



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)

INTERIM REPORT 2015

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

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CORPORATE INFORMATION

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Ms. Wu Jingjing
Mr. Wong Chi Yung
Mr. Takashi Togo

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

COMPANY SECRETARY

Mr. Tse Chi Wai

COMPLIANCE OFFICER

Mr. Tse Chi Wai

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Mr. Tse Chi Wai

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

AUDITOR

ZHONGHUI ANDA CPA Limited

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GEM STOCK CODE

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SUMMARY

- Turnover from continuing operations for the six months ended 30 June 2015 was HK\$11,907,000, representing an increase of 68.8% from the corresponding period in last year (2014: HK\$7,056,000).
- Loss attributable to owners of the Company from continuing operations for the six months ended 30 June 2015 amounted to HK\$24,535,000 (2014: HK\$8,265,000). The increase in loss was mainly attributed to a HK\$16 million impairment provision against an investment.
- Loss per share attributable to owners of the Company from continuing operations for the six months ended 30 June 2015 was HK0.88 cents (2014: HK0.38 cents).
- The Board of Director (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

In April 2015, the Company and Mr. Cheng Shing Tak entered into an agreement, pursuant to which the Company had conditionally agreed to acquire 40% interest in Faithful Asia Group Limited at the consideration of HK\$80,000,000. Faithful Asia Group Limited primarily focuses on business intelligence, big data, facilities management, financial technology solutions consulting and implementation. It is also engaged in IT outsourcing and secondment assignments on business intelligence, IT cloud infrastructure, networking, application programming, mobile solution and technical support services. More details on the acquisition had been disclosed in the relevant announcement of the Company dated 20 April 2015.

In May 2015, the Company and IWT Group Limited entered into an agreement, pursuant to which the Company had conditionally agreed to acquire 25% interest in Wise Visual Holdings Limited at the consideration of HK\$80,000,000. Wise Visual Holdings Limited primarily focuses on solutions in big data and analytics for business intelligence and carrying on the principal business of developing and providing intelligent video recording surveillance system for security, safety alarm such as fire detection, business intelligence and process improvement. More details on the acquisition had been disclosed in the relevant announcement of the Company dated 7 May 2015.

In June 2015, the Company placed 539,088,000 new shares at HK\$0.188 per share to certain independent places and fetched a net proceed of approximately HK\$98 million. The proceed will be used for developing potential new business should such opportunities arise and for general working capital of the Group.

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

Outlook and Prospect

Subsequent to the disposal of Wisdom Elite Holdings Limited ("Wisdom Elite") in 2014, the Group will focus more on development of the Shanghai Pantosoft Company Limited operation, and to broaden the scope of investment in the IT field as planned.

The Group received net proceeds of approximately HK\$85 million from the disposal of Wisdom Elite. It is the Company's intention to apply those funds to acquire projects with good potential in e-education administration, other IT areas and other new technology applications, and to provide general working capital to the Group. In April 2015, the Company had applied HK\$80 million to acquire 40% equity interest in Faithful Asia Group Limited, which is a comprehensive IT service provider.

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

- (1) City emergency management ("CEM") system in the areas of automated air and water pollution level monitoring;
- (2) Automated control and monitoring system for new steel refining technology ("ACM");
- (3) Medical related information technology system ("MRS"); and
- (4) Other medium to small size projects of electronic business platforms.

The CEM project did not proceed. Alternatively, the Company had made a HK\$80 million investment on 7 May 2015 to acquire 25% equity interest in Wise Visual Holdings Limited, a company that focus on solutions in big data and analytics for business intelligence and carrying on the principal business of developing and providing intelligent video recording surveillance system for security, safety alarm such as fire detection, business intelligence and process improvement.

The Company is monitoring the progress of ACM and MRS projects and will move forward with the investments when those projects are proven to be commercially viable. The two projects together calls for investment of approximately HK\$69 million. The Company will apply the remaining funds in the area of electronic business platform investments and the Group's general working capital.

The Group looks forward to expand its operation scale with plans as discussed in the above and to derive profits there from in future.

Employees

The total number of full-time employees hired by the Group maintained at 150 as of 30 June 2015. (2014: 239 employees, out of which 127 was related to Wisdom Elite and its subsidiary). Total expenses on employee benefits amounted to HK\$13,817,000 for the six months ended 30 June 2015 (2014: HK\$16,373,000, out of which HK\$8,597,000 was related to Wisdom Elite and its subsidiary). The increase in both headcounts and staff costs, excluding the effect of deconsolidation of Wisdom Elite and hence VST since the end of September 2014, was made in order to expand the operation of Pantosoft to better prepare if for the future. The management believes the salaries offered by the Group to its employees are competitive.

Financial review

For the six months ended 30 June 2015, the Group recorded a revenue from continuing operations of HK\$11,907,000, an increase of 68.8% from HK\$7,056,000 in the corresponding period in last year. The increase in revenue as compared to the same period of the year 2014 was mainly due to the increased sales of e-education related software in the current period.

The Group had a total cost of sales and services from continuing operations of HK\$7,828,000 for the first half of year 2015, an increase of 27.2% compared with HK\$6,153,000 in the same period of year 2014. The increase was not of the same magnitude as the increase in revenue discussed in the above as a result of more research and development expenses incurred and charged to cost of sales in 2014 as compared to 2015.

The gross profit from continuing operations of the Group for the first half of year 2015 was HK\$4,079,000, representing an increase of HK\$3,176,000 compared with HK\$903,000 for the corresponding period last year. The gross profit margin from continuing operations increased from 12.8% for the first six months of 2014 to 34.3% for the first six months of year 2015 as the e-campus software became matured and lesser research and development charges were required.

During the six months ended 30 June 2015, the Group generated other income and gains from continuing operations of HK\$17,062,000 (2014: HK\$1,178,000) which comprised: (i) bank interest income amounted to HK\$15,000 (2014: HK\$13,000); (ii) bonus issue of shares from financial assets at fair value through profit or loss amounted to HK\$16,055,000 (2014: nil); (iii) investment income from held-to-maturity investments and financial assets at fair value through profit or loss amounted to HK\$246,000 (2014: HK\$760,000); and (iv) other income amounted to HK\$746,000 (2014: HK\$405,000).

The Group's selling and distribution expenses from continuing operations for the first half of year 2015 were HK\$5,734,000, an increase of 255.9% compared with HK\$1,611,000 in the corresponding period in 2014. The increase was mainly attributed to increase in sales force of Pantosoft from 29 persons in 2014 to 53 persons in 2015.

Administrative expenses from continuing operations for the period were HK\$10,184,000, an increase of 21.6% as compared to HK\$8,377,000 for the corresponding period last year. The increase was mainly attributable to increase in staff costs as more directors were employed.

During the six months ended 30 June 2015, the Group recorded other expenses amounted to HK\$30,0780,000 (2014: HK\$ 76,000). The amount comprised mainly impairment provisions against two golf club members in Beijing of HK\$ 2,191,000; realized loss on securities investment of HK\$ 11,885,000 and impairment provision of HK\$ 16,000,000 again an investment in a joint venture.

Finance costs of the Group for the first half of year 2015 were HK\$25,000, a decrease of 93.3% comparing to HK\$374,000 for the corresponding period in 2014. All the finance costs were attributed to interest on finance lease for a motor vehicle of Pantosoft in 2015. All the finance costs for 2014 were attributed to loan interest incurred by China Luck.

The Group's loss from continuing operations attributable to owners of the Company was HK\$24,535,000 for the six months ended 30 June 2015 (2014: HK\$8,265,000). The increase in loss was mainly attributed to a HK\$16 million impairment provision against an investment in a joint venture.

Financial position

As at 30 June 2015, the Group had cash and bank balances of HK\$152,053,000 (31 December 2014: HK\$207,622,000).

As at 30 June 2015, the Group's finance lease amounted approximately HK\$632,000 (31 December 2014: HK\$720,000). The gearing ratio (calculated as finance lease over total equity) of the Group was 0.002 (31 December 2014: 0.002).

As the Group carried out a major portion of its operations in China, and substantially all of its business transactions, assets and liabilities are denominated in either Renminbi, US dollars or Hong Kong dollars, the foreign exchange risk of the Group was considered minimal thus no hedging activities were conducted.

Capital expenditure

The Group incurred a capital expenditure of HK\$74,000 for the six months ended 30 June 2015 (30 June 2014: HK\$147,000).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014 and 30 June 2015 respectively.

Capital commitment

Details of the capital commitment of the Group as at 31 December 2014 and 30 June 2015 are set out in note 19 to the condensed consolidated interim financial statements.

The board (the "Board") of directors (the "Directors") of the Company announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2015, together with the unaudited comparative figures for the corresponding period of year 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
			(re-stated)		(re-stated)
CONTINUING OPERATIONS					
Revenue	4	5,428	3,776	11,907	7,056
Cost of sales and services		(2,979)	(3,578)	(7,828)	(6,153)
Gross profit		2,449	198	4,079	903
Other income and gains, net	4	16,132	696	17,062	1,178
Selling and distribution expenses		(3,132)	(710)	(5,734)	(1,611)
Administrative expenses		(5,684)	(3,978)	(10,184)	(8,377)
Other expenses	6	(30,078)	(76)	(30,347)	(76)
Fair value (loss)/gain on financial assets at fair value through profit or loss		(390)	(129)	(32)	66
Finance costs	5	(12)	(374)	(25)	(374)
Share of results of associates		151	–	151	–
LOSS BEFORE TAX FROM CONTINUING OPERATIONS					
	6	(20,564)	(4,373)	(25,030)	(8,291)
Income tax expenses	7	–	–	–	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS					
		(20,564)	(4,373)	(25,030)	(8,291)
DISCONTINUED OPERATION					
Loss for the period from a discontinued operation	9	–	(1,514)	–	(5,038)
LOSS FOR THE PERIOD					
		(20,564)	(5,887)	(25,030)	(13,329)

	<i>Notes</i>	Three months ended		Six months ended	
		30 June		30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
			(re-stated)		(re-stated)
Attributable to:					
Owners of the Company					
Loss from continuing operations		(20,293)	(4,457)	(24,535)	(8,265)
Loss from a discontinued operation		–	(1,514)	–	(5,038)
		(20,293)	(5,971)	(24,535)	(13,303)
Non-controlling interests					
(Loss)/profit from continuing operations		(271)	84	(495)	(26)
Loss from a discontinued operation		–	–	–	–
		(271)	84	(495)	(26)
LOSS PER SHARE					
ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Basic and diluted (HK cents)					
– From continuing and discontinued operations for the period	8	(0.71)	(0.22)	(0.88)	(0.62)
– From continuing operations for the period		(0.71)	(0.17)	(0.88)	(0.38)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(20,564)	(5,887)	(25,030)	(13,329)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX				
– Exchange differences on translation of foreign operations	25	(2)	47	(583)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(20,539)	(5,889)	(24,983)	(13,912)
Attributable to:				
Owners of the Company	(20,270)	(5,974)	(24,490)	(13,887)
Non-controlling interests	(269)	85	(493)	(25)
	(20,539)	(5,889)	(24,983)	(13,912)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,464	2,780
Other intangible assets		–	431
Investments in associates	12	164,790	–
Investment in a joint venture	13	15,594	31,594
Available-for-sale financial asset		15,632	15,632
Total non-current assets		198,480	50,437
CURRENT ASSETS			
Inventories		747	82
Trade receivables	14	5,618	5,848
Prepayments, deposits and other receivables		3,777	5,885
Financial assets at fair value through profit or loss		35,485	50,035
Cash and cash equivalents		152,053	207,622
Total current assets		197,680	269,472
CURRENT LIABILITIES			
Trade payables	15	4,549	3,371
Other payables and accruals		5,519	4,066
Income tax payables		8,850	8,784
Finance lease payables		253	251
Total current liabilities		19,171	16,472
NET CURRENT ASSETS		178,509	253,000

	<i>Notes</i>	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		376,989	303,437
NON-CURRENT LIABILITIES			
Finance lease payables		379	469
		379	469
NET ASSETS		376,610	302,968
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	323,456	269,547
Reserves		54,717	34,491
		378,173	304,038
Non-controlling interests		(1,563)	(1,070)
Total equity		376,610	302,968

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total equity (Unaudited) HK\$'000
	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Retained Earnings/ (Accumulated losses) (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	
At 1 January 2014	89,849	1,204,135	17,373	7,826	(1,198,645)	120,538	(976)	119,562
Loss for the period	-	-	-	-	(13,303)	(13,303)	(26)	(13,329)
Other comprehensive (loss)/income								
- Exchange differences on translation of foreign operations	-	-	(584)	-	-	(584)	1	(583)
Total comprehensive loss for the period	-	-	(584)	-	(13,303)	(13,887)	(25)	(13,912)
Issue of new shares	179,698	17,970	-	-	-	197,668	-	197,668
Transaction costs attributable to issue of new shares	-	(2,562)	-	-	-	(2,562)	-	(2,562)
Share premium reduction	-	(1,193,300)	-	-	1,193,300	-	-	-
At 30 June 2014	269,547	26,243	16,789	7,826	(18,648)	301,757	(1,001)	300,756
At 1 January 2015	269,547	26,243	3,128	844	4,276	304,038	(1,070)	302,968
Loss for the period	-	-	-	-	(24,535)	(24,535)	(495)	(25,030)
Other comprehensive income								
- Exchange differences on translation of foreign operations	-	-	45	-	-	45	2	47
Total comprehensive income/(loss) for the period	-	-	45	-	(24,535)	(24,490)	(493)	(24,983)
Issue of new shares (note 16)	53,909	47,441	-	-	-	101,350	-	101,350
Transaction costs attributable to issue of new shares	-	(2,725)	-	-	-	(2,725)	-	(2,725)
At 30 June 2015	323,456	70,959	3,173	844	(20,259)	378,173	(1,563)	376,610

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(6,541)	(14,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment in associates	(164,639)	–
Purchase of financial assets at fair value through profit or loss	(62,641)	(32,133)
Purchase of investment in a joint venture	–	(31,518)
Proceeds from disposal of financial assets at fair value through profit or loss	81,335	–
Other investing items	(1,687)	(6,687)
NET CASH USED IN INVESTING ACTIVITIES	(147,632)	(70,338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new shares	101,350	197,668
Transaction costs on issue of new shares	(2,725)	(2,562)
Repayment of long term loans	–	(1,269)
Repayment for finance leases	(94)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	98,531	193,837
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(55,642)	108,951
Cash and cash equivalents at beginning of the period	207,421	29,338
Effect of foreign exchange rate changes, net	73	(500)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	151,852	137,789

For six months ended
30 June
2015 2014
(Unaudited) (Unaudited)
HK\$'000 HK\$'000

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

Cash and bank balances other than time deposits	151,852	137,789
Time deposits	201	31,683

Cash and cash equivalents as stated in the condensed consolidated statement of financial position	152,053	169,472
Less: Time deposits with maturity of more than three months when acquired	(201)	(31,683)

Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	151,852	137,789
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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The accounting policies and methods of computation used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2014.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior period.

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

3. Operating segment information

The Group adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009.

The Group has two reportable segments as follows:

- (a) the software development and system integration segment engages in (i) the provision of software development services; (ii) the provision of system integration services; and (iii) the provision of technical support and maintenance services; and
- (b) the in-house developed products segment engages in the lease of in-house developed computer hardware.

Segment assets exclude investments in associates, investment in a joint venture, available-for-sale financial asset, financial assets at fair value through profit or loss, and other unallocated head office and corporate assets.

Segment liabilities exclude income tax payables and other unallocated head office and corporate liabilities.

The following table presents revenue and loss for the Group’s operating segments for the six months ended 30 June 2015 and 2014 respectively.

Reporting segment information

	Six months ended 30 June													
	Continuing operations						Discontinued operation							
	Software development and system integration		Technical support and maintenance services		In-house developed products		Total		Software development and system integration		Technical support and maintenance services		Total	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	
Segment revenue:														
Sales to external customers	11,840	6,957	67	99	-	-	7056	-	-	1,252	-	4,421	-	
Other income and gains	671	208	-	-	-	-	208	-	-	-	-	-	-	
	12,511	7,165	67	99	-	-	7264	-	1,252	-	4,421	-	12,578	
Reconciliation:														
Bank interest income			15	13									830	
Investment income from held-to-maturity investment			-	274									-	
Investment income from financial assets at fair value through profit or loss			246	486									-	
Bonus issue of shares from financial assets at fair value through profit or loss			16,055	-									-	
Share of results of associates			151	-									151	
Unallocated gains			75	197									75	
Revenue, other income and gains, net			29,120	8,234									6,503	
Segment loss	(4,601)	(3,118)	(26)	(44)	(61)	(54)	(3,216)			(2,705)		(3,162)	(4,688)	
Reconciliation:														
Bank interest income			15	13									830	
Investment income from held-to-maturity investments			-	274									-	
Investment income from financial assets at fair value through profit or loss			246	486									-	
Share of results of associates			151	-									151	
Unallocated gains			75	197									75	
Bonus issue of shares from financial assets at fair value through profit or loss			16,055	-									-	
Corporate and other unallocated expenses			(36,827)	(5,738)									(36,827)	
Fair value loss/gain on financial assets at fair value through profit or loss			(32)	66									(32)	
Finance costs			(25)	(374)									(25)	
Loss before tax			(25,030)	(6,232)								(3,162)	(25,030)	
													14,737	
													(9,083)	
													15	
													246	
													16,055	
													151	
													75	
													29,120	
													(4,688)	
													15	
													246	
													16,055	
													151	
													75	
													16,055	
													(36,827)	
													(32)	
													(25)	
													(25,030)	
													(6,232)	
													(3,162)	
													(25,030)	
													(13,229)	

	Continuing operations						Discontinued operation												
	Software development and system integration			Technical support and maintenance services			In-house developed products			Software development and system integration			Technical support and maintenance services						
	(Unaudited) HK\$'000	(Audited) HK\$'000	30.6.2015	(Unaudited) HK\$'000	(Audited) HK\$'000	31.12.2014	(Unaudited) HK\$'000	(Audited) HK\$'000	30.6.2015	(Unaudited) HK\$'000	(Audited) HK\$'000	31.12.2014	(Unaudited) HK\$'000	(Audited) HK\$'000	30.6.2015	(Unaudited) HK\$'000	(Audited) HK\$'000	31.12.2014	
Segment assets	10,550	13,845	60	191	514	570	11,124	14,606	-	-	-	-	-	-	11,124	14,606	-	-	
Reconciliation:																			
Corporate and other unallocated assets			385,036																
Total assets			395,160				395,160	319,909							395,160	319,909			
Segment liabilities	(8,905)	(6,427)	(51)	(88)	(311)	(310)	(9,267)	(6,826)							(9,267)	(6,826)			
Reconciliation:																			
Corporate and other unallocated liabilities							(10,283)	(10,115)							(10,283)	(10,115)			
Total liabilities			(19,556)				(19,556)	(16,941)							(19,556)	(16,941)			

4. Revenue, other income and gains

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

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue				
Provision of software development and system integration services	5,361	3,759	11,840	6,957
Provision of technical support and maintenance services	67	17	67	99
	5,428	3,776	11,907	7,056
Other income and gains				
Bank interest income	7	5	15	13
Bonus issue of shares from financial assets at fair value through profit or loss	16,055	–	16,055	–
Investment income from held-to-maturity investment	–	229	–	274
Investment income from financial assets at fair value through profit or loss	–	268	246	486
Government grants	30	71	429	208
Others	40	123	317	197
	16,132	696	17,062	1,178

5. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Other loan interest	–	374	–	374
Interest on finance lease	12	–	25	–
	12	374	25	374

6. Loss before tax from continuing operations

Loss before tax from continuing operations was arrived at after charging the following:

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of other intangible assets	58	41	114	81
Depreciation	208	186	412	375
Directors' remuneration	1,115	808	1,772	1,333
Impairment of trade receivables*	-	-	271	-
Impairment of other intangible assets*	2,191	-	2,191	-
Loss on disposal of investment securities*	11,885	-	11,885	-
Impairment of investment in a joint venture*	16,000	-	16,000	-

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

7. Income tax expenses

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2015 as the Group did not generate any assessable profits arising in Hong Kong during the period (2014: Nil).

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

No provision of the PRC corporate income tax has been made for the six months ended 30 June 2015 as the Group did not generate any assessable profits in the PRC during the period (2014: Nil).

	Three months ended		Six months ended	
	30 June	2014	30 June	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax – Hong Kong	-	-	-	-
Current tax – PRC	-	-	-	-
Total tax charged for the period	-	-	-	-

8. Loss per share

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

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
From continuing operations	20,293	4,457	24,535	8,265
From discontinued operation	-	1,514	-	5,038
Loss for the purpose of basic and diluted loss per share	20,293	5,971	24,535	13,303

(b) Weighted average number of ordinary shares:

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total number of ordinary shares in issue at the end of the period	3,234,559,908	2,695,471,908	3,234,559,908	2,695,471,908
Weighted average number of ordinary shares in issue during the period	2,867,269,183	2,695,471,908	2,781,845,123	2,149,427,875

No diluted loss per share is presented for the periods ended 30 June 2015 and 2014 as there were no dilutive potential ordinary shares outstanding for the periods.

9. Discontinued operation

On 10 July 2014, the Company entered into a sale and purchase agreement, (the "Disposal") with Beijing Enterprises Group Information Limited (BEGIL), pursuant to which the Company conditionally agreed to dispose, and BEGIL conditionally agreed to acquire the 100% issued share capital of Wisdom Elite at a consideration of RMB72 million (equivalent to HK\$89.37 million). BEGIL is a connected person of the Company under the GEM Listing Rules. As such, the Disposal was subject to the independent shareholders' approval requirement. On 19 September 2014, the Disposal, as an ordinary resolution, was approved by the independent shareholders in an extraordinary general meeting.

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

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

The results of the discontinued operation dealt with in the condensed consolidated financial statements for the six months ended 30 June 2015 and 2014 are summarised as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	3,716	-	5,673
Cost of goods sold	-	(2,632)	-	(4,403)
Gross profit	-	1,084	-	1,270
Other income	-	695	-	830
Selling and distribution expenses	-	(448)	-	(1,687)
Administrative expenses	-	(2,842)	-	(5,448)
Other expenses	-	(3)	-	(3)
Loss before tax	-	(1,514)	-	(5,038)
Income tax expenses	-	-	-	-
Loss for the period from a discontinued operation	-	(1,514)	-	(5,038)

10. Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (2014: Nil).

11. Additions in property, plant and equipment

During the period for the six months ended 30 June 2015, the Company spent approximately HK\$74,000 (31 December 2014: HK\$204,000) for additions of plant and machinery.

12. Investments in associates

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Cost of investments	164,639	–
Share of results of associates	151	–
	164,790	–

Particulars of the Group's associates are as follows:

Name	Issued and paid-up capital	Place of registration/ incorporation and business	Percentage of ownership interest attributable to the Group	Principal activities
Faithful Asia Group Limited	US\$100	British Virgin Islands/ Hong Kong	40	Investment holding
Wise Visual Holdings Limited	US\$10,000	British Virgin Islands/ Mainland China	25	Investment holding

13. Investment in a joint venture

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Unlisted investments in the PRC		
Share of net assets	15,594	29,813
Goodwill	–	1,781
	15,594	31,594

The Company made an investment of approximately HK\$ 31.6 million to acquire 21.45% partnership interest in Shanghai Rui Hung Jiu Fang Investment Partnership Enterprise (“Jiu Fang”) in April 2014. The only asset of Jiu Fang is a receivable of RMB155 million from Sichuan Yibin Gaozhou Jiuye Company Limited (“Gaojiu”). Jiu Fang signed an agreement with Gaojiu in May 2014 to convert the entire receivable balance into prepayment for white wine liquor products. Jiu Fang reported on 3 August 2015 that there may be difficulty in realisation of the prepayment in the form of white wine liquor products or to get cash refund. In view of this uncertainty, the Company made an impairment provision of HK\$16 million, which approximated fifty percent of the original cost of investment, against the investment.

14. Trade receivables

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Within 1 month	78	3,566
1 to 2 months	18	761
2 to 3 months	507	–
Over 3 months	5,015	1,521
	5,618	5,848

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

15. Trade payables

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Within 1 month	13	1,433
1 to 2 months	–	–
2 to 3 months	144	–
Over 3 months	4,392	1,938
	4,549	3,371

16. Share capital

	Notes	Number of shares	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.1 each at 31 December 2014 and 1 January 2015		4,000,000,000	400,000
Increase during the period	(a)	4,000,000,000	400,000
At 30 June 2015		8,000,000,000	800,000
Issued and fully paid:			
Ordinary shares of HK\$0.1 each at 31 December 2014 and 1 January 2015		2,695,471,908	269,547
Issue of new shares	(b)	539,088,000	53,909
At 30 June 2015		3,234,559,908	323,456

Notes:

- (a) Pursuant to an ordinary resolution passed by the shareholders of the Company on 30 June 2015, the authorised share capital of the Company was increased from HK\$400,000,000 to HK\$800,000,000 by the creation of 4,000,000,000 ordinary shares of HK\$0.10 each, those new ordinary shares rank pari passu in all respects with the existing shares of the Company.
- (b) On 1 June 2015, a total of 539,088,000 new ordinary shares were placed to certain independent placees pursuant to the terms and conditions of the Placing Agreement dated 13 May 2015. Those new ordinary shares rank pari passu with the ordinary shares already in issue immediately before the placement.

17. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 June 2015 using:			Total 2015 HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	35,485	–	–	35,485
Total recurring fair value measurements	35,485	–	–	35,485

Description	Fair value measurements as at 31 December 2014 using:			Total 2014 HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed debt securities in Hong Kong	50,035	–	–	50,035
Total recurring fair value measurements	50,035	–	–	50,035

18. Contingent liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

19. Capital commitments

The Group's capital commitments at 30 June 2015 and 31 December 2014 are as follows:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Intangible assets		
Contracted but not provided for	–	475
Partnership interest		
Contracted but not provided for	–	34,796

Bloom Faith Holdings Limited and Shenzhen Qian Ti Investment Limited (collectively “the Vendors”), both are independent third parties, together with the Company, entered into a transfer agreement on 6 June 2014, pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell 24% partnership interest in Jiu Fang, for a consideration of RMB28 million (equivalent to approximately HK\$34,796,000). The transaction is subject to the conditions precedent set out in the transfer agreement being satisfied or waived, as applicable. Since not all of the conditions precedent were fulfilled on or before 30 June 2015, the transaction was terminated.

20. Event after the reporting period

Subsequent to period end, the Company received an investment update report dated 3 August 2015 from Jiu Fang, which reported that Jiu Fang has difficulty in realisation of its prepayment for white wine liquor products from Gaojiu and might have to take legal action against Gaojiu to protect the interest of the partners and Jiu Fang. In view of the uncertainty in realisation of the investment, the Company made an impairment provision of HK\$16 million against the original cost of investment of HK\$31.6 million.

21. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 12 August 2015.

GENERAL INFORMATION

Directors' service contracts

At 30 June 2015, 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 six months ended 30 June 2015.

Directors' interests and short positions in shares and underlying shares

At 30 June 2015, the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in ordinary shares of the Company:

Nil

(2) Long positions in share options of the Company:

Nil

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

Directors' rights to acquire shares or debentures

Save as disclosed in the section "Directors' interests and short positions in shares and underlying shares" above, at no time during the six months ended 30 June 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

At 30 June 2015, 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	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Novel Rainbow Limited		Directly beneficially owned	1,037,067,449	32.06%
Mr. Wei Gao	(a)	Through controlled corporations	1,037,067,449	32.06%

Note:

- (a) Mr. Wei Gao was deemed to be interested in the 1,037,067,449 shares by virtue of his controlling interests in Novel Rainbow Limited.

Save as disclosed above, as at 30 June 2015, 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 six months ended 30 June 2015, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of Company's listed securities.

Competing Interests

During the period and up to the date of this report, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CORPORATE GOVERNANCE

Corporate governance practices

During the six months ended 30 June 2015, the Company has complied with the codes on Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules.

Non-executive Directors

The Board fulfilled the minimum requirement of appointing at least three Independent Non-executive Directors as required by the GEM Listing Rules. It met the requirement of having at least one of the Independent Non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. They have appropriate and sufficient experience and qualification to carry out their duties so as to fully represent the interests of the shareholders. None of the Non-executive Directors is appointed for a specific term, which constitutes a deviation from Code Provision A4.1 which stipulates Non-executive Directors should be appointed for a specific term, subject to re-election.

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

Code of conduct regarding securities transactions by Directors

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.68 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 six months ended 30 June 2015.

Audit committee

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

The primary duties of the audit committee 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.

The audit committee comprises three members, including Mr. Hung Hing Man (audit committee chairman), Mr. May Tai Keung, Nicholas and Dr. Chen Shengrong. All of them are Independent Non-executive Directors.

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

Nomination Committee

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

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

The nomination committee currently has three members, with Mr. Hung Hing Man being the chairman and Mr. May Tai Keung, Nicholas and Dr. Chen Shengrong being the members. A majority of the nomination committee 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.

As at the date of this report, members of the remuneration committee are Mr. May Tai Keung, Nicholas (remuneration committee chairman), Mr. Hung Hing Man and Dr. Chen Shengrong. All the remuneration committee members are Independent Non-executive Directors.

The main role and function included 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 of the Company.

Internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board will conduct regular review regarding internal control system of the Group.

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

Hong Kong, 12 August 2015

As at the date of this report, the Board comprises Mr. Wong Kui Shing, Danny (Chairman), Mr. Tse Chi Wai, Ms. Wu Jingjing, Mr. Takashi Togo and Mr. Wong Chi Yung as executive Directors; Mr. Hung Hing Man, Mr. May Tai Keung, Nicholas and Dr. Chen Shengrong as independent non-executive Directors.