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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: 8178)**

## **2019 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 2019. This announcement, containing the full text of the 2019 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 2019 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, 15 May 2019

*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”)**

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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.*

*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.*

## **CONTENTS**

Corporate Information	2
Management Discussion and Analysis	3
Condensed Consolidated Statement of Profit or Loss	9
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Notes to Condensed Consolidated Financial Statements	11
General Information	17
Corporate Governance	21

## **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

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

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### **REGISTERED OFFICE**

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### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

SMP Partners (Cayman) Limited  
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24 Shedden Road, P.O. Box 1586  
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Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor  
Services Limited  
17th Floor, Hopewell Centre  
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### **GEM STOCK CODE**

8178

### **WEB-SITE ADDRESS**

[www.citd.com.hk](http://www.citd.com.hk)

## SUMMARY

- Turnover for the three months ended 31 March 2019 was approximately HK\$17,041,000 representing an increase of 0.3% from the corresponding period in last year (2018: approximately HK\$16,990,000).
- Profit attributable to owners of the Company for the three months ended 31 March 2019 amounted to approximately HK\$4,438,000 (2018: loss of approximately HK\$1,281,000).
- Profit per share attributable to owners of the Company for the three months ended 31 March 2019 was approximately HK0.08 cents (2018: loss of approximately HK0.02 cents).
- The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the three months ended 31 March 2019 (2018: 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 placees 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 were then 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 2019, 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\$48.9 million for investment in Macro China Holding Limited (“Macro”), business development under DataCube Research Centre Limited, IT business in Japan and a data centre in the PRC; (3) approximately HK\$39.1 million had been applied to settle the consideration for the PRC Properties; and (4) approximately HK\$69.0 million for administrative expenses and other expenses incurred by the Group.

During the three months ended 31 March 2019, the Company has continued to refine our business structure. On 15 January 2019, the Company entered into a non-legally binding memorandum of understanding (the “MOU”) with an independent third party in relation to the possible acquisition of certain land and buildings with a data centre located in Nansha District, Guangzhou, the People’s Republic of China. The Company paid a refundable deposit of RMB20 million in cash to the independent third party upon signing of the MOU. Details of the MOU are set out in the announcement dated 15 January 2019.

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***

During the period ended 31 March 2019, Macro Group had continued to provide strong IT infrastructure and management service to its clients. It has organized various IT seminars to clients, covering the most updated knowledge and topics that are on the vibe, giving the clients a platform to share and get updated with different new technologies and knowledges in the market. In December 2018, Macro had organized a seminar with Alibaba Cloud introducing the challenges with the security issues on online transactions. Meanwhile, in March 2019, following the technological trend in retail market, Macro had organised an event, introducing Artificial Intelligence (“AI”) new retail technology to our clients to create innovative customer experience and reach retail front.

Apart from that, Macro has persistently gained reputation in the IT industry. Macro has been honored with the “Huawei Enterprise Channel Partner Program” as 5 Star IT Certified Service Partner in January 2018 and the “Excellent Partner – 2018” and “The Distinguished Service Partner – 2018” in April 2019. The technical team leader of Macro was honored with the “The Best Service – 2018” Award as well. The appreciation affirms our technical service quality and value to make IT smart. In August 2018, Macro was awarded the International Standard for Information Security Management Systems, ISO/IEC 27001:2013, by Bureau Veritas Certification to affirm Macro for information security efforts in the management field to ensure that customers are provided with high quality, stable and reliable data monitoring and protection in accordance with international standards. Together with the IT Service management system certification, ISO/IEC 20000-1:2011, that Macro has already obtained, Macro Systems leverages its expertise and years of practical experience to fully analyze the business needs of its customers to create the most appropriate IT solution. Macro’s goal is to help customers reduce overall costs and improve operational efficiency, allowing them to focus on developing their business and creating sustainable business advantages in an era of intense competition. Macro will accompany the clients towards digital transformation with their professionalism continuously and always.

Alongside with the existing business, Macro sees a huge potential with the resurgence trend of AI. With the concurrence of other technical advancement and the importance of big data as well as the popularization of Internet of things (“IoT”), AI has become an almost inseparable part to a successful business and even our daily lives. Macro therefore, has started to transform itself from system integrator to a Marketing AI integrated solution provider. During the period ended 31 March 2019, Macro, in corporation with DataCube, started the research and development to originate our very own software for AI statistical analysis platform to provide the most tailor-made and suitable software and solutions for our clients in Hong Kong and PRC.

### **DataCube**

DataCube Research Centre Limited (“DataCube Research Centre” or “DataCube”), is dedicated to promote data modelling, big data analysis as well as developing related technologies to expedite the adoption and drive the evolution of AI and business intelligence (“BI”) and across the region, so as to provide the technological platform and all related resources to drive the development of Smart Cities in Asia.

In the business world, BI has become a complementary if not essential tool used by enterprises to support a wide range of business decisions ranging from operational to strategic ones. The big data in business operations are systematically gathered and analyzed into useful information which can assist corporations to formulate their business strategies accordingly.

Currently, DataCube provides business solution services, customized peer-to-peer data analysis platform and local data talents through data research, analysis and adoption.

In 2018, DataCube had assisted one of our clients which is large scale general hospital in Guangzhou through our cancer data modelling system, to enable their staff to predict cancer status precisely before pathological examination. With thousands of expanding data set, we provided our client with data processing and modelling solutions that made data search and analysis more efficient. The cancer tumor prediction accuracy has been enhanced and become more reliable.

With the efforts we invested in data analysis, AI and BI reporting tools, we provided complete chain and system for our clients. DataCube shall aim to extend our services to cover across government, medical and education etc. For instance, AI system can be applied to provide automatic vehicle identification in car parks whereby the car license plates are detected and identified to enhance the efficient security management of car parks. Through the spectrum of client portfolio we build, we will gain knowledge of different industries so that we can strengthen our skillset to provide quality services, hence, enhance our competitiveness to drive social awareness upon data application and accelerate the adoption of AI for the development of Smart Cities in Asia in the future. We expect that DataCube shall become one of the income drivers and contribute to the business of the Group in the years to come.

During the period ended 31 March 2019, Macro Group has contributed a revenue of approximately HK\$14,023,000 to the Group. This encouraging result motivates the Directors and the Company to continue developing the business of Macro Group.

## **Other Businesses**

During the three months ended 31 March 2019, the Company has been developing its existing businesses while keeping alert of the market trends so that it would be able to create a competitive edge for itself to provide more integrated and comprehensive services.

Meanwhile, in late March 2019, the Company has entered into a formal sales and purchase agreement (the "Agreement") with an independent third party in relation to the acquisition of 51% of the equity interest of FULLPAY K.K. (FULLPAY株式会社) ("Fullpay") at a consideration of HK\$15,300,000 (the "Acquisition"). The Company has subscribed 16.67% equity interest of Fullpay in January 2017, therefore upon the Acquisition, the Company owns 67.67% of the equity interest of Fullpay. 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 and the rocketing numbers of Chinese tourist in Japan, 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.

## **Outlook and Prospect**

During the three months ended 31 March 2019, the Group has made steady progress in refining its business model, putting more emphasis on our main business in Macro and the future development of DataCube. Leveraging our established brand names including Macro and DataCube, we deliver quality services to our clients. With more centralized resources, the Group will continue to endeavour to intensify its innovation facilitation and enhance new market expansions.

Looking forward, we shall continue to team up Macro and DataCube so as to synergize our IT capabilities and to jump on the bandwagon of Smart Cities among the businesses. Having the vision of giving the most suitable data analysis and intelligence systems to our clients, together with the experiences and knowledge we gained through the years, we walk hand in hand with our clients and persistently develop and improve our own self-developed software for AI statistical analysis platform so that we can provide unique and customized services to our clients. With the self-developed software which is still uncommon among our competitors, we strengthen our competitive edge to stand out in the market.



Seeing the robust development of AI and BI, the Group shall further enhance its development as a Marketing AI integrated solution provider, mainly in two categories, namely, MarTech AI and AdTech AI, providing marketing and advertising services with AI technology respectively. In view of the evolving trend for SmartMalls, SmartShops and SmartRetail, for MarTech AI, we provide comprehensive services including big data AI platform where data is gathered and analyzed and with the help of AI book which is an end to end machine learning platform, it provides insights on model performance, key drivers and ready reports to our clients. We also provide AI infrastructures, management and AI advisory services to assist clients to optimize their business process. On the other hand, seeing the popularity of IoT, with the information collected and analyzed, we provide online merge offline (“OMO”) advertisement management platform and OMO SSP supplier platform services for AdTech AI to our clients. We then provide comprehensive advertising services with advertising means like shopping malls, public transportation, offices and even car parks.

Encouraged by the achievements in 2018, in the year to come, we shall adhere to our business strategy to develop our main business in Macro and DataCube. We are dedicated to pay close attention to the development in the industry as well as the macro-economy and keep abreast of the knowledge and technology so that the Group can provide the most advanced yet reliable service to our clients and bring profits to the Group and its shareholders in future.

## **Employees**

The total number of full-time employees hired by the Group maintained at 59 as of 31 March 2019 (2018: 98 employees). Total expenses on employee benefits amounted to approximately HK\$7,387,000 for the three months ended 31 March 2019 (2018: approximately HK\$9,338,000). The management believes the salaries offered by the Group to its employees are competitive.

## **Financial review**

For the three months ended 31 March 2019, the Group recorded a revenue of approximately HK\$17,041,000, an increase of 0.3% from approximately HK\$16,990,000 in the corresponding period of last year. The revenue of Macro increased due to increase in number of projects and that set off the effect of the disposal of Panasoft International Limited in 2018 which contributed revenue for the first three months of 2018.

The Group had a total cost of sales and services of approximately HK\$11,459,000 for the first quarter of year 2019, an increase of 5.3% compared with approximately HK\$10,882,000 for the same period of year 2018. The increase was mainly due to the increase in staff cost related to projects during the period.

The gross profit of the Group for the first quarter of year 2019 was approximately HK\$5,582,000, compared with approximately HK\$6,108,000 for the corresponding period of last year.

The Group's selling and distribution expenses for the first quarter of year 2019 was approximately HK\$786,000, which decreased by 46.7% compared with approximately HK\$1,476,000 for the corresponding period of year 2018. The decrease was mainly due to the disposal of Panasoft International Limited and hence less expenses were incurred.

Administrative expenses for the period were approximately HK\$7,080,000, representing a decrease of 44.1% as compared to approximately HK\$12,656,000 for the corresponding period last year. The decrease, among other expense reduction measures, was mainly attributable to the disposal of Panasoft International Limited and hence less expenses were incurred.

The Group recorded a mark-to-market gain on held-for-sale investment securities of approximately HK\$7,265,000 for the period (2018: a gain of approximately HK\$5,718,000).

The Group recorded a profit attributable to owners of the Company of approximately HK\$4,438,000 for the three months ended 31 March 2019 (2018: loss of approximately HK\$1,281,000).

## **EVENTS AFTER THE REPORTING PERIOD**

The Group had no material event after the period ended 31 March 2019.

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 2019, together with the unaudited comparative figures for the corresponding period of year 2018, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Three months ended</b>	
		<b>2019</b>	2018
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
Interest revenue		<b>3,018</b>	3,515
Other revenue		<b>14,023</b>	13,475
<b>Total revenue</b>	<i>3</i>	<b>17,041</b>	16,990
Cost of sales and services		<b>(11,459)</b>	(10,882)
<b>Gross profit</b>		<b>5,582</b>	6,108
Other income and gains	<i>3</i>	<b>80</b>	245
Selling and distribution expenses		<b>(786)</b>	(1,476)
Administrative expenses		<b>(7,080)</b>	(12,656)
Other expenses		<b>—</b>	(1)
Fair value gain on investment at fair value through profit or loss		<b>7,265</b>	5,718
Finance costs	<i>4</i>	<b>(914)</b>	(1,163)
Gain on disposal of subsidiaries		<b>—</b>	675
<b>PROFIT/(LOSS) BEFORE TAX</b>	<i>5</i>	<b>4,147</b>	(2,550)
Income tax expenses	<i>6</i>	<b>—</b>	—
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>4,147</b>	(2,550)
Attributable to:			
Owners of the Company		<b>4,438</b>	(1,281)
Non-controlling interests		<b>(291)</b>	(1,269)
		<b>4,147</b>	(2,550)
<b>PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic and diluted	<i>7</i>	<b>HK0.08 cents</b>	(HK0.02 cents)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<b>4,147</b>	(2,550)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX EXPENSES		
Exchange differences on translation of foreign operations	<b>4,070</b>	11,115
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>8,217</b>	8,565
Attributable to:		
Owners of the Company	<b>8,526</b>	10,017
Non-controlling interests	<b>(309)</b>	(1,452)
	<b>8,217</b>	8,565

# 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 2018.

### ***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 2019. 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 profit/(loss) for the Group's business segments for the three months ended 31 March 2019 and 2018.

### Reporting segment information

	Three months ended 31 March									
	Software development and system integration		IT solutions and maintenance		Money lending		Securities investments		Total	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	
<b>Segment revenue:</b>										
Sales to external customers	–	318	14,023	13,157	3,018	3,515	–	–	17,041	16,990
<b>Segment (loss)/profit</b>	–	(1,253)	(1,817)	(2,213)	2,977	3,464	7,263	5,709	8,423	5,707
<b>Reconciliation:</b>										
Bank interest income									–	1
Unallocated gains									–	191
Corporate and other unallocated expenses									(3,362)	(7,961)
Gain on disposal of subsidiaries									–	675
Finance costs									(914)	(1,163)
Profit/(loss) before tax									4,147	(2,550)
Income tax expenses									–	–
Profit/(loss) for the period									4,147	(2,550)

## Geographical information

	<b>Revenue</b> <b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 (Unaudited) HK\$'000
Hong Kong	<b>17,017</b>	15,881
PRC except Hong Kong	<b>24</b>	1,109
Consolidated total	<b>17,041</b>	16,990

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:

	<b>Three months ended</b> <b>31 March</b> <b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 (Unaudited) HK\$'000
<b>Revenue</b>		
Sale of computer hardware and software	<b>10,823</b>	10,413
Provision of technical support and maintenance services	<b>2,485</b>	3,062
Revenue from contracts with customers	<b>715</b>	–
Loan interest income	<b>3,018</b>	3,515
Total revenue	<b>17,041</b>	16,990

	<b>Three months ended</b> <b>31 March</b> <b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 (Unaudited) HK\$'000
<b>Other income and gains</b>		
Bank interest income	–	1
Others	<b>80</b>	244
	<b>80</b>	245

#### 4. Finance costs

	Three months ended	
	31 March	
	2019	2018
(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	
Interest on bank loans	532	713
Interest on other loans	382	450
	<b>914</b>	1,163

#### 5. Profit/(loss) before tax

Profit/(loss) before tax was arrived at after charging the following:

	Three months ended	
	31 March	
	2019	2018
(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	
Depreciation	338	249
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 2019 as the Group has accumulated tax losses brought forward from previous year (2018: 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 2019 as the company's subsidiaries in PRC incurred tax losses during the period (2018: Nil).

No provision for Japan corporate income tax has been made for the three months ended 31 March 2019 since the Group did not generate any assessable profits arising in Japan during the period (2018: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



## 7. Profit/(loss) per share for the period attributable to owners of the Company

### (a) Profit/(loss) attributable to the owners of the Company:

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(loss) for the purpose of calculating basic and diluted profit/(loss) per share	<b>4,438</b>	(1,281)

### (b) Weighted average number of ordinary shares:

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total number of ordinary shares in issue at the end of the period	<b>5,712,151,908</b>	5,712,151,908
Weighted average number of ordinary shares in issue during the period	<b>5,712,151,908</b>	5,712,151,908

No adjustment has been made to the basic profit/(loss) per share amounts presented for the periods ended 31 March 2019 and 2018 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 2019 (2018: 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		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
				(Unaudited) HK\$'000	(Unaudited) HK\$'000						
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	
<b>At 31 March 2018</b>	<b>571,215</b>	<b>107,108</b>	<b>81,842</b>	<b>17,493</b>	<b>831</b>	<b>(232,561)</b>	<b>3,160</b>	<b>549,088</b>	<b>(5,232)</b>	<b>543,856</b>	
At 1 January 2019	571,215	107,108	81,250	(9,469)	-	(305,388)	2,471	447,187	(708)	446,479	
Profit for the period	-	-	-	-	-	4,438	-	4,438	(291)	4,147	
Other comprehensive income/(loss)											
– Exchange differences on translation of foreign operations	-	-	-	4,088	-	-	-	4,088	(18)	4,070	
Total comprehensive income for the period	-	-	-	4,088	-	4,438	-	8,526	(309)	8,217	
<b>At 31 March 2019</b>	<b>571,215</b>	<b>107,108</b>	<b>81,250</b>	<b>(5,381)</b>	<b>-</b>	<b>(300,950)</b>	<b>2,471</b>	<b>455,713</b>	<b>(1,017)</b>	<b>454,696</b>	

## 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 2019, 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 2019.

### Directors' interests and short positions in shares and underlying shares

At 31 March 2019, 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 (a))
		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%

Notes:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2019 and as at the date of this report, which was 5,712,151,908 Shares.
- (b) The 403,971,449 Shares are held by Discover Wide Investment Limited ("Discover Wide"), which is wholly-owned by Mr. Wong Kui Shing, Danny. Pursuant to the provisions 7 and 8 of Part XV of the SFO, Mr. Wong is deemed to have an interest in all shares in which Discover Wide has, or deemed to have an interest.

## 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 2019 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 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 adopted by the Company on 2 August 2012 ("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. As at the date of this report, details of the share options granted and remain effective 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 2019	Lapsed during the period	Outstanding as at 31 March 2019	
<b>Directors</b>							
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\$0.13
Mr. Chan Kai Leung	Executive Director	27 September 2017	27 September 2017 - 26 September 2027	5,016,000	-	5,016,000	HK\$0.13
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\$0.13
<b>Former Directors</b>							
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
Sub-total				222,768,000	-	222,768,000	

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 2019	Lapsed during the period	Outstanding as at 31 March 2019	
Other staff and consultants		11 April 2017	11 April 2017 - 10 April 2027	405,960,000	-	405,960,000	HK\$0.153
		27 September 2017	27 September 2017 - 26 September 2027	505,680,000	-	505,680,000	HK\$0.13
Total				1,134,408,000	-	1,134,408,000	

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.

Save as disclosed above, none of the outstanding share options were exercised or cancelled or lapsed during the three months ended 31 March 2019.

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

At 31 March 2019, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### **Long positions in ordinary shares of the Company:**

Name	Capacity and nature of interest	Number of ordinary shares held (Nature of Interest)	Percentage of the Company's issued share capital (Note (a))
Discover Wide Investments Limited	Directly beneficially owned	403,971,449 (Registered Shareholder)	7.07%
Mr. Zhang Rong	Directly beneficially owned	509,824,000 (Registered Shareholder)	8.93%

Note:

(a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this report, which was 5,712,151,908.

Save as disclosed above, as at 31 March 2019, 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 2019, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of Company’s listed securities.

## Competing interests

During the three months ended 31 March 2019 and up to the date of this report, the Directors had an interest in any business apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business that need to be disclosed pursuant to the GEM Listing Rules were as follows:

<b>Name of Director</b>	<b>Name of Company</b>	<b>Nature of Business</b>	<b>Nature of interest</b>
Wong Kui Shing, Danny	TFG International Group Limited (“TFG”), Stock Code: 542	Money Lending Business	Non-executive director of TFG
	Huiyin Holdings Group Limited (“Huiyin”), Stock Code: 1178	Money Lending Business	Executive director of Huiyin (resigned as director of Huiyin with effect from 10 April 2019)
Wong King Shiu, Daniel	Huisheng International Holdings Limited (“Huisheng”), Stock Code: 1340	Money Lending Business	Independent non-executive director of Huisheng

As the Board is independent to the boards of the above mentioned companies, the Group is capable of carrying on its business independently of and at arm’s length, from the business of those companies.

During the three months ended 31 March 2019 and up to the date of this report, save as disclosed above, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

# **CORPORATE GOVERNANCE**

## **Corporate governance practices**

During the three months ended 31 March 2019, 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 2019.

## **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 2019 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.

## **Change in information of Director**

The change in information of Director during the three months ended 31 March 2019 and as at the date of this report is set out below:

Mr. Wong Kui Shing, Danny has resigned as the executive director of Huiyin Holdings Group Limited (Stock Code: 1178) with effect from 10 April 2019.

## **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, 15 May 2019

*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.*