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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)

2018 FIRST 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 three months ended 31 March 2018. This announcement, containing the full text of the 2018 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the 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 2018 first quarterly report will be delivered to the shareholders of the Company in due course.

By order of the Board

China Information Technology Development Limited

Tse Chi Wai

Executive Director and Company Secretary

Hong Kong, 11 May 2018

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. Takashi Togo, Mr. Wong King Shiu, Daniel and Mr. Chan Kai Leung as executive Directors; Mr. Wong Chi Yung as non-executive Director; Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong as independent non-executive Directors.

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 GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable 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 GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wong Kui Shing, Danny
(Chairman and Chief Executive Officer)
Mr. Tse Chi Wai
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. 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. Wong Hoi Kuen
Dr. Chen Shengrong

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

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

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SUMMARY

- Turnover for the three months ended 31 March 2018 was approximately HK\$16,990,000 representing an increase of 34.6% from the corresponding period in last year (2017: approximately HK\$12,626,000).
- Loss attributable to owners of the Company for the three months ended 31 March 2018 amounted to approximately HK\$1,281,000 (2017: profit of approximately HK\$9,756,000).
- Loss per share attributable to owners of the Company for the three months ended 31 March 2018 was approximately HK0.02 cent (2017: profit for approximately HK0.17 cent).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (2017: 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\$230 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 31 March 2018, the use of net proceeds from the Placement was as follows:– (1) approximately HK\$73.0 million for refurbishment and other expenses relating to the PRC Properties; (2) approximately HK\$25.7 million for investment in Macro China Holding Limited (“Macro”) and a data center in the PRC; (3) 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\$60.1 million had been applied to settle the consideration for the PRC Properties; (4) approximately HK\$10.7 million for expenses relating to the Group’s Japan business and related travelling expenses; and (5) approximately HK\$58.5 million for administrative expenses and other expenses incurred by the Group. The unutilized proceeds were held as cash at bank.

During the three months ended 31 March 2018, the Company has continued to refine our business structure. The Company has disposed the entire share capital of a subsidiary which owns a property situated in Hong Kong so that we can focus on the development on our IT business. Meanwhile, we had also signed sale and purchase agreements with two independent third parties which the Group had acquired a total of 10% equity interests (5% from each of the independent third parties) of a company incorporated in the PRC which principally engages in operation of data center in the PRC. In the year to come, we shall continue to search for more cooperation and business opportunities in data-related areas.

Meanwhile, the existing business of Macro and its subsidiaries (“Macro Group”) and Value Creation Finance Limited (“Value Creation Finance”), 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 reporting period, the business performance of Macro has continued to convince the Company that the acquisition of Macro was an appropriate step to diversify business risk as well as to refine the whole business of the Company. Meanwhile, Macro has been awarded the first and only 5 Star Certified Service Partners of Huawei Enterprise Solution Partner Program & Gold Partner – Huawei Enterprise Business in Hong Kong in January 2018. Macro has continued to organize different seminars with various IT elites to provide and share new developments in the IT industry. 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 industry.

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 in 2017 and during the reporting period, the Company has persistently supported its development.

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 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 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\$13,157,000 to the Group. This encouraging result motivates the Directors and the Company to continue developing the business of Macro Group.

Other businesses

Value Creation Finance, which owns a money lending license in Hong Kong under Money Lenders Ordinance, continued to bring steady income for the Group.

Besides, 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 Company shall continue to seize the opportunities of stepping into the mobile payment business so as to gain relevant knowledge and bring synergy effects to the other businesses of the Company through its investment in Fullpay.

On 29 November 2017, the Company has entered into a non-legally binding memorandum of understanding (“Possible Acquisition”) with Digital Avatar Holdings Limited (the “Vendor”) in relation to the possible acquisition of not more than 51% of issued share capital of Polar Imagination Limited (the “Target Company”). With the brand name of MTGamer (“MTGamer”), the Target Group principally engages in the provision and operation of online tournament platform for eSports, as well as the domain and social media (including WeChat and Facebook etc.) providing latest information relating to eSports and game advertising. MTGamer is one of the pioneers in the eSports industry in Hong Kong.

The Directors are of the view that the Possible Acquisition can allow the Company to step into this emerging business and seize the valuable opportunities to utilize its knowledge and technologies in its existing business for upstream and downstream development in its eSports industrial chain, creating synergy effect to the development of the existing business of the Company. The Directors believe that the Possible Acquisition shall provide opportunities to the Company to broaden its business portfolio so as to improve the Group's financial status in the long term. During the three months ended 31 March 2018, the Company is still in negotiation with the Vendor and shall keep the Shareholders abreast of the latest development in relation to the Possible Acquisition. For more details, please refer to the announcement of the Company at 29 November 2017.

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 three months ended 31 March 2018, the Company has continued to develop in the new areas that the market has been raved about like eSports and mobile payment system. We believe that by exposing ourselves to these new trends in the market, we will be able to create a competitive edge for ourselves to provide more integrated and comprehensive services for our clients.

Nevertheless, the Company understands the importance to have a balanced development between the existing businesses and the new potential business opportunities. Especially in the IT world, the new technological advancement and devices do not come into place on its own. They are so intertwined with and dependent on other technologies, as the very popular and growing concept in the IT world, "Internet of Things (IoT)", has proven how every technology and device can be closely related. During the reporting period, the Company has strived to maintain this balance.

The reliance in IT has created a fierce demand of big data analysis and management. Only when data is organized and analyzed, will it become useful catalyst for business improvements and new technological developments. Envisioning the prospect and importance of data, we have set up DataCube to provide a nurturing ground for big data business development in Hong Kong and DateCube has started cooperating with the Hospital in PRC to provide data analysis service for medical research. We believe that by these cooperation enable us to utilize our knowledge and skills in different industries, allowing us to gain experience and excel in our businesses. With the honors awarded, Macro demonstrates high rate of success with its technology vendors, as well as recognition of partnership and achievement of customer success. We shall continue in the development of Macro as well as DataCube so that we will become a more reputable company in the industry in not only Hong Kong but also in other places like the PRC.

Understanding how the industry works is crucial to formulating a strategic development plan for a Company. By closely following with the market trends and the current situation of the Company, the Company shall continue to walk with two feet, steady growth in current businesses and the exploration of new businesses, so as to create value to the Group and bring benefits to the Shareholders.

Employees

The total number of full-time employees hired by the Group maintained at 98 as of 31 March 2018 (2017: 86 employees). Total expenses on employee benefits amounted to approximately HK\$9,338,000 for the three months ended 31 March 2018 (2017: approximately HK\$7,564,000). The management believes the salaries offered by the Group to its employees are competitive.

Financial review

For the three months ended 31 March 2018, the Group recorded a revenue of approximately HK\$16,990,000, an increase of 34.6% from approximately HK\$12,626,000 in the corresponding period of last year. The significant increase in revenue was mainly attributable to the increase in projects in Macro and the increase in interest income in money lending business during the period.

The Group had a total cost of sales and services of approximately HK\$10,882,000 for the first quarter of year 2018, an increase of 58.5% compared with approximately HK\$6,867,000 for the same period of year 2017. The increase was mainly due to the increase in projects in Macro during the period.

The gross profit of the Group for the first quarter of year 2018 was approximately HK\$6,108,000, compared with approximately HK\$5,759,000 for the corresponding period of last year.

During the three months ended 31 March 2018, the Group generated other income and gains of approximately HK\$245,000 (2017: approximately HK\$234,000) which comprised: (i) bank interest income amounted to approximately HK\$1,000 (2017: approximately HK\$1,000); (ii) government grants amounted to HK\$nil (2017: approximately HK\$81,000); and (iii) other income amounted to approximately HK\$244,000 (2017: approximately HK\$152,000).

The Group's selling and distribution expenses for the first quarter of year 2018 was approximately HK\$1,476,000, which increased by 315.8% compared with approximately HK\$355,000 for the corresponding period of year 2017. The increase was mainly due to the fact that Macro increase its promotion activity efforts significantly in this reporting period.

Administrative expenses for the period were approximately HK\$12,656,000, representing an increase of 24.3% as compared to approximately HK\$10,182,000 for the corresponding period last year. The increase was mainly attributable to increase in staff cost to explore new business opportunities.

The Group recorded a mark-to-market gain on held-for-sale investment securities of approximately HK\$5,718,000 for the period (2017: approximately HK\$12,595,000).

The Group recorded a loss attributable to owners of the Company of approximately HK\$1,281,000 for the three months ended 31 March 2018 (2017: profit of approximately HK\$9,756,000).

The Board of directors (the “Directors”) of the Company announces the unaudited results of the Company and its subsidiaries for the three months ended 31 March 2018, together with the unaudited comparative figures for the corresponding period of year 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended	
		31 March	
		2018	2017
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	16,990	12,626
Cost of sales and services		(10,882)	(6,867)
Gross profit		6,108	5,759
Other income and gains	3	245	234
Selling and distribution expenses		(1,476)	(355)
Administrative expenses		(12,656)	(10,182)
Other expenses		(1)	–
Fair value gain on financial assets at fair value through profit or loss		5,718	12,595
Finance costs	4	(1,163)	(471)
Share of results of an associate		–	2,280
Gain on disposal of subsidiaries		675	–
(LOSS)/PROFIT BEFORE TAX	5	(2,550)	9,860
Income tax expenses	6	–	–
(LOSS)/PROFIT FOR THE PERIOD		(2,550)	9,860

	Three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
<hr/>		
Attributable to:		
Owners of the Company	(1,281)	9,756
Non-controlling interests	(1,269)	104
	<hr/>	<hr/>
	(2,550)	9,860
<hr/>		
(LOSS)/PROFIT PER SHARE		
ATTRIBUTABLE TO OWNERS OF		
THE COMPANY		
Basic and diluted	7	(HK0.02 cent)
		HK0.17cent
<hr/>		

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 March	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(2,250)	9,860
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX EXPENSES		
Exchange differences on translation of foreign operations	11,115	2,567
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,565	12,427
Attributable to:		
Owners of the Company	10,017	12,331
Non-controlling interests	(1,452)	96
	8,565	12,427

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

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 2017.

Basis of consolidation

The condensed consolidated financial statements included the condensed financial statements of the Company and its subsidiaries for the three months ended 31 March 2018. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

2. Operating segment information

The Group has four 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;
- provision of IT infrastructure solutions and maintenance services (“IT solutions and maintenance”);
- money lending; and
- Securities trading (“Securities investments”).

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

The following table presents revenue and (loss)/profit for the Group's business segments for the three months ended 31 March 2018 and 2017.

Reporting segment information

	Three months ended 31 March								
	Software development and system integration		IT solutions and maintenance		Money lending		Securities investments		Total
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Segment revenue:									
Sales to external customers	318	1,027	13,157	10,373	3,515	1,226	-	-	16,990
Segment (loss)/profit	(1,253)	(1,208)	(2,213)	3,126	3,464	1,180	5,709	12,592	5,707
Reconciliation:									
Bank interest income									1
Unallocated gains									191
Corporate and other unallocated expenses									(7,961)
Share of results of an associate									-
Gain on disposal of subsidiaries									2,280
Finance costs									(1,163)
									(471)
(Loss)/profit before tax									9,860
Income tax expenses									-
(Loss)/profit for the period									(2,550)
									9,860

Geographical information

	Revenue	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	15,881	11,328
PRC except Hong Kong	1,109	1,298
Consolidated total	16,990	12,626

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

3. Revenue, other income and gains

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

	Three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Provision of software development and system integration services	–	13
Sale of computer hardware and software	10,413	9,734
Provision of technical support and maintenance services	3,062	1,653
Loan interest income	3,515	1,226
	16,990	12,626

	Three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Other income and gains		
Bank interest income	1	1
Government grants	–	81
Others	244	152
	245	234

4. Finance costs

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans	713	60
Interest on other loans	450	411
	1,163	471

5. (Loss)/profit before tax

(Loss)/profit before tax was arrived at after charging the following:

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	249	405
Amortisation of other intangible assets	196	196

6. Income tax expenses

No provision for Hong Kong Profits Tax has been made for the three months ended 31 March 2018 as the Group has accumulated tax losses brought forward from previous year (2017: Nil).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 15% to 25% for both periods. No provision for PRC Enterprise Income Tax has been made for the three months ended 31 March 2018 as the company's subsidiaries in PRC incurred tax losses during the period (2017: Nil).

No provision for Japan corporate income tax has been made for the three months ended 31 March 2018 since the Group did not generate any assessable profits arising in Japan during the period (2017: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. (Loss)/profit per share for the period attributable to owners of the Company

(a) (Loss)/profit attributable to the owners of the Company:

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit for the purpose of calculating basic and diluted (loss)/profit per share	(1,281)	9,756

(b) Weighted average number of ordinary shares:

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total number of ordinary shares in issue at the end of the period	5,712,151,908	5,712,151,908
Weighted average number of ordinary shares in issue during the period	5,712,151,908	5,712,151,908

No adjustment has been made to the basic (loss)/profit per share amounts presented for the periods ended 31 March 2018 and 2017 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (2017: Nil).

9. Reserves

	Attributable to owners of the Company									
	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share-based payment reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Investment revaluation reserve (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2017	571,215	117,975	19,625	(13,114)	844	(149,329)	-	54,721	(879)	546,337
Profit for the period	-	-	-	-	-	9,756	-	9,756	104	9,860
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of foreign operations	-	-	-	2,575	-	-	-	2,575	(8)	2,567
Total comprehensive income for the period	-	-	-	2,575	-	9,756	-	12,331	96	12,427
At 31 March 2017	571,215	117,975	19,625	(10,539)	844	(139,573)	-	59,547	(783)	558,764
At 1 January 2018	571,215	107,108	81,842	6,195	831	(231,280)	3,160	539,071	(3,780)	535,291
Loss for the period	-	-	-	-	-	(1,281)	-	(1,281)	(1,269)	(2,550)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of foreign operations	-	-	-	11,298	-	-	-	11,298	(183)	11,115
Total comprehensive income/(Loss) for the period	-	-	-	11,298	-	(1,281)	-	10,017	(1,452)	8,565
At 31 March 2018	571,215	107,108	81,842	17,493	831	(232,561)	3,160	549,088	(5,232)	543,856

10. Comparative Figures

Loan interest income in relation to money lending have been reclassified from other income to revenue to conform to current period's presentation. In the opinion of the Directors, the new classification was considered to provide a more appropriate presentation of financial statements of the Group.

GENERAL INFORMATION

Directors' service contracts

At 31 March 2018, none of the Directors had any existing or proposed service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

No Director 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 three months ended 31 March 2018.

Directors' interests and short positions in shares and underlying shares

At 31 March 2018, the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Capacity	Nature of Interest		Percentage of the Company's issued share capital (approximately) (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 31 March 2018 and as at the date of this report, none of the Directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

Directors' rights to acquire shares or debentures

Save as disclosed in the sections "Directors' interests and short positions in shares and underlying shares" and "Share Options", at no time during the three months ended 31 March 2018 and as at the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share options

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. Details of the share options granted are as follows:

Name of Grantees	Position held with the Company	Date of Grant	Exercise period	Number of share options			Exercise price per share
				Outstanding as at 1 January 2018	Lapsed on 5 January 2018	Outstanding as at 31 March 2018	
Directors							
Mr. Wong Kui Shing, Danny	Executive Director	11 April 2017	11 April 2017 - 10 April 2027	5,688,000	-	5,688,000	HK\$0.153
Mr. Tse Chi Wai	Executive Director	11 April 2017	11 April 2017 - 10 April 2027	57,000,000	-	57,000,000	HK\$0.153
Mr. Takashi Togo	Executive Director	11 April 2017	11 April 2017 - 10 April 2027	57,000,000	-	57,000,000	HK\$0.153
Mr. Wong King Shiu, Daniel	Executive Director	27 September 2017	27 September 2017 - 26 September 2027	57,000,000	-	57,000,000	HK\$0.130
Mr. Chan Kai Leung	Executive Director	27 September 2017	27 September 2017 - 26 September 2027	5,016,000	-	5,016,000	HK\$0.130
Mr. Wong Chi Yung	Non-executive Director	11 April 2017	11 April 2017 - 10 April 2027	33,000,000	-	33,000,000	HK\$0.153
Mr. Hung Hing Man	Independent non-executive Director	11 April 2017	11 April 2017 - 10 April 2027	2,016,000	-	2,016,000	HK\$0.153
Dr. Chen Shengrong	Independent non-executive Director	11 April 2017	11 April 2017 - 10 April 2027	2,016,000	-	2,016,000	HK\$0.153
Mr. Wong Hoi Kuen	Independent non-executive Director	27 September 2017	27 September 2017 - 26 September 2027	2,016,000	-	2,016,000	HK\$0.130
Former Directors							
Ms. Wu Jingjing	Executive Director (currently vice president of Business Development Department of the Company)	11 April 2017	11 April 2017 - 10 April 2027	2,016,000	-	2,016,000	HK\$0.153
Mr. May Tai Keung, Nicholas	Independent non-executive Director	11 April 2017	11 April 2017 - 10 April 2027	2,016,000	(2,016,000)	-	HK\$0.153
Sub-total				224,784,000	(2,016,000)	222,768,000	
Other staff and consultants							
		11 April 2017	11 April 2017 - 10 April 2027	408,960,000	-	408,960,000	HK\$0.153
		27 September 2017	27 September 2017 - 26 September 2027	507,168,000	-	507,168,000	HK\$0.130
Total				1,140,912,000	(2,016,000)	1,138,896,000	

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.

2,016,000 share options were lapsed on 5 January 2018. Save as disclosed above, none of the outstanding share options were exercised or cancelled or lapsed during the three months ended 31 March 2018.

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

At 31 March 2018, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held (Nature of Interest)	Percentage of the Company's issued share capital (Note (b))
Discover Wide Investments Limited		Directly beneficially owned	403,971,449 (Registered Shareholder)	7.07%
Mr. Wong Kui Shing, Danny	(a)	Through controlled corporation	403,971,449 (Beneficial Owner)	7.07%
		Beneficially owned	5,688,000 (Underlying Interest)	0.10%
Mr. Zhang Rong		Directly beneficially owned	509,824,000 (Registered Shareholder)	8.93%

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.

Save as disclosed above, as at 31 March 2018, 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.

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

During the three months ended 31 March 2018, 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, 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 three months ended 31 March 2018, the Company has complied with the code provision(s)(the “Code provision(s)”) of Corporate Governance Code (the “Code”) as set out in Appendix 15 of the GEM Listing Rules, except for the following:

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.

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 5.68 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 three months ended 31 March 2018.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 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 system adopted by the Group and reviewing the relevant work of the Group's external auditor.

As at the date of this report, the Audit Committee comprises three members, including Mr. Hung Hing Man (Audit Committee chairman), Mr. Wong Hoi Kuen and Dr. Chen Shengrong. All Audit Committee members are independent non-executive Directors.

The Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2018 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 primary duties of the nomination committee of the Company (the “Nomination Committee”) include 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.

As at the date of this report, the nomination committee comprises three members, including Mr. Hung Hing Man (Nomination Committee chairman) and Mr. Wong Hoi Kuen and Dr. Chen Shengrong being the members. All 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 primary duties of the remuneration committee of the Company (the “Remuneration Committee”) include the determination of specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration of non-executive Directors.

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

As at the date of this report, the Remuneration Committee comprises three members, including Mr. Wong Hoi Kuen (Remuneration Committee chairman), Mr. Hung Hing Man and Dr. Chen Shengrong. All Remuneration Committee members are independent non-executive Directors.

Risk management and Internal control

The Board has the ultimate responsibility to maintain a sound and effective risk management and internal control 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, 11 May 2018

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. Takashi Togo, Mr. Wong King Shiu, Daniel and Mr. Chan Kai Leung as executive Directors; Mr. Wong Chi Yung as non-executive Director; Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong as independent non-executive Directors.