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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

This announcement, for which the directors (the "Directors") of China E-Information Technology Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

RESULTS

The board (the "Board") of directors (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 2019, together with the comparative audited figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6	**63,124**	57,856
Cost of services rendered		**(26,983)**	(28,892)
Gross profit		**36,141**	28,964
Other income	7	**5,582**	15,176
Other losses	8	**(3,796)**	(10)
Administrative expenses		**(60,207)**	(61,519)
Impairment loss on investment in an associate	15	**(27,719)**	(55,027)
Equity-settled share-based payments		**(30,800)**	–
Finance costs	9	**(13,267)**	(10,225)
Share of result of an associate		**(1,517)**	3,628
Loss before tax		**(95,583)**	(79,013)
Income tax	11	**–**	–
Loss for the year	10	**(95,583)**	(79,013)
(Loss) profit for the year attributable to:			
Owners of the Company		**(104,222)**	(90,842)
Non-controlling interests		**8,639**	11,829
		(95,583)	(79,013)
Loss per share (HK Cents)	13		
– Basic		**(2.78 cents)**	(2.44 cents)
– Diluted		**N/A**	N/A

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Loss for the year		**(95,583)**	(79,013)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations arising during the year		**(3,835)**	(5,432)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary		**(541)**	–
Other comprehensive expense, net of income tax		**(4,376)**	(5,432)
Total comprehensive expense for the year		**(99,959)**	(84,445)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(108,598)**	(96,274)
Non-controlling interests		**8,639**	11,829
		(99,959)	(84,445)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Assets and liabilities			
Non-current assets			
Goodwill	*14*	**1,838**	–
Financial assets at fair value through profit or loss		**10,013**	15,107
Property, plant and equipment		**3,835**	9,588
Right-of-use assets		**4,483**	–
Investment in an associate	*15*	**22,000**	51,000
		42,169	75,695
Current assets			
Contingent consideration receivable		**16,025**	14,619
Other receivables	*16*	**104,113**	88,374
Financial assets at fair value through profit or loss		**305**	507
Cash and cash equivalents		**18,967**	70,898
		139,410	174,398
Total assets		**181,579**	250,093
Current liabilities			
Convertible notes		**47,669**	–
Lease liabilities		**5,566**	–
Other payables	*17*	**40,229**	29,249
		93,464	29,249
Non-current liabilities			
Convertible notes		**–**	34,645
Lease liabilities		**1,381**	–
Deferred tax liabilities		**–**	5,891
		1,381	40,536
Total liabilities		**94,845**	69,785

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Net current assets		**45,946**	145,149
Total assets less current liabilities		**88,115**	220,844
Net assets		**86,734**	180,308
Capital and reserves			
Share capital		**375,130**	375,130
Reserves		**(292,122)**	(212,500)
Non-controlling interests		**3,726**	17,678
Total equity		**86,734**	180,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 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 Group is principally engaged in the provision of an internet platform for facilitation of education program in Chinese medicine and other advisory and training programs.

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 ("HKICPA") for the first time in the current year.

• Amendments to HKFRS 9	Prepayment Features with Negative Compensation
• Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
• HKFRS 16	Leases
• Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
• HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
• Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as describe in "Changes in accounting polices" stated in Note 4 in relation to the adoption of HKFRS 16, 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 applied the following new and revised HKFRSs, that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts [2]
Amendments to HKFRS 3	Definition of a Business [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material [1]
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform[1]

1 Effective for annual periods beginning on or after 1 January 2020.

2 Effective for annual periods beginning on or after 1 January 2021.

3 Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

4 Effective dale not yet been determined.

The Group is in the process of making an assessment of what impact of these amendments and new standards is expected to be in the period of initial application. So for the directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. CHANGES IN ACCOUNTING POLICIES

The following explain the impact of the adoption of HKFRS 16 Leases ("HKFRS 16") on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

Adoption of HKFRS 16

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact or leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 2.9%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of properties was determined on a portfolio basis;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iv) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	9,517
Discounted using the Group's incremental borrowing rate at 1 January 2019	8,772
Less: recognition exemption for short-term leases	(1,057)
Lease liabilities recognised at 1 January 2019	**7,715**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 December 2018.

Refundable rental deposits paid, if any, are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	**Carrying amount as at 31 December 2018**	**Recognition of leases**	**Impairment**	**Carrying amount as at 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Right-of-use assets	–	7,715	(7,715)	–
Liabilities				
Lease liabilities	–	7,715	–	7,715

(c) *Impact of the financial results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating lease as if under HKAS 17 (note 1)**	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operation	**(82,316)**	**1,123**	**(8,757)**	**(89,950)**	(68,788)
Finance costs	**(13,267)**	**243**	**–**	**(13,024)**	(10,225)
Loss before taxation	**(95,583)**	**1,366**	**(8,757)**	**(102,974)**	(79,013)
Loss for the year	**(95,583)**	**1,366**	**(8,757)**	**(102,974)**	(79,013)

	2019			2018
	Amounts reported under HKFRS 16 *HK$'000*	**Estimated amounts related to operating leases as if under HKAS 17** *(note(s) 1 & 2)* *HK$'000*	**Hypothetical amounts for 2019 as if under HKAS 17** *HK$'000*	Compared to amounts reported for 2018 under HKAS 17 *HK$'000*
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash used in operations	**(25,821)**	**(6,892)**	**(32,713)**	(40,036)
Interest element of lease rentals paid	**(243)**	**243**	**–**	–
Net cash used in operating activities	**(26,064)**	**(6,649)**	**(32,713)**	(40,036)
Capital element of lease rentals paid	**(6,649)**	**6,649**	**–**	–
Net cash (used in) from financing activities	**(6,649)**	**6,649**	**–**	62,028

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

5. 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.

Despite the Group acquired the entire equity interest of Earth Spa Inc Pte Ltd. ("Earth Spa"), a company incorporated in Singapore and engaging in the provision of healthcare services in Singapore, however 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, which is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

As at 31 December 2019, the Group's non current assets of approximately HK$22,857,000 (2018: HK$51,800,000) and HK$7,761,000 (2018: HK$2,435,000) were located in the PRC and Singapore respectively. In addition, there were approximately HK$11,551,000 (2018: HK$21,460,000) located in Hong Kong.

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 2019 and 2018.

6. REVENUE

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

	2019	2018
	HK$'000	*HK$'000*
Tuition fee revenue recognised over time	**63,124**	57,856

7. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income	**2,541**	422
Sundry income	**–**	20
Net exchange gains	**174**	–
Gain on disposal of property plant and equipment	**920**	–
Net unrealised gains on financial assets at fair value through profit or loss	**–**	49
Fair value change of contingent consideration receivable	**1,406**	14,685
Gain on deregistration of a subsidiary	**541**	–
	5,582	15,176

8. OTHER LOSSES

	2019	2018
	HK$'000	*HK$'000*
Net unrealised losses on financial assets at fair value through profit or loss	**3,796**	–
Net exchange losses	**–**	10
	3,796	10

9. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Effective interest expense on convertible notes	**13,024**	10,225
Finance cost on lease liabilities	**243**	–
	13,267	10,225

10. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)		
– Basic salaries and allowances	**22,708**	16,829
– Contributions to defined contribution plans	**2,127**	918
– Other	**320**	555
– Equity-settled share-based payments	**27,300**	–
Total staff costs	**52,455**	18,302
Auditors remuneration:		
– Audit service	**600**	800
Legal and professional fee	**2,940**	12,263
Depreciation of property, plant and equipment	**3,250**	2,611
Depreciation of right-of-use assets	**1,123**	–
Gain on disposal of property, plant and equipment	**(920)**	–
Gain on deregistration of a subsidiary	**(541)**	–
Equity-settled share-based payments (including staff, directors and consultants)	**30,800**	–
Impairment loss on other receivables	**–**	3,000
Impairment loss on investment in an associate	**27,719**	–

11. INCOME TAX

During the year ended 31 December 2019, no Hong Kong profits tax has been provided in the financial statements as the Group did not generate any taxable profits in Hong Kong (2018: Nil).

PRC subsidiaries are subject to PRC Enterprise Income tax at 25% (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(95,583)**	(79,013)
Tax at respective applicable tax rates	**(17,884)**	(15,230)
Tax effect of expenses not deductible for tax purposes	**34,173**	30,619
Tax effect of income not taxable for tax purposes	**(18,393)**	(17,949)
Tax effect of tax losses not recognised	**2,104**	2,560
Income tax for the year	**–**	–

12. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

13. 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$104,222,000 (2018: HK$90,842,000), and based on the weighted average number of shares in issue during the year of approximately 3,751,297,033 ordinary shares (2018: 3,725,476,210 ordinary shares, as adjusted to reflect the shares by exercise of share options and placing of shares during the year).

14. GOODWILL

	2019	2018
	HK$'000	*HK$'000*
Reconciliation of carrying amount		
At beginning of reporting period	**–**	–
Acquisition of a subsidiary	**1,838**	–
At end of reporting period	**1,838**	–

On 31 December 2019, the Group acquired 100% issued share capital of Earth Spa Inc Pte Ltd. ("Earth Spa") from an independent third party at a consideration of approximately SGD100,000 (equivalent of approximately HK$574,000). Earth Spa is a company incorporated in Singapore with limited liability. Earth Spa is principally engaged in the provision of healthcare services in Singapore. The directors are of the view that the acquisition provides opportunities to the Company to broaden its business portfolio.

Goodwill is allocated to the cash-generating units ("CGUs") that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to the Group's CGU's identified as healthcare service business from Earth Spa.

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

The recoverable amount of CGU has been determined on the basis of value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period by applying average growth rate of 3% from 2020 to 2024. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3% per annum. The discount rates used, which management estimates to reflect current market assessments of the time value of money and the risks specific to the CGU's cash flows are 11%.

The directors believe that any reasonably possible change in any of there assumptions would not cause the carrying amount of goodwill of Earth Spa to exceed its recoverable amount.

15 INVESTMENT IN AN ASSOCIATE

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**51,000**	101,743
Addition	**794**	4,142
Share of (losses) profits	**(1,517)**	3,628
Impairment loss	**(27,719)**	(55,027)
Exchange realignment	**(558)**	(3,486)
At 31 December	**22,000**	51,000

During the year, the Group made a provision for impairment loss on investment in an associate, Beijing Youli Lianxu Technology Co., Ltd ("Beijing Youli"), of approximately HK$27,719,000 (2018: HK$55,027,000) due to decreasing consumer spending and general economic conditions. Following the outbreak of trade war in 2018, it continuously affect global economies. The trade war brought negative effect on the economies where the associate operates, consumers are losing confidence and sacrifice online shopping.

The entire carrying amount of the investment in an associate is tested for impairment in accordance with HKAS 36 Impairment of Assets by comparing its recoverable amount with its carrying amount.

The Group has appointed an independent professional valuer to perform an appraisal of the recoverable amount of the associate as at 31 December 2019. The recoverable amount of the associate has been determined on the basis of value in use calculation. The value in use calculation uses cash flow projections based on financial budgets from 2020 to 2024 by applying average growth rate of 26%. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3% per annum. The discount rate used is 14%. Cash inflows/outflows have been determined based on past performance and management's expectations for the market development.

The recoverable amount of the associate is less than its carrying amount. Accordingly, a provision for impairment of approximately HK$27,719,000 (2018: HK$55,027,000) was recognised during the year.

Details of the Group's associate are as follows:

Name of entity	**Place of business/ country of incorporation**	**Principal activities**	**% of ownership interest**		**Measurement method**
Shares held indirectly:					
			2019	2018	
Beijing Youli	PRC	e-commerce business	**49%**	49%	Equity

16. OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Deposits and other receivables	**152,328**	145,887
Deferred expenses	**15,072**	8,551
Prepayments	**2,615**	2,774
Less: impairment losses	**(65,902)**	(68,838)
	104,113	88,374

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

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**68,838**	68,898
Impairment	**–**	3,000
Exchange realignment	**(2,936)**	(3,060)
At 31 December	**65,902**	68,838

17. OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Other payables	**5,251**	5,629
Receipts in advance	**30,439**	21,377
Accrued charges	**4,539**	2,243
	40,229	29,249

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group recorded revenue of approximately HK$63,124,000 (2018: HK$57,856,000), representing tuition fee revenue and sales of educational products. Gross profit for the year under review was approximately HK$36,141,000 (2018: HK$28,964,000), representing a gross profit margin of 57.3% (2018: 50.1%) for the year under review.

During the year, cost of goods sold and services rendered amounted to approximately HK$26,983,000 (2018: HK$28,892,000), representing the overheads incurred in the distance learning courses.

Other income for the year under review was approximately HK$5,582,000 (2018: HK$15,176,000) representing an interest income of approximately HK$2,541,000 (2018: HK$422,000), a sundry income of approximately HK$nil (2018: HK$20,000), net unrealised gain on financial assets at fair value through profit or loss of approximately HK$nil (2018: HK$49,000), fair value gain of contingent consideration receivable of approximately HK$1,406,000 (2018: HK$14,685,000), net exchange gains of approximately HK$174,000 (2018: HK$nil), gain on disposal of property, plant and equipment of approximately HK$920,000 (2018: HK$nil) and gain on deregistration of a subsidiary of approximately HK$541,000 (2018: HK$nil).

Administrative expenses for the year under review were approximately HK$60,207,000 (2018: HK$61,519,000), of which mainly staff related costs were approximately HK$25,155,000 (2018: HK$18,302,000) and legal and professional fees were approximately HK$2,940,000 (2018: HK$12,263,000).

Other losses for the year under review were approximately HK$3,796,000 (2018: HK$10,000), representing a net unrealised losses on financial assets at fair value through profit or loss of approximately HK$3,796,000 (2018: HK$nil) and net exchange losses of approximately HK$nil (2018: HK$10,000).

The share of loss of an associate Beijing Youli Lianxu Technology Co., Ltd., ("Beijing Youli") which was acquired in April 2017 of approximately HK$1,517,000 (2018: share of profit of HK$3,628,000).

Equity-settled share-based payment amounted to approximately HK$30,800,000 were recognised for the year under review (2018: HK$nil) as a total of 375,100,000 share options were granted by the Company on 2 July 2019.

During the year, the Group made a provision for impairment loss on investment in an associate, Beijing Youli, of approximately HK$27,719,000 (2018: HK$55,027,000). The reason of recognising such impairment losses is due to decreasing consumer spending and general economic conditions. Following the outbreak of trade war in 2018, it continuously affect global economies. The trade war brought negative effect on the economies, consumers are losing confidence and sacrifice online shopping.

In addition, the novel coronavirus pneumonia (COVID-19) outbreak has opened up the possibility of a economy recession, this has created a significant adverse impact on the economic and has the potential to cause market dislocation. The coronavirus outbreak is hitting people and economy hard, economists predict the economy and GDP growth will slow in next year. Therefore, the financial forecasts were hit by economic disruption from the outbreak.

Finance costs during the year were approximately HK$13,267,000 (2018: HK$10,225,000).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its business operations mainly by cash revenue generated internally from operating activities. As at 31 December 2019, the Group has current assets of approximately HK$139,410,000 (2018: HK$174,398,000), including bank balances and cash of approximately HK$18,967,000 (2018: HK$70,898,000). Total non-current assets of the Group amounted to approximately HK$42,169,000 (2018: HK$75,695,000), representing property, plant and equipment, financial assets at fair value through profit or loss, goodwill, investment in an associate and right-of-use assets. Total assets of the Group amounted to approximately HK$181,579,000 (2018: HK$250,093,000) as at 31 December 2019.

As at 31 December 2019, the Group did not have any outstanding bank borrowing. Total current liabilities of the Group were approximately HK$93,464,000 (2018: HK$29,249,000), which mainly comprised other payables, convertible notes and lease liabilities. Total liabilities of the Group were approximately HK$94,845,000 (2018: HK$69,785,000). As at 31 December 2019, the Group had net assets of approximately HK$86,734,000 (2018: HK$180,308,000).

GEARING RATIO

Gearing ratio of the Group, as expressed as the ratio of total liabilities to total assets, was approximately 0.52 as at 31 December 2019 (2018: 0.28).

SHARE CAPITAL

As at 1 January 2019 and 31 December 2019, 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$375,130,000 divided into 3,751,297,033 shares of HK$0.10 each.

CONVERTIBLE NOTES 2011

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 2019, the Company has not received any reply or notice from the holder and the Company has the funds available for settlement.

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.

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.

During the year ended 31 December 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 December 2019, the exercise in full of the vested conversion rights would result in the issue and allotment of approximately 183,559,542 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 2019, 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

During the year ended 31 December 2019, save as disclosed in note 14 to this announcement, no significant investments and material acquisition were made by the Group (2018: nil).

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 2019 (2018: 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.

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 29 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.

On 2 July 2019, a total of 375,100,000 share options (the "Share Options") were granted by the Company to certain eligible participants (the "Grantees") to subscribe for ordinary shares of HK$0.1 each of the Company (the "Shares") pursuant to the share option scheme adopted by the Company on 23 May 2011.

Among the above 375,100,000 Share Options granted, a total of 46,600,000 Share Options were granted to the directors and chief executive. Details regarding the grant of share options were set out in the announcement of the Company dated 2 July 2019.

In July 2019, the Company received the audited financial statements of Beijing Youli for the period from 1 April 2018 to 31 March 2019, Beijing Youli fails 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.

On 30 July 2019, a Placing Agreement was entered into between the Company and the Placing Agent, pursuant to which the Company has appointed the Placing Agent to procure altogether not less than six independent institutional, corporate or individual investors, to place Convertible Bonds of principal amount up to HK$187,000,000.

Upon full conversion of the Convertible Bonds at the initial Conversion Price of HK$0.25 per Conversion Share, a total of 748,000,000 Conversion Shares will be allotted and issued, which represent (i) approximately 19.94% of the issued share capital of the Company as at 30 July 2019; and (ii) approximately 16.62% of the issued share capital of the Company as enlarged by the Conversion Shares (assuming there is no other change in the number of issued Shares between 30 July 2019 and the full conversion of the Convertible Bonds).

Details regarding the placing of convertible bonds were set out in the announcement of the Company dated 30 July 2019.

On 20 August 2019, the Company and the Placing Agent entered into a supplemental placing agreement (the "Supplemental Agreement") to revise the aggregate principal amount of the Convertible Bonds and to postpone the Long Stop Date. Pursuant to the Supplemental Agreement, the aggregate principal amount of the Convertible Bonds to be placed by the Placing Agent is revised from up to HK$187,000,000 to up to HK$120,000,000.

Based on the revised aggregate principal amount of the Convertible Bonds, assuming the Convertible Bonds are fully placed, upon full conversion of the Convertible Bonds at the initial Conversion Price, the maximum number of Conversion Shares to be issued by the Company will be changed from 748,000,000 Conversion Shares to 480,000,000 Conversion Shares.

Pursuant to the Supplemental Agreement, the Long Stop Date is postponed from 20 August 2019 to 10 September 2019 (or such later date as the Placing Agent and the Company may agree).

Assuming all the Convertible Bonds under the Placing Agreement (as amended by the Supplemental Agreement) have been placed, the gross proceeds and net proceeds of the Placing amount will be revised to HK$120,000,000 and approximately HK$117,200,000 respectively, after deducting commission and other related expenses of Placing. The Company intends to apply the net proceeds (i) as the general working capital of the Group; and (ii) for the development and expansion of the Group's existing businesses, especially (a) the business of the Company's subsidiary Sinzhongyi Consultancy PTE. Ltd. for its establishment of a Chinese medicine health center and training center in Singapore; and (b) the business of the Company's subsidiaries in the PRC.

Details regarding the Supplemental Agreement in relation to placing of convertible bonds were set out in the announcement of the Company dated 20 August 2019.

On 10 September 2019, the Company and the Placing Agent entered into a 2nd supplemental placing agreement (the "2nd Supplemental Agreement") to further postpone the Long Stop Date from 10 September 2019 to 24 September 2019 (or such later date as the Placing Agent and the Company may agree).

Details regarding the 2nd Supplemental Agreement in relation to placing of convertible bonds were set out in the announcement of the Company dated 10 September 2019.

Given that certain conditions precedent set out in the Placing Agreement (as amended by the Supplemental Agreement and the 2nd Supplemental Agreement) (the "Amended Placing Agreement") have not been fulfilled on or before the Long Stop Date, the Amended Placing Agreement has accordingly lapsed on 24 September 2019.

Details regarding the lapse of placing of convertible bonds were set out in the announcement of the Company dated 25 September 2019.

On 5 August 2019, Sinzhongyi Consultancy PTE Ltd.（新中醫諮詢服務有限公司）("Sinzhongyi", a wholly owned subsidiary of the Company) and Eastern Art Holdings PTE Limited（東方藝術控股私人有限公司）("Eastern Art") entered into a memorandum of cooperation (the "Memorandum of Cooperation") in relation to the cooperation on the development of a traditional Chinese medicine recuperation and tourism development project in Jurong Lake District, Singapore.

Pursuant to the Memorandum of Cooperation, Sinzhongyi and Eastern Art will jointly develop a traditional Chinese medicine recuperation and tourism development project in Jurong Lake District, Singapore by the lakeside of Jurong Lake, Singapore. The project will be operated with the characteristics of recuperation, rehabilitation and physiotherapy with traditional Chinese medicine.

Eastern Art will be principally responsible for coordinating and obtaining the relevant procedures and approval documents for land and planning from the government, competent authorities and tourism board in Singapore and responsible for the implementation of project development. Sinzhongyi will be principally responsible for the establishment, business invitation, operation and management of the relevant organisations including recuperation and rehabilitation with traditional Chinese medicine, training for traditional Chinese medicine, medicine diet and nursing homes. Details regarding the Memorandum of Cooperation were set out in the announcement of the Company dated 5 August 2019.

On 14 November 2019, Sinzhongyi and Eastern Art entered into a supplemental memorandum of cooperation in relation to the cooperation on the development of the Target Project (the "Supplemental Memorandum of Cooperation").

Pursuant to the Supplemental Memorandum of Cooperation, Sinzhongyi and Eastern Art will jointly invest in establishing a joint venture company (the "Joint Venture Company") to develop the Target Project, in which Sinzhongyi and Eastern Art will hold 51% and 49% equity interest, respectively. The Target Project will be named the "Traditional Chinese Medicine Recuperation and Tourism Development Project". The Target Project comprises the construction of a centralised traditional Chinese medicine recuperation centre, a nursing home, a traditional Chinese medicine research and development centre and talent training centre, as well as a traditional Chinese medicine museum, a botanic garden, a hotel, apartments and the relevant ancillary commercial facilities in Jurong Lake District, Singapore. It will occupy a site area of 70,000 square metres and have a total gross floor area of no less than 100,000 square metres. The Target Project will be operated by the Joint Venture Company to build an overseas education base for the remote traditional Chinese medicine education school of the Group. Further details of the establishment of the Joint Venture Company (including but not limited to the amount of capital contribution) will be determined following further negotiations between Sinzhongyi and Eastern Art.

Details regarding the Supplemental Memorandum of Cooperation were set out in the announcement of the Company dated 14 November 2019.

With effect from 30 September 2019, Mr. Lin Ruiping ("Mr. Lin") has been appointed as the honorary chairman of the Company. Mr. Lin, aged 64, born in Fuqing, Fujian Province, obtained a junior college diploma from Beijing Institute of Economic Management (北京經濟管理學院), majoring in business administration. He is currently a senior economist and engineer. Mr. Lin has over 20 years' experience in managing different companies, including acting as chairman of property developers, asset management companies and international gourmet companies. Mr. Lin is the father of Ms. Lin Yan, an executive Director of the Company. Details regarding the appointment of honorary chairman were set out in the announcement of the Company dated 30 September 2019.

On 31 December 2019, the Group acquired 100% issued share capital of Earth Spa from an independent third party at a consideration of approximately SGD100,000 (equivalent of approximately HK$574,000). Earth Spa is a company incorporated in Singapore with limited liability. Earth Spa is principally engaged in the provision of healthcare services in Singapore. The directors are of the view that the acquisition provides opportunities to the Company to broaden its business portfolio.

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.

EMPLOYEE INFORMATION

For the year under review, the total staff costs (including the share based payment expense) amounted to approximately HK$52,455,000 (2018: HK$18,302,000), representing an increase of approximately HK$34,153,000 over the previous year. The increase was mainly due to a total of 375,100,000 share options were granted by the Company on 2 July 2019 (2018: nil).

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 (2018: nil).

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. Tang Jiuda (the chairman of the committee), Ms. Yang Qingchun 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.

The Group's audited annual results for the year have been reviewed by the Audit Committee.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's independent auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

SECURITIES TRANSACTIONS BY DIRECTORS

During the year under review, the Group has adopted a code of conduct regarding securities transactions in securities of the Company by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the code of conduct regarding directors' securities transactions throughout the year ended 31 December 2019.

DIVIDEND

The Directors do not recommend any payment of final dividend (2018: Nil) for the year.

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 2019, 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, all 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.

Under Code Provision A.6.7, independent non-executive directors and non-executive director should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Yang Qingchun, Mr. Tang Jiuda and Ms. Lu Xiaowei, the independent non-executive directors of the Company were unable to attend an annual general meeting of the Company held on 26 June 2019 and extraordinary general meetings of the Company held on 21 January 2019 and 25 March 2019 due to their respective commitments elsewhere. The Company will endeavour to arrange the future general meetings with the presence of the non-executive director and independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

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

Hong Kong, 31 March 2020

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

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

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