposed Disposal”). The Directors will closely monitor the performance of the Disposal Group and will reconsider the investment strategy in the Faithful Asia Group as the Board considers appropriate. Details of the Proposed Disposal have been set out in the announcement dated 26 September 2017 and the circular dated 9 November 2017.

Invigorated with the new logo and image, the Group is refining its business structure to adapt to the new trends in the IT sector. We believe that the development of IT is reshaping not only the industry itself but the whole world and every aspects of our lives. The Company shall continue its effort to grab hold of new business opportunities relating to the new IT trends while maintaining a healthy and sustainable growth of the existing businesses so that we can create more value for the Company and its shareholders as a whole.

Employees

The total number of full-time employees hired by the Group maintained at 106 as of 30 September 2017 (31 December 2016: 96 employees). Total expenses on employee benefits amounted to HK\$103,539,000 (31 December 2016: HK\$30,147,000), in which HK\$81,842,000 related to equity-settled share based payment for the nine months ended 30 September 2017 (31 December 2016: HK\$12,370,000). The management believes the salaries offered by the Group to its employees are competitive.

Financial review

For the nine months ended 30 September 2017, the Group recorded a revenue of approximately HK\$32,186,000, an increase of 327.2% from approximately HK\$7,535,000 in the corresponding period in last year. The significant increase in revenue was mainly attributable to the consolidation of the revenue of Macro into the Group during the period.

The Group had a total cost of sales and services of approximately HK\$23,132,000 for the first three quarters of the year 2017, an increase of 125% compared with approximately HK\$10,282,000 in the same period of year 2016. The increase was mainly due to the consolidation of the cost of Macro during the period.

The gross profit of the Group for the first three quarters of year 2017 was approximately HK\$9,054,000, compared with a gross loss of approximately HK\$2,747,000 in corresponding period of last year as a result of consolidation of Macro which can generate gross profit during the period.

During the nine months ended 30 September 2017, the Group generated other income and gains of approximately HK\$7,041,000 (2016: approximately HK\$2,827,000) which comprised: (i) bank interest income amounted to approximately HK\$9,000 (2016: approximately HK\$6,000); (ii) loans interest income amounted to approximately HK\$6,295,000 (2016: approximately HK\$1,497,000); (iii) investment income from financial assets at fair value through profit or loss amounted to approximately HK\$nil (2016: approximately HK\$320,000); and (iv) other miscellaneous income amounted to approximately HK\$737,000 (2016: approximately HK\$1,004,000).

The Group's selling and distribution expenses for the first three quarters of year 2017 amounted to approximately HK\$1,338,000, a decrease of 70.7% compared with approximately HK\$4,564,000 in the corresponding period in 2016. The decrease was mainly due to the fact that Pantosoft reduced its promotion activity efforts significantly this year.

Administrative expenses for the period were approximately HK\$119,194,000, an increase of 172.9% as compared to HK\$43,684,000 for the corresponding period last year. The increase was mainly due to the recognition of share options granted to employees and consultants for the amount of approximately HK\$81,482,000 during the period (2016: approximately HK\$19,625,000), the consolidation of the administrative expenses of Macro, increase in staff cost and travelling expenses to explore new market.

During the first three quarters of 2017, the Group profited from trading of marketable securities and recorded a net gain of approximately HK\$403,000 as compared to a gain of approximately HK\$15,641,000 for 2016.

Profit guarantee extended by vendor of equity interest in Faithful Asia and valued at approximately HK\$10,610,000 as at 31 December 2015 was written off during the nine months ended 30 September 2016 as the related profit guarantee had been fulfilled.

The Group made an impairment provision of approximately HK\$22,597,000 against investment in Wise Visual in 2015. The provision was reversed upon disposal of interest in the associate during the nine months ended 30 September 2016. Together with other miscellaneous items, a net gain of approximately HK\$22,827,000 was recognized during the nine months ended 30 September 2016.

The Group's loss attributable to owners of the Company was approximately HK\$102,665,000 for the nine months ended 30 September 2017 (2016: approximately HK\$26,415,000).

The Board of Directors of the Company announces the unaudited results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2017, together with the unaudited comparative figures for the corresponding periods of the year 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	4	8,025	495	32,186	7,535
Cost of sales and services		(7,389)	(2,714)	(23,132)	(10,282)
Gross profit/(loss)		636	(2,219)	9,054	(2,747)
Other income and gains, net	4	3,050	942	7,041	2,827
Selling and distribution expenses		(603)	(1,615)	(1,338)	(4,564)
Administrative expenses		(50,677)	(10,114)	(119,194)	(43,684)
Other expenses		(200)	3	(200)	(104)
Fair value (loss)/gain on financial assets at fair value through profit or loss, net		(3,792)	7,430	403	15,641
Change in fair value of investment properties		-	-	-	(11,730)
Change in fair value of borrowings		-	-	-	2,876
Change in fair value of derivative financial asset		-	-	-	(10,610)
Finance costs	5	(528)	(1,063)	(1,529)	(2,191)
Share of results of associates		(1,153)	(545)	404	135
Gain on disposal of an associate		-	-	-	22,827
LOSS BEFORE TAX	6	(53,267)	(7,181)	(105,359)	(31,324)
Income tax credit	7	-	-	-	2,933
LOSS FOR THE PERIOD		(53,267)	(7,181)	(105,359)	(28,391)

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ATTRIBUTABLE TO:				
Owners of the Company	(51,780)	(6,033)	(102,665)	(26,415)
Non-controlling interests	(1,487)	(1,148)	(2,694)	(1,976)
	(53,267)	(7,181)	(105,359)	(28,391)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY				
	<i>8</i>			
- Basic and diluted	HK(0.91) cent	HK(0.11) cent	HK(1.80) cents	HK(0.55) cent

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(53,267)	(7,181)	(105,359)	(28,391)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX				
– Exchange differences on translation of foreign operations	5,186	(425)	13,407	(5,204)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(48,081)	(7,606)	(91,952)	(33,595)
ATTRIBUTABLE TO:				
Owners of the Company	(46,562)	(6,672)	(89,184)	(31,844)
Non-controlling interests	(1,519)	(934)	(2,768)	(1,751)
	(48,081)	(7,606)	(91,952)	(33,595)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

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

The accounting policies and basis of preparation used in preparing the unaudited consolidated results are consistent with those used in the Company’s audited consolidated financial statements for the year ended 31 December 2016.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); 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 period and prior period.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. Operating segment information

The Group has five 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;
- the in-house developed products segment engages in the lease of in-house developed computer hardware;
- provision of IT infrastructure solutions and maintenance services (“IT solutions and maintenance”);
- money lending; and
- Securities trading (“Securities investments”).

The following table presents revenue and loss for the Group's operating segments for the nine months ended 30 September 2017 and 2016 respectively.

Reporting segment information

	Nine months ended 30 September											
	Software development and system integration		In-house developed products		IT solutions and maintenance		Money lending		Securities investments		Total	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000		
Segment revenue:												
Sales to external customers	3,102	7,535	-	-	29,084	-	-	-	-	-	32,186	7,535
Segment (loss)/profit	(2,706)	(11,298)	-	(104)	324	-	5,238	-	395	15,946	3,251	4,544
Reconciliation:												
Bank interest income											9	6
Loans interest income											899	1,497
Fair value change of investment property											-	(11,730)
Fair value change of borrowings											-	2,876
Fair value change of derivative financial asset											-	(10,610)
Share of results of associates											404	135
Gain on disposal of an associate											-	22,827
Unallocated gains											447	381
Corporate and other unallocated expenses											(108,840)	(39,059)
Finance costs											(1,529)	(2,191)
Loss before tax											(105,359)	(31,324)

4. Revenue, other income and gains, net

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

	Three months ended		Nine months ended	
	30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue				
Provision of software development and system integration services	31	462	2,872	7,475
Provision of technical support and maintenance services	141	33	230	60
Provision of IT infrastructure solutions and maintenance services	7,853	–	29,084	–
	8,025	495	32,186	7,535
Other income and gains				
Bank interest income	7	3	9	6
Interest income from loans receivables	2,871	523	6,295	1,497
Investment income from financial assets at fair value through profit or loss	–	–	–	320
Government grants	2	316	151	623
Others	170	100	586	381
	3,050	942	7,041	2,827

5. Finance costs

	Three months ended 30 September		Nine months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Bank borrowings	-	888	68	1,829
Other loan interest	-	33	3	57
Margin loans	528	136	1,458	284
Interest on finance lease	-	6	-	21
	528	1,063	1,529	2,191

6. Loss before tax

Loss before tax was arrived at after charging the following:

	Three months ended 30 September		Nine months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Amortisation of other intangible assets	195	-	587	-
Depreciation	484	99	1,335	743
Directors' remuneration	1,283	900	3,394	2,700
Equity-settled share based payments*	38,595	-	81,842	19,625

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

7. Income tax credit

No provision for Hong Kong Profits Tax has been made for the nine months ended 30 September 2017 as the Group has accumulated tax losses brought forward from previous year (2016: Nil).

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

No provision of the PRC corporate income tax has been made for the nine months ended 30 September 2017 as the Group did not generate any assessable profits in the PRC during the period (2016: Nil).

No provision for Japan corporate income tax has been made for the nine months ended 30 September 2017 since the Group did not generate any assessable profits arising in Japan during the period (2016: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

For the period ended on 30 September 2016, the Group recognised a deferred tax credit of HK\$2,933,000 pursuant to consolidation of the new acquired Joyunited.

8. Loss per share

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company	51,780	6,033	102,665	26,415
	Three months ended 30 September		Nine months ended 30 September	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Weighted average number of ordinary shares for basic and diluted loss per share	5,712,151,908	5,712,151,908	5,712,151,908	4,843,527,966

For the nine months ended 30 September 2017, diluted loss per share is the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in an anti-dilutive effect on loss per share during the nine months ended 30 September 2017 and 2016.

9. Dividend

The Board does not recommend the payment of any interim dividend for the nine months period ended 30 September 2017 (2016: Nil).

10. Reserves

	Attributable to owners of the Company								
	Share capital	Share premium account	Share options reserve	Foreign currency translation reserve	PRC reserve funds	Accumulated losses	Total	Non-controlling interests	Total equity
	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000	(Unaudited) HK\$ '000
At 1 January 2016	388,136	69,212	-	3,015	844	(101,186)	360,021	(1,306)	358,715
Loss for the period	-	-	-	-	-	(26,415)	(26,415)	(1,976)	(28,391)
Other comprehensive (loss)/ income									
- Exchange differences on translation of foreign operations	-	-	-	(5,429)	-	-	(5,429)	225	(5,204)
Total comprehensive loss for the period	-	-	-	(5,429)	-	(26,415)	(31,844)	(1,751)	(33,595)
Equity-settled share based payment expenses	-	-	19,625	-	-	-	19,625	-	19,625
Issue of new shares	183,079	54,924	-	-	-	-	238,003	-	238,003
Transaction costs attributable to issue of new shares	-	(6,161)	-	-	-	-	(6,161)	-	(6,161)
Capital injection by a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	1,236	1,236
At 30 September 2016	571,215	117,975	19,625	(2,414)	844	(127,601)	579,644	(1,821)	577,823
At 1 January 2017	571,215	117,975	19,625	(13,114)	844	(149,329)	547,216	(879)	546,337
Loss for the period	-	-	-	-	-	(102,665)	(102,665)	(2,694)	(105,359)
Other comprehensive (loss)/ income									
- Exchange differences on translation of foreign operations	-	-	-	13,481	-	-	13,481	(74)	13,407
Total comprehensive loss for the period	-	-	-	13,481	-	(102,665)	(89,184)	(2,768)	(91,952)
Lapsed of share options	-	-	(19,625)	-	-	19,625	-	-	-
Equity-settled share based payment expenses	-	-	81,842	-	-	-	81,842	-	81,842
Capital injection by a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	1,545	1,545
At 30 September 2017	571,215	117,975	81,842	367	844	(232,369)	539,874	(2,102)	537,772

GENERAL INFORMATION

Directors' service contracts

At 30 September 2017, none of the Directors had any existing or proposed service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the nine months ended 30 September 2017.

Directors' interests and short positions in shares and underlying shares

At 30 September 2017, the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity	Nature of Interest		Percentage of the Company's issued share capital (approximate %) (Note)
		Registered Shareholder	Underlying Interest	
Mr. Wong Kui Shing, Danny	Through controlled corporation	403,971,449		7.07%
	Beneficially owned		5,688,000	0.10%
Mr. Wong King Shiu, Daniel	Beneficially owned	10,008,000	57,000,000	1.17%

Note:

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 5,712,151,908 Shares.

Save as disclosed above and in the section headed "Share Options", as at 30 September 2017 and as at the date of this report, none of the Directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

Directors' rights to acquire shares or debentures

Save as disclosed in the sections "Directors' interests and short positions in shares and underlying shares" and "Share Options", at no time during the nine months ended 30 September 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

At 30 September 2017, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital <i>(Note b)</i>
Discover Wide Investments Limited		Directly beneficially owned	403,971,449 <i>(Registered Shareholder)</i>	7.07%
Mr. Wong Kui Shing, Danny	<i>(a)</i>	Through controlled corporation	403,971,449 <i>(Beneficial Owner)</i>	7.07%
		Beneficially owned	5,688,000 <i>(Underlying Interest)</i>	0.10%
Mr. Zhang Rong		Directly beneficially owned	364,672,000 <i>(Registered Shareholder)</i>	6.38%

Notes:

- (a) Mr. Wong Kui Shing, Danny was deemed to be interested in the 403,971,449 shares by virtue of his controlling interests in Discover Wide Investments Limited.
- (b) 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 5,712,151,908 Shares.

Save as disclosed above, as at 30 September 2017, no person, other than the Directors of the Company, whose interests are set out in the section “Directors’ interests and short positions in shares and underlying shares” 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.

Share Options

On 11 April 2016, the Company granted a total of 323,448,000 share options with rights to subscribe for 323,448,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the share option scheme adopted by the Company on 2 August 2012 (“Share Option Scheme”). A total of 105,984,000 share options were granted to Directors of the Company. Those share options were lapsed on 10 April 2017. On 11 April 2017, the Company granted a total of 571,200,000 share options with rights to subscribe for 571,200,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme. On 27 September 2017, the Company granted a total of 571,200,000 share options with rights to subscribe 571,200,000 ordinary shares of HK\$0.1 each in the share capital under the Share Option Scheme. A total of 224,784,000 share options were granted to Directors of the Company during the nine months ended 30 September 2017. Details of the share options granted are as follows:–

Name of Grantees	Position held with the Company	Number of share options					Outstanding as at 30 September 2017
		Outstanding as at 1 January 2017	Lapsed on 10 April 2017	Granted on 11 April 2017	Cancelled on 16 July 2017	Granted on 27 September 2017	
Mr. Wong Kui Shing, Danny	Executive Director and substantial shareholder of the Company	936,000	(936,000)	5,688,000	–	–	5,688,000
Mr. Tse Chi Wai	Executive Director	32,328,000	(32,328,000)	57,000,000	–	–	57,000,000
Mr. Takashi Togo	Executive Director	32,328,000	(32,328,000)	57,000,000	–	–	57,000,000
Ms. Wu Jingjing	Executive Director	2,016,000	(2,016,000)	2,016,000	–	–	2,016,000
Mr. Wong King Shiu, Daniel	Executive Director	–	–	–	–	57,000,000	57,000,000
Mr. Chan Kai Leung	Executive Director	–	–	–	–	5,016,000	5,016,000
Mr. Wong Chi Yung	Non-executive Director	32,328,000	(32,328,000)	33,000,000	–	–	33,000,000
Mr. Hung Hing Man	Independent non-executive Director	2,016,000	(2,016,000)	2,016,000	–	–	2,016,000
Mr. May Tai Keung, Nicholas	Independent non-executive Director	2,016,000	(2,016,000)	2,016,000	–	–	2,016,000
Dr. Chen Shengrong	Independent non-executive Director	2,016,000	(2,016,000)	2,016,000	–	–	2,016,000
Mr. Wong Hoi Kuen	Independent non-executive Director	–	–	–	–	2,016,000	2,016,000
	Sub-total	105,984,000	(105,984,000)	160,752,000	–	64,032,000	224,784,000
	Other staff and consultants	214,464,000	(214,464,000)	410,448,000	(1,488,000)	507,168,000	916,128,000
	Total	320,448,000	(320,448,000)	571,200,000	(1,488,000)	571,200,000	1,140,912,000

All the outstanding share options granted on 11 April 2017 are exercisable during the period from date of grant to 10 April 2027 at an exercise price of HK\$0.153 per share. The closing price per share immediately before the date of grant on 11 April 2017 was HK\$0.145.

All the outstanding share options granted on 27 September 2017 are exercisable during the period from date of grant to 26 September 2027 at an exercise price of HK\$0.130 per share. The closing price per share immediately before the date of grant on 27 September 2017 was HK\$0.130.

320,448,000 share options were lapsed on 10 April 2017. 1,488,000 share options were cancelled on 16 July 2017. Save as disclosed above, none of the outstanding share options were exercised or cancelled or lapsed during the period ended 30 September 2017.

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

During the nine months ended 30 September 2017, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of Company's listed securities.

Competing Interests

During the period under review and up to the date of this report, 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.

CORPORATE GOVERNANCE

Corporate governance practices

During the nine months ended 30 September 2017, the Company has complied with the codes on Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules, except for the followings:

Code Provision A.2.1

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

Mr. Wong Kui Shing, Danny ("Mr. Wong") now serves as both the chairman (the "Chairman") and the chief executive officer of the Company (the "Chief Executive Officer"), such practice deviates from code provision A.2.1 of the Code. The Board is of the opinion that it is appropriate and in the best interests of the Company for Mr. Wong to hold both positions as it helps maintain the continuity of the policies and the stability of the operations of the Company. The Company has been proactively recruiting candidates for the post of Chief Executive Officer through different means so as to fulfill the requirements of A.2.1 of the Code as soon as possible.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term.

None of the non-executive Directors is appointed for a specific term, which constitutes a deviation from Code Provision A.4.1. Nonetheless, in accordance with the articles of association of the Company, all non-executive directors are subject to retirement by rotation. The Company considers that there are sufficient measures to ensure the corporate governance standard of the Company is not less exacting than the Code.

Non-executive Directors

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

In accordance with the articles of association of the Company, all non-executive Directors are subject to retirement by rotation. The Company considers that there are sufficient measures to ensure the corporate governance standard of the Company is not less exacting than the Code.

Code of conduct regarding securities transactions by Directors

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the nine months ended 30 September 2017.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules.

The primary duties of the audit committee of the Company (the “Audit Committee”) include supervising the financial reporting procedure and reviewing the financial statements of the Group, examining and monitoring the internal control and risk management systems adopted by the Group and reviewing the relevant work of the Group’s external auditor.

The Audit Committee comprises four members, including Mr. Hung Hing Man (Audit Committee chairman), Mr. May Tai Keung, Nicholas, Mr. Wong Hoi Kuen and Dr. Chen Shengrong. All of them are independent non-executive Directors.

The Group’s unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with Code Provisions A.5.1 to A.5.6 of Appendix 15 of the GEM Listing Rules.

The nomination committee of the Company (the “Nomination Committee”) is responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identifying individuals suitable qualified to become Board members and selecting or making recommendations to the board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment, re-appointment and succession of director.

The Nomination Committee comprises four members, including Mr. Hung Hing Man (Nomination Committee chairman) and Mr. May Tai Keung, Nicholas, Mr. Wong Hoi Kuen and Dr. Chen Shengrong. All of the Nomination Committee members are independent non-executive Directors of the Company.

Remuneration Committee

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

The main role and function of the remuneration committee of the Company (the "Remuneration Committee") include the determination of specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration of non-executive Directors.

The Remuneration Committee comprises four members, including Mr. May Tai Keung, Nicholas (Remuneration Committee chairman), Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong. All the Remuneration Committee members are independent non-executive Directors.

The Remuneration Committee meets regularly to determine the policy for the remuneration of Directors and assess the performance of executive Directors and certain senior management of the Company.

Change in information of directors

Pursuant to the Rule 17.50A(1) of the GEM Listing Rules, the changes in information of Directors during the nine months ended 30 September 2017 and as at the date of this report are set out below:–

Mr. Wong Kui Shing, Danny has ceased to be a non-executive director of InvesTech Holdings Limited (Stock Code: 1087) on 1 June 2017.

Mr. Wong has been appointed as an executive director of Share Economy Group Limited (Stock Code: 1178) on 8 May 2017. He has also been appointed as the independent non-executive director of Far East Holdings International Limited (Stock Code: 36) on 18 July 2017.

He has also been appointed as an independent non-executive director of Tech Pro Technology Development Limited (Stock Code: 3823) on 27 September 2017.

Internal control and Risk management

The Board has the ultimate responsibility to maintain a sound and effective internal control and risk management systems for the Group to safeguard the shareholders' investment and the Group's assets and to ensure strict compliance with relevant laws rules and regulations. The Group has established a risk management framework which consists of the Board, the Audit Committee and the senior management of the Group. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives. The Audit Committee is responsible for reviewing the effectiveness of the internal control and risk management systems and reporting to the Board. The Board, through the Audit Committee, conducts reviews of the effectiveness of such systems at least annually, covering all material controls including financial, operational and compliance controls.

By Order of the Board
China Information Technology Development Limited
Wong Kui Shing, Danny
Chairman and Chief Executive Officer

Hong Kong, 14 November 2017

As at the date of this report, the Board comprises Mr. Wong Kui Shing, Danny (Chairman and Chief Executive Officer), Mr. Tse Chi Wai, Mr. Wong King Shiu, Daniel, Mr. Chan Kai Leung, Ms. Wu Jingjing and Mr. Takashi Togo as executive Directors; Mr. Wong Chi Yung as non-executive Director; Mr. Hung Hing Man, Mr. Wong Hoi Kuen, Mr. May Tai Keung, Nicholas, and Dr. Chen Shengrong as independent non-executive Directors.