CHINA E-INFORMATION TECHNOLOGY GROUP LIMITED
中國網絡信息科技集團有限公司

(Formerly known as China E-Learning Group Limited 中國網絡教育集團有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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 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 (the "Directors") of China E-Information Technology Group Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017, together with the comparative audited figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*5*	**52,757**	46,277
Cost of goods sold and services provided		**(30,154)**	(26,540)
Gross profit		**22,603**	19,737
Other income	*6*	**9,040**	138
Other losses	*7*	**(3,079)**	(21,740)
Administrative expenses		**(65,335)**	(42,955)
Impairment losses on other receivables		**–**	(60,887)
Equity-settled share-based payments		**(28,905)**	(34,575)
Finance costs, net	*8*	**(6,370)**	(569)
Share of results of investments in associates		**5,649**	–
Loss before tax		**(66,397)**	(140,851)
Income tax	*10*	**–**	–
Loss for the year	*9*	**(66,397)**	(140,851)
Loss for the year attributable to:			
Owners of the Company		**(76,543)**	(149,736)
Non-controlling interests		**10,146**	8,885
		(66,397)	(140,851)
Loss per share	*12*		
– Basic		**(2.21 cents)**	(4.96 cents)
– Diluted		**N/A**	N/A

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Loss for the year		**(66,397)**	(140,851)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations arising during the year		**542**	311
Other comprehensive income, net of income tax		**542**	311
Total comprehensive expense for the year		**(65,855)**	(140,540)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(76,001)**	(149,425)
Non-controlling interests		**10,146**	8,885
		(65,855)	(140,540)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Assets and liabilities			
Non-current assets			
Goodwill	*13*	**–**	–
Contingent consideration receivable		**520**	–
Property, plant and equipment		**8,228**	1,401
Investment in an associate		**101,743**	50,000
		110,491	51,401
Current assets			
Investment held for sale		**38,000**	–
Due from an associate		**14,304**	–
Other receivables	*14*	**77,239**	85,050
Financial assets at fair value through profit or loss		**565**	7,952
Cash and cash equivalents		**20,767**	51,128
		150,875	144,130
Total assets		**261,366**	195,531
Current liabilities			
Trade and other payables	*15*	**28,330**	32,560
Convertible notes		**–**	9,396
		28,330	41,956
Non-Current liabilities			
Convertible notes		**24,420**	–
Deferred tax liabilities		**5,891**	–
		30,311	–
Total liabilities		**58,641**	41,956
Net current assets		**122,545**	102,174

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Total assets less current liabilities		**233,036**	153,575
Net assets		**202,725**	153,575
Capital and reserves			
Share capital		**356,590**	330,498
Reserves		**(159,714)**	(183,219)
Non-controlling interests		**5,849**	6,296
Total equity		**202,725**	153,575

1. GENERAL INFORMATION

China E-Information Technology Group Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands on 10 July 2001. The shares of the Company are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the section of "Corporate Information" in the annual report.

The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The Company acts as an investment holding company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year.

HKAS 7 Amendments	Disclosure Initiative
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective:

		Effective for annual reporting periods beginning on or after
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle	1 January 2018
HKAS 40 Amendments	Transfers of Investment Property	1 January 2018
HKFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 Amendments	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 Amendments	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019
HKFRS 9 Amendments	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021

* On 6 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standards Board's equivalent amendments. This update defers/removes the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

The directors anticipate that the adoption of the above new standards, amendments and interpretations to existing standards will not result in a significant impact on the results and financial position of the Group.

4. OPERATING SEGMENT INFORMATION

Business segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group is currently having one continuing operating segment on a single business in a single geographical location, which is the provision of an internet platform for the facilitation of education program in Chinese medicine and other advisory and training programs in the PRC, and all the assets are substantially located in the PRC. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

Information about a major customer

No transactions with a single external customer amount to 10% or more of the Group's revenue during the years ended 31 December 2017 and 2016.

5. REVENUE

An analysis of the Group's turnover for the years is as follows:

	2017	2016
	HK$'000	*HK$'000*
Tuition fee revenue	**52,757**	46,277
	52,757	46,277

6. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income	**203**	53
Sundry income	**200**	85
Reversal of impairment loss on other receivable	**2,975**	–
Exchange gain	**5,470**	–
Net realised gain on financial assets at fair value through profit or loss	**192**	–
	9,040	138

7. OTHER LOSSES

	2017	2016
	HK$'000	*HK$'000*
Net realised losses on financial assets at fair value through profit or loss	**–**	10,203
Net unrealised losses on financial assets at fair value through profit or loss	**259**	8,149
Loss on disposal of property, plant and equipment	**–**	3,388
Impairment loss on asset held for sale (net of gain on waiver of contingent consideration of HK$10,000,000)	**1,640**	–
Fair value change of contingent consideration receivable	**1,180**	–
	3,079	21,740

8. FINANCE COSTS, NET

	2017	2016
	HK$'000	*HK$'000*
Interest expenses on financial liabilities measured at amortised cost	**6,370**	569
	6,370	569

9. LOSS FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Loss before tax has been arrived at after charging:		
Staff costs (including directors' emoluments)		
– Basic salaries and allowances	**16,184**	12,144
– Contributions to defined contribution plans	**814**	517
– Other	**1,469**	827
– Equity-settled share-based payments	**27,278**	22,167
Total staff costs	**45,745**	35,655
Auditors remuneration:		
– Audit service	**800**	600
Legal and professional fee	**24,877**	10,258
Depreciation of property, plant and equipment	**2,031**	1,289
Payments under operating lease for land and buildings	**3,215**	1,982
Equity-settled share-based payments (including staff and directors)	**28,905**	34,575
Impairment losses on other receivables	**–**	60,887

10. INCOME TAX

During the year ended 31 December 2017, no Hong Kong profits tax has been provided for as the Group did not generate any taxable profits in Hong Kong (2016: Nil).

PRC subsidiaries are subject to PRC Enterprise Income tax at 25% (2016: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before tax	**(66,397)**	(140,851)
Tax at respective applicable tax rates	**(9,432)**	(14,499)
Tax effect of expenses not deductible for tax purposes	**22,628**	24,460
Tax effect of income not taxable for tax purposes	**(16,804)**	(11,569)
Tax effect of tax losses not recognised	**3,608**	1,608
Income tax for the year	**–**	–

11. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to the owners of the Company of approximately HK$76,543,000 (2016: HK$149,736,000), and based on the weighted average number of shares in issue during the year of approximately 3,460,231,376 ordinary shares, as adjusted to reflect the exercise of share options (2016: 3,020,884,000 ordinary shares, as adjusted to reflect the shares by exercise of share options and share repurchased) during the year.

13. GOODWILL

	HK$'000
Cost	
At 1 January 2016, 31 December 2016 and 31 December 2017	679,104
Accumulated impairment losses	
As at 1 January 2016, 31 December 2016 and 31 December 2017	(679,104)
Carrying amounts	
At 31 December 2017	–
At 31 December 2016	–

Notes:

i. Goodwill arose on acquisition of subsidiaries New Beida Business Study Net Group Limited is HK$647,598,000 on 27 February 2008.

ii. Goodwill arose on acquisition of subsidiaries, IIN Medical (BVI) Group Limited ("IIN Medical (BVI)") and its subsidiaries on 23 April 2009.

Goodwill arose on acquisition of non-controlling interests of Hunan IIN Medical Network Technology Development Company Limited, a subsidiary of IIN Medical (BVI), in May 2009.

Goodwill arose on acquisition of ii and iii is HK$31,506,000.

14. OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Deposits and other receivables	**136,175**	145,225
Deferred expenses	**7,254**	–
Prepayments	**2,708**	11,166
Less: impairment losses	**(68,898)**	(71,341)
	77,239	85,050

The movement for provision of impairment of other receivables is as follow:

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**71,341**	12,100
Impaired	**–**	60,887
Reversed	**(2,975)**	–
Exchange realignment	**532**	(1,646)
At 31 December	**68,898**	71,341

15. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**145**	543
Other payables	**5,166**	14,040
Receipt in advance	**18,136**	16,042
Accrued charges	**4,883**	1,935
	28,330	32,560

An aging analysis of the trade payables as at the end of reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**–**	468
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**145**	75
	145	543

The average credit period on cost of goods sold and services provided is 1-3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2017, the Group recorded revenue of approximately HK$52,757,000 (2016: HK$46,277,000) representing tuition fee revenue and sales of educational products. Gross profit for the year under review was approximately HK$22,603,000 (2016: HK$19,737,000), representing a gross profit margin of 42.8% for the year under review.

During the year, cost of goods sold and services provided amounted to approximately HK$30,154,000 (2016: HK$26,540,000) representing the overheads incurred in the distance learning courses.

Other income for the year under review was approximately HK$9,040,000 (2016: HK$138,000) representing an interest income of approximately HK$203,000 (2016: HK$53,000), a sundry income of approximately HK$200,000 (2016: HK$85,000), exchange gain of approximately HK$5,470,000 (2016: Nil), reverse impairment loss on other receivable of approximately HK$2,975,000 (2016: Nil) and net realised gain on financial assets at fair value through profit or loss of approximately HK$192,000 (2016: Nil).

Administrative expenses for the year under review were approximately HK$65,335,000 (2016: HK$42,955,000), of which staff related costs were approximately HK$45,745,000 (2016: HK$35,655,000). Legal and professional fees were approximately HK$24,877,000 (2016: HK$10,258,000) representing the costs of conducting due diligences and obtaining financial advices with ongoing projects.

Other expenses for the year under review were approximately HK$3,079,000 (2016: HK$21,740,000), representing, a net unrealised losses on financial assets at fair value through profit or loss of approximately HK$259,000 (2016: 8,149,000), impairment loss on asset held for sale of approximately HK$1,640,000 (2016: Nil) and fair value change of contingent consideration received of approximately HK$1,180,000 (2016: Nil). In 2016, a net realised loss on financial assets at fair value through profit or loss of approximately HK$10,203,000 and loss on disposal of property, plant and equipment of approximately HK$3,388,000.

Finance costs during the year were approximately HK$6,370,000 (2016: HK$569,000).

Capital structure, liquidity and financial resources

The Group financed its business operations mainly by cash revenue generated internally from operating activities and additional funds from exercise of share options. As at 31 December 2017, the Group has current assets of approximately HK$150,875,000 (2016: HK$144,130,000), including bank balances and cash of approximately HK$20,767,000 (2016: HK$51,128,000). Total non-current assets of the Group amounted to approximately HK$110,491,000 (2016: HK$51,401,000), representing property, plant and equipment, investment in an associate and contingent consideration receivable. Total assets of the Group amounted to approximately HK$261,366,000 (2016: HK$195,531,000) as at 31 December 2017.

As at 31 December 2017, the Group did not have any outstanding bank borrowing. Total current liabilities of the Group were approximately HK$28,330,000 (2016: HK$41,956,000), which mainly comprised trade and other payables. Total liabilities of the Group were approximately HK$58,641,000 (2016: HK$41,956,000). As at 31 December 2017, the Group had net assets of approximately HK$202,725,000 (2016: HK$153,575,000).

Gearing ratio

Gearing ratio of the Group, as expressed as the ratio of total liabilities to total assets, was approximately 0.22 as at 31 December 2017 (2016: 0.29).

Share Capital

As at 1 January 2017, 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 approximately HK$330,498,000 divided into 3,304,979,386 shares of HK$0.10 each.

During the year, 260,917,647 shares were issued upon exercise of shares options and Conversion of Convertible note.

As at 31 December 2017, 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 approximately HK$356,590,000 divided into 3,565,897,033 shares of HK$0.10 each

Convertible Notes 2011

The Group had reached several agreements with the holders of the Convertible Notes 2008 which became mature on 28 February 2011, and issued a promissory note for approximately HK$50 million for a settlement. In order to be able to raise sufficient fund for the settlement, the Group issued two tranches of convertible notes ("Convertible Notes 2011 A") on 9 May 2011 and ("Convertible Notes 2011 B") on 11 May 2011.

The aggregate principal of Convertible Notes 2011 A amounted to HK$89,999,934, bearing an interest of 1% per annum, maturing in 36 months from the date of issue, and convertible into ordinary shares at conversion price of HK$0.50 per share, subject to adjustments.

The aggregate principal of Convertible Notes 2011 B amounted to HK$36,200,000, bearing an interest of 1% per annum, maturing in 6 months from the date of issue, and convertible into ordinary shares at conversion price of HK$0.50 per share, subject to adjustments. On 11 November 2011, the maturity date was successfully postponed for another 6 months to 11 May 2012. Upon maturity, the principal amount together with the interests due were fully settled by a promissory note.

On 9 May 2014, the Company and the Subscribers entered into the Subscription Agreements pursuant to which the Subscribers have agreed to subscribe for, and the Company has agreed to issue, the Convertible Notes (CN2016-1 to CN2016-5) in the aggregate principal amount of HK$42,399,932, such that the subscription moneys payable in connection with the Subscription of such Convertible Notes would be set-off against the moneys payable by the Company for redeeming the CN2011A in accordance with the Payment Arrangement Deed and against the Indebtedness owing by the Company to the Existing P-note Holders at Completion.

The Convertible Notes 2011 A were fully set-off by the issuance of Convertible Notes (CN2016-3, CN2016-4 and CN2016-5) on 6 June 2014.

On 12 June 2014, the conversion rights attaching to the CN2016-1, CN2016-2 and CN2016-3 have been exercised in full and hence 231,076,922 shares have been issued.

On 13 June 2014, the conversion rights attaching to the CN2016-4 and CN2016-5 have been exercised in full and hence 95,076,399 shares have been issued. Hence, Convertible Notes 2016 (CN2016-1, CN2016-2, CN2016-3, CN2016-4 and CN2016-5) were fully converted.

On 21 July 2011, the Group entered into a subscription agreement with a group of independent subscribers for the issuance of some convertible notes in the aggregate principal amount of HK$42,000,000, bearing an interest rate of 3% per annum, maturing in 12 months from the date of issue, and convertible into ordinary shares at conversion price of HK$0.50 per share, subject to adjustments. Subsequently, the Group issued two tranches of convertible notes ("Convertible Notes 2011 C") on 25 August 2011 for the principal amount of HK$19,500,000 and ("Convertible Notes 2011 D") on 14 September 2011 for the principal amount of HK$22,500,000. Of which, tranche C was fully converted in 2011. On 10 September 2012, the maturity date of the tranche D was postponed for another 6 months to 7 March 2013. On 7 March 2013, the maturity date of the tranche D was further postponed for 12 months to 6 March 2014. As at 1 January 2014, the outstanding principal amount of the Convertible Notes 2011 D was HK$12,800,000.

On 6 March 2014, the Company has redeemed one of the Convertible Notes 2011 D with the principal amount of HK$10,000,000 in accordance with notice from the holder. The Company is contacting the holder of the Convertible Notes 2011 D with the principal amount of HK$2,800,000 in order to settle the convertible notes. As at 31 December 2016, the Company has not received any reply or notice from the holder and the Company has the funds available for settlement.

Convertible Notes 2018

On 18 December 2015 (after trading hours), the Company entered into the Subscription Agreement with Ms. Li Jing, pursuant to the Subscription Agreement, the Company has agreed to issue, and Ms. Li Jing has agreed to subscribe for the Convertible Notes with an aggregate principal amount of HK$10,000,000 for a total consideration of HK$10,000,000, all of which shall be setoff in full against the equivalent amount of indebtedness owning by the Company to Ms. Li Jing under EICN at the Completion.

Completion of the issue of the Convertible Notes 2018 (CN2018) in the aggregate principal amount of HK$10,000,000 took place on 13 January 2016.

On 8 June 2017, the Company has fully redeemed the CN2018 in the aggregate amount of HK$10,000,000 in accordance with notice from the holder.

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 31 December 2017, 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 were denominated in Hong Kong dollars and Renminbi. Although the exchange rate between Hong Kong dollars and Renminbi has been moderately changing, it remains relatively stable. As the expenditure in PRC was covered by the sales in 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 as minimal. As at 31 December 2017, the Group has no foreign currency borrowings and has not used any financial instrument for hedging the foreign exchange risk.

Significant investments and material acquisition

On 20 March 2017 the Company and Zhong He Xin Yuan Technology Company Limited* 中核新源科技有限公司 ("ZHXY") entered into a strategic cooperation agreement. ZHXY is a company incorporated with limited liability in the People's Republic of China and is a member of the China Nuclear Industry Group* 中國核工業集團. Zhong He Xin Yuan owns the core technologies in the application of nuclear technologies, including but not limited to the design and setting of the standards of irradiation station, and in the manufacturing and application of irradiation accelerators. The reason for the signing of the Strategic Cooperation Agreement and the cooperation with Zhong He Xin Yuan will enable the Company to venture into in the business of irradiation. Details of which were disclosed in the announcement of the Company dated 20 March 2017.

On 19 June 2017, China Nuclear Resources Group Co., Ltd. (中核資源集團有限公司), North Sheng Da (Beijing) Technical Trading Co., Ltd. (北方盛達(北京)科貿有限公司), Beijing Hua Tuo Education Technology Company Limited (北京華拓教育科技有限公司) (a wholly-owned subsidiary of the Company), and Beijing Yuan Yin Due Diligence and Consulting Co., Ltd. (北京元音盡調諮詢有限公司) entered into a cooperation agreement in relation to the joint investment in and the establishment of Nuclear Inspection Electron Beam Technology Co., Ltd. (核檢電子束技術有限公司). Details of which were disclosed in the announcement of the Company dated 19 June 2017.

On 7 August 2017, Nuclear Inspection Electron Beam Technology Co., Ltd., a company jointly invested and established by China Nuclear Resources Group Co., Ltd., North Sheng Da (Beijing) Technical Trading Co., Ltd., Beijing Yuan Yin Due Diligence and Consulting Co., Ltd. and Beijing Hua Tuo Education Technology Company Limited (a wholly-owned subsidiary of the Company), entered into the Cooperation Agreement in relation to an irradiation (or electron beam) quarantine treatment technology application project (the "Cooperation Project") with Chinese Society of Inspection and Quarantine and Tianjin Port Inspection and Analysis Development Services Co., Ltd.. Details of which were disclosed in the announcement of the Company dated 8 August 2017.

On 9 May 2017, the Company entered into a Memorandum of Cooperation with Ms. Zhang Manlin, being holder of Beijing Huada Kanghong Biotechnology Co., Ltd. (北京華達康弘生物科技有限責任公司) (the "Target Company I") as to 30%, Mr. Yao Xianguo, being holder of the Target Company I as to 30%, and Mr. Zhujiang, being holder of the Target Company I as to 40%, (collectively hold in aggregate 100% equity interest of the Target Company I), in relation to the possible transfer of not less than 65% of the equity interest of the Target Company I to the Company and other cooperation projects. The Target Company I is a limited company incorporated in the People's Republic of China. It is principally engaged in the business of prepackaged food wholesale and biotechnology development. The consideration has not yet been determined but shall be determined with reference to the value of the Target Company I to be assessed by an independent professional valuer to be appointed by the Parties and may be satisfied by the Company's issue of convertible notes, and the price for issuing such Shares and the conversion price of such convertible notes shall not lower than HK$0.225 per Share. The reason for the possible transfer was for the Company to develop the health food market. Details of which were disclosed in the announcement of the Company dated 9 May 2017.

Under the terms of the agreement dated 29 December 2016 for the Company's acquisition of the entire issued share capital of Maxi Trick Investment Limited and all indebtedness owing by Maxi Trick Investment Limited to Joyful Area Worldwide Limited (the "MT Agreement"), if any of the conditions precedent to completion of the MT Agreement (the "Conditions") have not been fulfilled or waived on the day falling 6 months after the date of the MT Agreement (the "Long Stop Date"), the MT Agreement will be terminated forthwith and the parties to the MT Agreement shall not have any claim against each other, save and except any antecedent breaches. Since there were Conditions which had not been fulfilled or waived on 29 June 2017, being the Long Stop Date, the MT Agreement had been terminated forthwith.

The Directors consider that the termination of the MT Acquisition will not have any material adverse effect on the financial position or the business operation of the Group.

Details of which were disclosed in the announcement of the Company dated 20 July 2017.

On 25 July 2017, the Company entered into the Placing Agreement with each of the Placees respectively, pursuant to which, the Company conditionally agreed to issue, and the Placees conditionally agreed to subscribe for, an aggregate of 660,000,000 Warrants at the Issue Price of HK$0.03 per Warrant. Each Warrant carries the right to subscribe for one Warrant Share at the Subscription Price of HK$0.40 per Warrant Share during the Subscription Period. Details of which were disclosed in the announcement of the Company dated 25 July 2017.

As at 25 September 2017, the Condition to Completion of the Warrant Placing had not been fulfilled. As a result, all the Placing Agreements were terminated on 25 September 2017.

The Board considers that the termination of the Placing Agreements has no material adverse impact on the existing business and/or the financial position of the Group, and will explore other fund-raising methods for the Group, such as placing of shares or convertible notes.

Details of which were disclosed in the announcement of the Company dated 26 September 2017.

On 22 September 2017, the Company and the Vendor of Shag Mei International Food Limited entered into a termination agreement to terminate the Agreement with immediate effect. As a result, the Agreement was terminated on 22 September 2017

The Directors believe that the termination of the Agreement will not have any material adverse effect on the operation and financial position of the Group.

Details of which were disclosed in the announcement of the Company dated 25 September 2017.

The Company believed that the above mentioned possible acquisition and/or completed acquisitions, when materialized, will strengthen the positive cash flow and earnings for the Group in the long run.

Significant investments

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.

For detailed information regarding the transaction of Beijing Youli Lianxu Technology Company Limited, please refer to the announcement of the Company dated 11 October 2016 and 24 October 2016.

On 25 April 2017, the Company was completed with the terms and conditions of the Sale and Purchase Agreement and Supplemental Agreement.

For detailed information regarding the completion of transaction, please refer to the announcement of the Company dated 25 April 2017.

Contingent liabilities and charges on the Group's assets

There were no significant contingent liabilities or charges on the Group's assets as at 31 December 2016 (2016: Nil).

OPERATIONAL OVERVIEW

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.

On 1 July 2010, the Joint Construction of Network Education College of Beijing University of Chinese Medicine Agreement (共建北京中醫藥大學網路教育學院協議書) ("Joint Construction Agreement") entered into between Beijing University of Chinese Medicine (北京中醫藥大學) and Hunan IIN Medical Network Technology Development Co., Ltd. ("Hunan IIN Medical"), a subsidiary of IIN Medical (BVI), was successfully renewed. In accordance with the Joint Construction Agreement, Hunan IIN Medical's entitlement to share 60% of the profits of Distance Education College of Beijing University of Chinese Medicine (北京中醫藥大學遠程教育學院) ("Distance Education College") is reduced to 51% profit-sharing percentage during the year 2010 while all other terms and conditions thereunder are not less favourable than those under the Joint Construction Agreement. This e-learning business remained the core business of the Group in 2017.

On 14 April 2015, Hunan IIN Medical, a wholly-owned subsidiary of the Company, entered into a supplemental agreement (the "Agreement") with the Beijing University of Chinese Medicine (北京中醫藥大學) ("BUCM") for amending the agreement dated 29th June 2010 signed between them. Pursuant to the Agreement, Hunan IIN Medical will pass its daily business management and administrative management in respect of the Distance Education College of the Beijing University of Chinese Medicine (北京中醫藥大學遠程教育學院) (the "Distance Education College") to BUCM.

This arrangement is primarily made for the purpose of consolidating the daily business management and administrative management of the Distance Education College, so as to reduce operating costs and increase revenue, fully leverage the advantages of both parties in their respective areas, and lay a solid foundation for overall expansion in the future.

The Company changed the English name of the Company from "China E-Learning Group Limited" to "China E-Information Technology Group Limited", and changed the dual foreign name in Chinese of the Company from "中國網絡教育集團有限公司" to "中國網絡信息科技集團有限公司".

On 12 May 2017, the special resolution passed at the EGM in relation Company change name.

For detailed information regarding the change of Company name and the result of special resolution, please refer to the announcement of the Company dated 12 April 2017 and 12 May 2017.

Company's principal place of business in Hong Kong will be changed to Unit 2609-10, 26/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong with effect from 18 July 2017. Details of which were disclosed in the announcement of the Company dated 18 July 2017.

On 26 January 2018, the 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. Details of which were disclosed in the announcement of the Company dated 26 January 2018.

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. Details of which were disclosed in the announcement of the Company dated 9 February 2018.

All the conditions to completion of the Placing have been fulfilled and the completion of the Placing took place on 27 February 2018. Details of which were disclosed in 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$38 million satisfied by cash. Directors of the Company regarded this as an adjustment event according to HKAS 10 and reclassified the investment in associate as investment held for sale. According to HKFRS 5, asset held for sale shall be measured at the lower of its carrying amount and fair value less costs to sell. Since the sales proceeds was HK$ 38 million which was the fair value and costs to sell are considered to be insignificant, an impairment loss of HK$ 12 million was provided accordingly.

Employee Information

For the year under review, the total staff costs amounted to approximately HK$45,745,000 (2016: HK$35,655,000), representing an increase of approximately HK$10,090,000 over the previous year.

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. Share options were granted to employees of the Group in the current year, whereby comparative details are set out in note 33 in the annual report.

PROSPECTS

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.

Furthermore, 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 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.

AUDIT COMMITTEE

The Company has established an audit committee on 26 November 2001 with written terms of reference for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures in compliance with the GEM Listing Rules. The committee currently comprises three independent non-executive directors, namely Mr. Li Qunsheng (the chairman of the committee), Mr. Wang Xinsheng and Ms. Lu Xiaowei.

The primary duties of the audit committee are to review and to provide supervision over the financial reporting process, risk management and internal control system of the Group, to review the audit plan, audit findings and independence of the auditors of the Company, to review the Group's financial information and financial statements, annual reports, interim reports and quarterly reports, and to provide advice and recommendation thereon to the Board.

CORPORATE GOVERNANCE CODE COMPLIANCE

Pursuant to the Corporate Governance Code (the "Code") contained in Appendix 15 to the GEM Listing Rules of the Stock Exchange which sets out the principles of good corporate governance, the provisions of the Code (the "Code Provisions") and the recommended best practices, the Company has applied the principles and complied with all the Code Provisions as set out in the Code during the year ended 31 December 2017, with the exception of deviation set out below.

Under Code Provision A.2.1, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Following the step down of Mr. Chen Hong from the office of chairman and an executive director of the Company on 14 February 2014, the Company has not appointed chairman, and the roles and functions of the chairman have been performed by all the executive directors collectively.

Under Code Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election while all directors should be subject to retirement by rotation at least once every three years. During the year, the non-executive director and two independent non-executive directors are appointed for a specific term of service and one independent non-executive director is not appointed for a specific term of service. Since each of the independent non-executive directors is subject to rotation and re-election at the annual general meeting in accordance with the articles of association of the Company, as such, the Company considers that sufficient measures have been taken to serve the purpose of the Code Provision A.4.1 of the Code.

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

Hong Kong, 28 March 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 Mr. Li Qunsheng, Mr. Wang Xinsheng and Ms. Lu Xiaowei.

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

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page and the website of the Company at http://www.irasia.com/listco/hk/chieinfotech/for at least 7 days from the date of its publication.