



**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)*

*(於開曼群島註冊成立之有限公司)*

**(Stock Code 股份代號: 08055)**

**2020**

First Quarterly Report



## **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.**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, 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 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.*

## 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 results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2020, together with the comparative unaudited figures of the corresponding period in 2019, as follows:

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

		(Unaudited) Three months ended 31 March	
	Note	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	3	<b>23,642</b>	22,957
Cost of services rendered		<b>(11,204)</b>	(9,183)
Gross profit		<b>12,438</b>	13,774
Other income	4	<b>972</b>	598
Other losses	5	<b>(1,406)</b>	(442)
Administrative expenses		<b>(10,428)</b>	(13,178)
<b>Profit from operations</b>		<b>1,576</b>	752
Finance costs	6	<b>(6,021)</b>	(3,222)
Share of result of an associate		<b>(303)</b>	1,126
<b>Loss before tax</b>		<b>(4,748)</b>	(1,344)
Income tax	7	–	–
<b>Loss for the period</b>		<b>(4,748)</b>	(1,344)
<b>Attributable to:</b>			
Owners of the Company		<b>(10,317)</b>	(7,338)
Non-controlling interests		<b>5,569</b>	5,994
		<b>(4,748)</b>	(1,344)
<b>Loss per share attributable to owners of the Company (HK cents)</b>	8		
– Basic		<b>(0.28)</b>	(0.20)
– Diluted		<b>N/A</b>	N/A

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

	(Unaudited)	
	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(4,748)</b>	(1,344)
<b>Other comprehensive (expense) income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<b>(738)</b>	103
Realisation of exchange fluctuation reserve upon disposal of a subsidiary	<b>(74)</b>	–
<b>Other comprehensive (expense) income, net of tax</b>	<b>(812)</b>	103
<b>Total comprehensive expense for the period</b>	<b>(5,560)</b>	(1,241)
<b>Attributable to:</b>		
Owners of the Company	<b>(11,129)</b>	(7,235)
Non-controlling interests	<b>5,569</b>	5,994
	<b>(5,560)</b>	(1,241)

# 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 condensed consolidated financial statements for the three months ended 31 March 2020 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 2019. 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 2020. The adoption of these new and revised standards, amendments and interpretations does not have 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. REVENUE

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

## 4. OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income	<b>615</b>	598
Sundry income	<b>357</b>	–
	<b>972</b>	598

## 5. OTHER LOSSES

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net unrealised loss on financial assets at fair value through profit or loss	<b>500</b>	414
Net realised loss on financial assets at fair value through profit or loss	<b>758</b>	–
Net exchange loss	<b>–</b>	28
Loss on disposal of a subsidiary	<b>148</b>	–
	<b>1,406</b>	442

## 6. FINANCE COSTS

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Effective interest expense on convertible notes	<b>5,975</b>	3,222
Finance cost on lease liabilities	<b>46</b>	–
	<b>6,021</b>	3,222

## 7. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any taxable profits in Hong Kong for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods. No provision for PRC enterprise income tax has been made as the subsidiary that generated income for the period is a tax-exempted entity in the PRC.

## 8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unaudited loss for the period for the purposes of basic and diluted loss per share	<b>(10,317)</b>	(7,338)

**(Unaudited)**  
**Three months ended**  
**31 March**  
**2020**

2019

**Number of shares**

Weighted average number of ordinary shares for the purpose of basic loss per share	<b>3,751,297,033</b>	3,751,297,033
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b>N/A</b>	N/A

No diluted loss per share has been presented for both periods ended 31 March 2020 and 2019 because the Company's outstanding shares options and convertible notes during the three months ended 31 March 2020 and 2019 have an anti-dilutive impact.

**9. DIVIDEND**

The Directors do not recommend payment of any dividend for the three months ended 31 March 2020 (2019: nil).

**10. MOVEMENT OF RESERVES (UNAUDITED)**

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Convertible notes equity reserve HK\$'000	PRC staff award fund reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2019	382,487	69,818	3,762	29,815	11,730	(710,112)	(212,500)
Loss for the period	-	-	-	-	-	(7,338)	(7,338)
Other comprehensive income	-	-	103	-	-	-	103
Total comprehensive expense for the period	-	-	103	-	-	(7,338)	(7,235)
At 31 March 2019	382,487	69,818	3,865	29,815	11,730	(717,450)	(219,735)
<b>At 1 January 2020</b>	<b>382,487</b>	<b>90,562</b>	<b>(614)</b>	<b>35,706</b>	<b>11,730</b>	<b>(811,993)</b>	<b>(292,122)</b>
Loss for the period	-	-	-	-	-	(10,317)	(10,317)
Other comprehensive expense	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	(738)	-	-	-	(738)
Realisation of exchange fluctuation reserve upon disposal of a subsidiary	-	-	(74)	-	-	-	(74)
Total comprehensive expense for the period	-	-	(812)	-	-	(10,317)	(11,129)
At 31 March 2020	382,487	90,562	(1,426)	35,706	11,730	(822,310)	(303,251)

**11. EVENT AFTER THE REPORTING PERIOD**

**Allotment and issue of new share**

After the reporting period, the Company allotted and issued of 183,559,543 new shares on 24 April 2020 upon exercises of the conversion rights attaching to the convertible notes in principal amounts of HK\$43,687,171.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

The Group's revenue for the three months' period was 3.0% more than the same period last year. The medical education remains the core business of the Group.

## FINANCIAL REVIEW

For the three months ended 31 March 2020, the Group recorded revenue of approximately HK\$23,642,000 (2019: HK\$22,957,000) representing tuition fee revenue and sales of educational products. Gross profit was approximately HK\$12,438,000 (2019: HK\$13,774,000), representing a gross profit margin of 52.6% (2019: 60%) for the period under review.

During the period, cost of services rendered was approximately HK\$11,204,000 (2019: HK\$9,183,000) representing the direct wages and overheads incurred in the distance learning courses.

Other income for the period under review amounted to approximately HK\$972,000 (2019: HK\$598,000), representing an interest income of approximately HK\$615,000 (2019: HK\$598,000) and sundry income of approximately HK\$357,000 (2019: HK\$nil).

Other losses for the period under review amounted to approximately HK\$1,406,000 (2019: HK\$442,000) representing net unrealised loss on financial assets at fair value through profit or loss of approximately HK\$500,000 (2019: HK\$414,000), net realised loss on financial assets at fair value through profit or loss of approximately HK\$758,000 (2019: HK\$nil), net exchange loss of approximately HK\$nil (2019: HK\$28,000) and loss on disposal of a subsidiary of approximately HK\$148,000 (2019: HK\$nil).

Administrative expenses for the period under review were approximately HK\$10,428,000 representing a decrease of approximately 20.9% from approximately HK\$13,178,000 for the corresponding period of last year.

During the period, the share of loss of an associate of approximately HK\$303,000 (2019: share of profit of HK\$1,126,000) is contributed by an associate, Beijing Youli Lianxu Technology Co., Ltd., ("Beijing Youli") which was acquired in April 2017.

Finance costs during the period were approximately HK\$6,021,000 (2019: HK\$3,222,000), and the consolidated loss for the period was approximately HK\$4,748,000 (2019: HK\$1,344,000).

## 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.

In March 2020, the Group completed the disposal of its entire 100% equity interests in Earth Spa Inc Pte Ltd. to an independent third party, at a consideration of SGD60,000 (equivalent of approximately HK\$326,000). Earth Spa Inc Pte Ltd. is principally engaged in the provision of healthcare services in Singapore.



As usual, the Group will implement certain cost-effective measures to streamline the operation so as to enhance the profitability and value of this e-learning business. The Company will continue to look for opportunities for our existing business, particularly in developing both vertically and horizontally within the Group's existing medical education platform, expanding further into our service network, increase the shareholders' value and reduce business risk.

In addition, the Company will continue to look for other attractive investments in the PRC, Singapore 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.

## **Share capital**

As at both 1 January 2020 and 31 March 2020, the authorised 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 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 ("Beijing Youli").

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.

The noteholders converted CN2020 in the principal amount of HK\$36,632,400 on 15 May 2017.

In 2018, Beijing Youli met the 2017 Profit Target (being the net profit after tax of Beijing Youli for the period from 1 April 2017 to 31 March 2018 in the amount of HK\$12,600,000). For detailed information regarding the Profit Target, please refer to the announcement of the Company dated 11 October 2016.

During the year ended 31 December 2019, Beijing Youli failed to meet the 2018 Profit Target (being the net profit after tax of Beijing Youli for the period from 1 April 2018 to 31 March 2019 in the amount of HK\$15,120,000), the consideration payable to the vendors shall be reduced by approximately HK\$11,261,429.

As at 31 March 2020, the exercise in full of the vested conversion rights would result in the issue and allotment of approximately 183,559,543 new shares of the Company.

After the reporting period, the Company allotted and issued of 183,559,543 new shares on 24 April 2020 upon exercises of the conversion rights attaching to the CN2020 in principal amounts of HK\$43,687,171.

## **Articles of Association**

There was no change to the Articles of Association to the Company during the period ended 31 March 2020.

## **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 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 31 March 2020, the Group has no foreign currency borrowings and has not used any financial instrument for hedging the foreign exchange risk.

## **Significant investments**

There were no significant investments during the period ended 31 March 2020.

## **Charges on the Group's assets**

There were no material charges on the Group's assets as at 31 March 2020.

## **SHARE OPTIONS SCHEME**

At annual general meeting of the Company held on 23 May 2011, the Company adopted a new share option scheme ("Share Option Scheme") and the share option scheme adopted on 24 November 2001 (the "Old Scheme") became terminated therefrom. The Share Option Scheme became effective on 23 May 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Upon termination of Old Scheme, no further Options under the Old Scheme can be granted but the Options which have been granted during the life of the Old Scheme shall continue to be exercisable in accordance with their terms of issue and the provisions of Chapter 23 of the GEM Listing.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approved from time to time.

Pursuant to Share Option Scheme, the Board may grant Options to any participants, including full time and part time employees, directors (including non-executive directors and independent non-executive directors), consultants, advisors, suppliers and customers of the Group, and the Invested Entity and other persons who, at the sole determination of the Board, have made contributions or will contribute to the Group, to subscribe for shares of the Company at a price determined by the Board and shall be no less than the highest of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer of the Option which must be a business day, (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the Options; and (iii) the nominal value of a share on the date of offer of the Options.

An offer of Option shall remain open for acceptance by the participant to whom an offer is made for a period from the offer date to such date as the Board may determine and specify in the offer letter (both days inclusive), provided that no such offer shall be open for acceptance after the 10th anniversary from the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions hereof, whichever is earlier. A nominal consideration of HK\$1 is payable on acceptance of the offer of an Option.

The total number of shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue at as the date of approval of the limit. The maximum number of shares issuable under the Option to each eligible participant in the Scheme Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time.

Any grant of Options to a participant who is a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors (excluding independent non-executive director who is grantee). In addition, any Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The movements in the Options during the period ended 31 March 2020 are shown in the following table:

Name of the participant	Date of grant	Exercise period and vesting period	Exercise price per share HK\$	At 1 January 2020	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	At 31 March 2020
<b>Directors</b>								
Yuan Wei	09/09/2015	09/09/2015 - 08/09/2025	0.28	20,000,000	-	-	-	20,000,000
	15/12/2016	15/12/2016 - 14/12/2026	0.311	10,000,000	-	-	-	10,000,000
	17/05/2017	17/05/2017 - 16/05/2027	0.285	3,000,000	-	-	-	3,000,000
	02/07/2019	02/07/2019 - 01/07/2029	0.155	30,600,000	-	-	-	30,600,000
Zhang Jianxin	09/09/2015	09/09/2015 - 08/09/2025	0.28	5,000,000	-	-	-	5,000,000
	15/12/2016	15/12/2016 - 14/12/2026	0.311	5,000,000	-	-	-	5,000,000
	02/07/2019	02/07/2019 - 01/07/2029	0.155	5,000,000	-	-	-	5,000,000
Zheng Zhijing	17/05/2017	17/05/2017 - 16/05/2027	0.285	10,000,000	-	-	-	10,000,000
Yang Qingchun	02/07/2019	02/07/2019 - 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Tang Jiuda	02/07/2019	02/07/2019 - 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
Lu Xiaowei	02/07/2019	02/07/2019 - 01/07/2029	0.155	2,000,000	-	-	-	2,000,000
<b>Deputy Chief Executive Officer</b>								
Wang Hui	02/07/2019	02/07/2019 - 01/07/2029	0.155	5,000,000	-	-	-	5,000,000
<b>Subtotal</b>				99,600,000	-	-	-	99,600,000
<b>Others</b>								
In aggregate	09/09/2015	09/09/2015 - 08/09/2025	0.28	81,000,000	-	-	-	81,000,000
In aggregate	15/12/2016	15/12/2016 - 14/12/2026	0.311	283,000,000	-	-	-	283,000,000
In aggregate	17/05/2017	17/05/2017 - 16/05/2027	0.285	255,200,000	-	-	-	255,200,000
In aggregate	02/07/2019	02/07/2019 - 01/07/2029	0.155	328,500,000	-	-	-	328,500,000
				947,700,000	-	-	-	947,700,000
Exercisable at the end of the period								1,047,300,000
Weighted average exercise price				HKD0.245	-	-	-	HKD0.245

The movements in the Options during the period ended 31 March 2019 are shown in the following table:

Name of the participant	Date of grant	Exercise period and vesting period	Exercise price per share HK\$	At 1 January 2019	Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	At 31 March 2019
<b>Directors</b>								
Yuan Wei	09/09/2015	09/09/2015 - 08/09/2025	0.28	20,000,000	-	-	-	20,000,000
	15/12/2016	15/12/2016 - 14/12/2026	0.311	10,000,000	-	-	-	10,000,000
	17/05/2017	17/05/2017 - 16/05/2027	0.285	3,000,000	-	-	-	3,000,000
Zhang Jianxin	09/09/2015	09/09/2015 - 08/09/2025	0.28	5,000,000	-	-	-	5,000,000
	15/12/2016	15/12/2016 - 14/12/2026	0.311	5,000,000	-	-	-	5,000,000
Zheng Zhijing	17/05/2017	17/05/2017 - 16/05/2027	0.285	10,000,000	-	-	-	10,000,000
Subtotal				53,000,000	-	-	-	53,000,000
<b>Others</b>								
In aggregate	09/07/2009	09/07/2009 - 08/07/2019	0.652	14,936,322	-	-	-	14,936,322
In aggregate	09/09/2015	09/09/2015 - 08/09/2025	0.28	81,000,000	-	-	-	81,000,000
In aggregate	15/12/2016	15/12/2016 - 14/12/2026	0.311	283,000,000	-	-	-	283,000,000
In aggregate	17/05/2017	17/05/2017 - 16/05/2027	0.285	255,200,000	-	-	-	255,200,000
				634,136,322	-	-	-	634,136,322
Exercisable at the end of the period								687,136,322
Weighted average exercise price				HKD0.30	-	-	-	HKD0.30

## DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

As at 31 March 2020, 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		Total	Percentage of issued share capital
		Ordinary Share	Shares Options		
Yuan Wei ( <i>Executive Director and Chief Executive Officer</i> )	Beneficial owner	-	63,600,000	63,600,000	1.70%
Zhang Jianxin ( <i>Executive Director</i> )	Beneficial owner	-	15,000,000	15,000,000	0.40%
Wong Hiu Pui ( <i>Executive Director</i> )	Beneficial owner	120,000	-	120,000	0.003%
Zheng Zhijing ( <i>Executive Director</i> )	Beneficial owner	-	10,000,000	10,000,000	0.27%
Lin Yan ( <i>Executive Director</i> )	Beneficial owner	126,000,000	-	126,000,000	3.36%
Yang Qingchun ( <i>Independent Non-executive Director</i> )	Beneficial owner	536,000	2,000,000	2,536,000	0.07%
Lu Xiaowei ( <i>Independent Non-executive Director</i> )	Beneficial owner	1,000,000	2,000,000	3,000,000	0.08%
Tang Jiuda ( <i>Independent Non-executive Director</i> )	Beneficial owner	-	2,000,000	2,000,000	0.05%
Wang Hui ( <i>Deputy Chief Executive Officer</i> )	Beneficial owner	-	5,000,000	5,000,000	0.13%

Save as disclosed above, as at 31 March 2020, 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 31 March 2020, 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 (notes 1 and 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	337,477,189	9.0%
Wang Peng (note 4)	Interest of a controlled corporation	337,477,189	9.0%

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. Summit Blue Limited held 337,477,189 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.

Save as disclosed above, as at 31 March 2020, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) who 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.

## **CORPORATE GOVERNANCE**

For the period under review, the Company has complied with 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 three months ended 31 March 2020.

## **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. As at 31 March 2020, 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 three months ended 31 March 2020 have been reviewed by the audit committee, which was 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, 13 May 2020

*As at the date of this report, 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.*