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CHINA E-INFORMATION TECHNOLOGY GROUP LIMITED

中國網絡信息科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

2018 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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 announcement, for which the directors (the “Directors”) of China E-Information Technology Group Limited (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 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.

RESULTS

The board (the “Board”) of directors (“Directors”) of China E-Information Technology Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months and three months ended 30 June 2018, together with the comparative unaudited figures of the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Turnover	3	34,238	33,894	4,524	17,570
Cost of sales		(14,072)	(12,983)	(2,935)	(8,396)
Gross profit		20,166	20,911	1,589	9,174
Other income	4	86	266	45	43
Other expenses	5	(140)	(206)	(68)	(206)
Share based payment expense		–	(28,905)	–	(28,905)
Administrative expenses		(31,592)	(24,747)	(12,298)	(12,226)
Loss from operations		(11,480)	(32,681)	(10,732)	(32,120)
Finance costs	6	(4,667)	(604)	(2,436)	(450)
Share of result of investments in associates		921	389	583	389
Loss before tax	7	(15,226)	(32,896)	(12,585)	(32,181)
Income tax	8	–	–	–	–
Loss for the period		(15,226)	(32,896)	(12,585)	(32,181)
Attributable to:					
Owners of the Company		(24,165)	(40,722)	(14,160)	(35,073)
Non-controlling interests		8,939	7,826	1,574	2,892
		(15,226)	(32,896)	(12,586)	(32,181)
Loss per share attributable to owners of the Company (HK cents)					
– Basic	10	(0.65)	(1.21)	(0.38)	(1.01)
– Diluted	10	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	For the six months ended 30 June		For the three months ended 30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(15,226)	(32,896)	(12,586)	(32,181)
Other comprehensive loss:				
Exchange difference arising on translation of foreign operations	(1,495)	(1,790)	(6,098)	(1,608)
Total comprehensive loss for the period	(16,721)	(34,686)	(18,684)	(33,789)
Attributable to:				
Owners of the Company	(25,660)	(42,512)	(20,258)	(36,681)
Non-controlling interests	8,939	7,826	1,574	2,892
	(16,721)	(34,686)	(18,684)	(33,789)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) 30 June 2018 HK\$'000	(Audited) 31 December 2017 HK\$'000
	Notes		
Non-current assets			
Contingent consideration receivable		514	520
Property, plant and equipment		7,856	8,228
Investment in an associate		101,394	101,743
		109,764	110,491
Current assets			
Investment held for sale		–	38,000
Due from an associate		–	14,304
Other receivables	11	51,605	77,239
Financial asset at fair value through profit or loss		426	565
Cash and cash equivalents		151,850	20,767
		203,881	150,875
TOTAL ASSETS		313,645	261,366
Current liabilities			
Trade and other payables	12	30,634	28,330
		30,634	28,330
Non-current liabilities			
Convertible notes		29,086	24,420
Deferred tax liabilities		5,892	5,891
		34,978	30,311
TOTAL LIABILITIES		65,612	58,641
NET CURRENT ASSETS		173,247	122,545
NET ASSETS		248,033	202,725
CAPITAL AND RESERVE			
Share capital	13	375,130	356,590
Reserves		(141,885)	(159,714)
Non-controlling interests		14,788	5,849
TOTAL EQUITY		248,033	202,725

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	For the six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	26,677	(41,662)
Net cash inflow/(outflow) from investing activities	63,371	(27,739)
Net cash inflow from financing activities	42,530	52,812
Increase/(decrease) in cash and cash equivalents	132,578	(16,589)
Cash and cash equivalents at the beginning of period	20,767	51,128
Effect of exchange rate changes	(1,495)	242
Cash and cash equivalents at the end of period	151,850	34,781
Analysis of the balance of cash and cash equivalents:		
Cash and bank balances	151,850	34,781

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	(Unaudited)									
	Share capital	Share premium	Share-based payment reserve	Exchange fluctuation reserve	Convertible			Accumulated losses	Total	Non-controlling interests
notes equity reserve					PRC staff award fund reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As of 1 January 2017	330,498	287,747	57,070	8,652	1,174	8,958	(546,820)	147,279	6,296	153,575
(Loss)/profit of the period	-	-	-	-	-	-	(40,722)	(40,722)	7,826	(32,896)
Other comprehensive loss	-	-	-	(1,790)	-	-	-	(1,790)	-	(1,790)
Total comprehensive (loss)/income for the period	-	-	-	(1,790)	-	-	(40,722)	(42,512)	7,826	(34,686)
Exercise of share options	10,700	23,207	(7,022)	-	-	-	-	26,885	-	26,885
Issue of convertible notes	-	-	-	-	107,742	-	-	107,742	-	107,742
Issue of share options	-	-	28,905	-	-	-	-	28,905	-	28,905
Redemption of convertible notes	-	-	-	-	(1,174)	-	1,174	-	-	-
Conversion of convertible notes	15,392	27,705	-	-	(43,097)	-	-	-	-	-
As of 30 June 2017	356,590	338,659	78,953	6,862	64,645	8,958	(586,368)	268,299	14,122	282,421
As of 1 January 2018	356,590	332,783	78,953	9,194	29,815	11,730	(622,189)	196,876	5,849	202,725
(Loss)/profit of the period	-	-	-	-	-	-	(24,165)	(24,165)	8,939	(15,226)
Other comprehensive loss	-	-	-	(1,495)	-	-	-	(1,495)	-	(1,495)
Total comprehensive (loss)/income for the period	-	-	-	(1,495)	-	-	(24,165)	(25,660)	8,939	(16,721)
Exercise of share options	5,540	17,205	(6,216)	-	-	-	-	16,529	-	16,529
Issue of share by placing	13,000	32,500	-	-	-	-	-	45,500	-	45,500
As of 30 June 2018	375,130	382,488	72,737	7,699	29,815	11,730	(646,354)	233,245	14,788	248,033

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The Group is principally engaged in the provision of an internet platform for the facilitation of education program in Chinese medicine and other advisory and training programs.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations (the "standards") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The basis of preparation and accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the Group's annual financial statements for the year ended 31 December 2017. The condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting periods beginning on or after 1 January 2018. The adoption of these new and revised standards, amendments and interpretations has had no significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early adopted the new and revised standards that have been issued but are not yet effective. The directors anticipate that the application of the new and revised standards will have no material impact on the results and financial position of the Group.

3. TURNOVER

Turnover represents revenue of the Group from the provision of distance learning programs and education consultation.

4. OTHER INCOME

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	70	45	29	21
Sundry income	16	29	16	22
Gain on sale of financial assets	-	192	-	-
	86	266	45	43

5. OTHER EXPENSES

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net unrealised loss on financial assets at fair value through profit or loss	(140)	(206)	(68)	(206)
	(140)	(206)	(68)	(206)

6. FINANCE COSTS

Finance costs represent interest expenses on financial liabilities measured at amortised cost.

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of plant and equipment	1,193	719	571	418
Staff costs (including directors' emoluments)	9,241	7,547	4,870	3,739

11. OTHER RECEIVABLES

	(Unaudited)	(Audited)
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Deposits and other receivables	112,425	136,175
Deferred expenses	4,036	7,254
Prepayments	3,326	2,708
Less: impairment losses	(68,182)	(68,898)
	51,605	77,239

12. TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Trade payable	4	145
Other payables	5,281	5,166
Receipts in advance	10,089	18,136
Accrued charges	15,260	4,883
	30,634	28,330

The aging analysis of trade payable as at the end of reporting period is as follows:

	(Unaudited)	(Audited)
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Within 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
Over 90 days	4	145
	4	145

The carrying amounts of the trade and other payable approximate their fair values.

13. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary share of HK\$0.1 each		
Authorised		
At 1 January 2018	50,000,000,000	5,000,000
At 30 June 2018	50,000,000,000	5,000,000
Issued and fully paid		
At 1 January 2018	3,565,897,033	356,590
Exercised of share options	55,400,000	5,540
Issue of share by placing	130,000,000	13,000
At 30 June 2018	3,751,297,033	375,130

14. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2018 (31 December 2017: Nil).

15. COMMITMENTS

At 30 June 2018, the Group had the following commitments in respect of operating leases of rented premises and office equipment:

	(Unaudited) 30 June 2018 HK\$'000	(Audited) 31 December 2017 HK\$'000
Within one year	5,257	5,640
In the second to fifth years inclusive	3,668	5,610
	8,925	11,250

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group's turnover in the first half of the year was 1% more than the same period last year. The medical education core business remains stable.

FINANCIAL REVIEW

For the six months ended 30 June 2018, the Group recorded revenue of approximately HK\$34,238,000 (2017: HK\$33,894,000) representing tuition fee revenue and sales of educational products. Gross profit was approximately HK\$20,166,000 (2017: HK\$20,911,000), representing a gross profit margin of 59% for the period under review.

During the period, cost of sales was approximately HK\$14,072,000 (2017: HK\$12,983,000) representing the direct wages and overheads incurred in the distance learning courses.

Other income was approximately HK\$86,000 (2017: HK\$266,000) representing an interest income of approximately HK\$70,000 (2017: HK\$45,000). Sundry income of approximately HK\$16,000 (2017: HK\$29,000).

Other expenses for the period under review amounted to approximately HK\$140,000 (2017: HK\$206,000) representing net unrealised loss on financial assets at fair value through profit or loss of approximately HK\$140,000 (2017: HK\$206,000).

Administrative expenses for the period under review were approximately HK\$31,592,000 (2017: HK\$53,652,000), of which staff related costs were approximately HK\$9,241,000 (2017: HK\$7,547,000). Other major expenses include rental, which was approximately HK\$3,273,000 (2017: HK\$1,508,000); consultancy fees, which were approximately HK\$6,849,000 (2017: HK\$3,015,000); and depreciation charges, which were approximately HK\$1,193,000 (2017: HK\$719,000) during the period under review.

Finance costs during the period were approximately HK\$4,667,000 (2017: HK\$604,000), and the consolidated loss for the period was approximately HK\$15,226,000 (2017: HK\$32,896,000).

OUTLOOK

The Group's existing e-learning business will remain the core business and main cash generator in the near future. This business is expected to grow in a rather stable manner.

On 26 January 2018, a Placing Agreement was entered into between the Company and the Placing Agent, pursuant to which the Company has appointed the Placing Agent to procure altogether not less than six Placees, on a best effort basis, for subscribing up to an aggregate of 330,000,000 Placing Shares at HK\$0.35 per Placing Share.

On 9 February 2018, the Company and the Placing Agent entered into a supplemental agreement (the "Supplemental Agreement") for amending the terms of the Placing Agreement, pursuant to which the deadline for fulfilment of the conditions to completion of the Placing (the "Long Stop Date") has been postponed from 9 February 2018 to 23 February 2018.

For detailed information regarding the Placing Agreement and Supplemental Agreement, please refer to the announcement of the Company dated 26 January 2018 and 9 February 2018.

On 27 February 2018, 130,000,000 Placing Shares have been successfully placed to not less than six Placées at the Placing Price of HK\$0.35 per Placing Share pursuant to the terms and conditions of the Placing Agreement (as amended by the Supplemental Agreement).

For detailed information regarding the completion of the Placing, please refer to the announcement of the Company dated 27 February 2018.

On 23 March 2018, the Group entered into an agreement pursuant to which the seller Million Forever Limited agreed to sell the 45% shares of Business Harbour Limited to the original seller Happy Leisure Corp. which offered to repurchase the shares at a consideration of HK\$38 million satisfied by cash.

In addition, the Company will continue to look for other attractive investments in the PRC and locally in an attempt to diversify into different business areas to reduce the reliance upon existing e-learning business and strengthen the positive cash flow and earnings for the Group in the long run.

Liquidity and financial resources

As at 30 June 2018, the Group had current assets of approximately HK\$204 million including cash and bank balances of approximately HK\$152 million, and the Group did not have any bank borrowings. Total assets were approximately HK\$314 million and total liabilities were approximately HK\$66 million, representing a gearing ratio (expressed as total liabilities to total assets) of approximately 0.21, as compared with approximately 0.22 at the beginning of the year 2018.

Share capital

As at 30 June 2018, the authorized share capital of the Company was HK\$5,000,000,000 divided into 50,000,000,000 shares of HK\$0.10 each and the issued share capital of the Company was approximately HK\$375,129,703 divided into 3,751,297,033 shares of HK\$0.10 each.

Convertible Notes

Convertible Notes 2020

On 11 October 2016 and 24 October 2016, the Company entered into the Sale and Purchase Agreement and Supplemental Agreement with the Vendor in relation to the acquisition of 49% equity interest in Beijing Youli Lianxu Technology Company Limited.

Completion of the issue of the Convertible Notes 2020 (CN2020) in the aggregate principal amount of HK\$91,581,000 have been issued, of which HK\$54,215,952 are issued to the company nominated by Mr. Wang Peng and HK\$37,365,048 are issued to the company nominated by Mr. Ma Liejun took place on 25 April 2017.

As at 30 June 2018, the aggregate outstanding principal amount of CN2020 was HK\$54,948,600. The exercise in full of the vested conversion rights would result in the issue and allotment of 230,876,471 new shares of the Company.

Foreign exchange exposure

Most of the Group's assets, liabilities and transactions are denominated in Hong Kong dollars and Renminbi. As the exchange rate between Hong Kong dollars and Renminbi is relatively stable and the expenditure in the People's Republic of China ("PRC") was covered by the sales in the PRC, the management considers that the Group has no significant foreign exchange exposures. Foreign exchange risk arising from the normal course of operations is considered to be minimal. As at 30 June 2018, the Group has no foreign currency borrowings and has not used any financial instrument for hedging the foreign exchange risk.

Significant investments

During the six months ended 30 June 2018, no significant investments were made by the Group.

Charges on the Group's assets

There were no material charges on the Group's assets as at 30 June 2018.

Employees Information

As at 30 June 2018, the Group had a total of 27 employees (2017: 25 employees) (including executive directors). During the period under review, the total staff costs amount to approximately HK\$9,241,000 (2017: approximately HK\$7,547,000), representing an increase of approximately 22% over the prior period.

The salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. Staff benefits include contribution to the mandatory provident fund and share options.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2018, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares or underlying shares of the Company

Name of Directors and chief executive	Capacity	Number of shares or underlying shares held			Percentage of issued share capital
		Ordinary Share	Shares Options	Total	
Yuan Wei (Executive Director and Chief Executive Officer)	Beneficial owner	-	33,000,000	33,000,000	0.88%
Zhang Jianxin (Executive Director)	Beneficial owner	-	10,000,000	10,000,000	0.27%
Wong Hiu Pui (Executive Director)	Beneficial owner	120,000	-	120,000	0.003%
Zheng Zhijing (Executive Director)	Beneficial owner	-	10,000,000	10,000,000	0.27%
Lin Yan (Executive Director)	Beneficial owner	126,000,000	-	126,000,000	3.36%
Li Qunsheng (Independent Non-executive Director)	Beneficial owner	-	3,000,000	3,000,000	0.08%
Lu Xiaowei (Independent Non-executive Director)	Beneficial owner	1,000,000	-	1,000,000	0.03%

Save as disclosed above, as at 30 June 2018, none of the other Directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, so far as known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Long position in shares or underlying shares of the Company

Name of Shareholder	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Atlantis Capital Holdings Limited (note 1)	Investment manager	286,256,000	7.63%
Liu Yang (note 2)	Interest of a controlled corporation	286,256,000	7.63%
Atlantis Investment Management (Hong Kong) Limited (note 1)	Investment manager	286,256,000	7.63%
Atlantis Investment Management (Ireland) Limited (note 1)	Investment manager	126,256,000	3.37%
Riverwood Asset Management (Cayman) Ltd. (note 2)	Investment manager	160,000,000	4.27%
China Shipbuilding Industry Corporation (note 3)	Interest of a controlled corporation	524,952,000	13.99%
China Shipbuilding Capital Limited (note 3)	Beneficial owner and interest of a controlled corporation	524,952,000	13.99%
Summit Blue Limited (note 4)	Beneficial owner	384,794,117	10.26%
Wang Peng (note 4)	Interest of a controlled corporation	384,794,117	10.26%

- Notes: 1 According to the disclosure of interests notices filed by each of Ms. Liu Yang and Atlantis Capital Holdings Limited, Atlantis Investment Management (Hong Kong) Limited (“Atlantis (Hong Kong)”) and Atlantis Investment Management (Ireland) Limited (“Atlantis (Ireland)”) were disclosed as having interest in 286,256,000 shares and 126,256,000 shares of the Company respectively. Atlantis (Hong Kong) and Atlantis (Ireland) are indirect wholly-owned and direct wholly-owned by Ms. Liu Yang and Atlantis Capital Holdings Limited respectively. Therefore, Ms. Liu Yang and Atlantis Capital Holdings Limited are deemed to be interested in the shares held by Atlantis (Hong Kong) and Atlantis (Ireland).
2. According to the disclosure of interests notices filed by Riverwood Asset Management (Cayman) Ltd, Riverwood Asset Management (Cayman) Ltd was disclosed as having interest in 160,000,000 shares of the Company and was wholly owned by Ms. Liu Yang. Therefore, Ms. Liu Yang is deemed to be interested in the shares held by Riverwood Asset Management (Cayman) Ltd.
3. China Shipbuilding Capital Limited was a wholly-owned subsidiary of China Shipbuilding Industry Corporation. China Shipbuilding Capital Limited was the beneficial owner of 493,088,000 shares of the Company and also held 60% shareholding in CSIC Investment One Limited, a company which was the beneficial owner of 31,864,000 shares of the Company.
4. According to the disclosure of interests notices filed by Summit Blue Limited and Mr. Wang Peng, Summit Blue Limited held 384,794,117 shares of the Company and Mr. Wang Peng held 70% shareholding in Summit Blue Limited. Therefore, Mr. Wang Peng is deemed to be interested in the shares held by Summit Blue Limited under the SFO.

CORPORATE GOVERNANCE

During the period under review, the Company has complied with all the Code on Corporate Governance Practices as set out in Appendix 15 in the GEM Listing Rules.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors, substantial shareholders of the Company and their respective associates had any interest in any business that directly or indirectly competed or might compete with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed Securities during the six months ended 30 June 2018.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also made specific enquiry with all Directors, and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the period under review.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures. Currently, the committee comprised three independent non-executive Directors, namely Ms. Yang Qingchun, Mr. Tang Jiuda and Ms. Lu Xiaowei.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2018 have been reviewed by the audit committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established on 23 March 2005 with major functions of (i) making recommendations to the Board on the Company's policies and structure for the remuneration of Directors and senior management of the Group; and (ii) determining the remuneration packages of all Directors and senior management of the Group; and (iii) reviewing and approving the performance-based remuneration. The remuneration committee of the Company is chaired by Mr. Yuan Wei. Other members include Ms. Yang Qingchun and Mr. Tang Jiuda. The majority of the members of the remuneration committee are independent non-executive directors.

NOMINATION COMMITTEE

The nomination committee of the Company was established on 23 March 2012. The function of the nomination committee is to identify individual suitably qualified to become director and make recommendation to the Board on the appointment, re-appointment and re-designation of directors. The nomination committee of the Company is chaired by Mr. Yuan Wei. Other members include Ms. Yang Qingchun and Ms. Lu Xiaowei. The majority of the members of the nomination committee are independent non-executive directors.

By order of the Board
China E-Information Technology Group Limited
Yuan Wei
Executive Director

Hong Kong, 8 August 2018

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Yuan Wei, Ms. Zhang Jianxin, Mr. Zheng Zhijing, Ms. Lin Yan and Ms. Wong Hiu Pui; and three independent non-executive Directors, namely, Ms. Yang Qingchun, Mr. Tang Jiuda and Ms. Lu Xiaowei.

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