

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

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



中國信息科技發展有限公司

China Information Technology Development Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8178)

**DISCLOSEABLE TRANSACTION AND
SHARE TRANSACTION
ACQUISITION OF 10% EQUITY INTEREST IN
THE TARGET COMPANY INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

INTRODUCTION

The Board is pleased to announce that on 1 April 2021 (after trading hours of the Stock Exchange), Rosy Depot, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which Rosy Depot has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares at the Consideration. The Consideration will be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor at the Consideration Share Price.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and is not subject to the approval of the Shareholders. The Consideration Shares, when allotted and issued, shall rank pari passu with the Shares in issue.

An aggregate of 20,000,000 Consideration Shares will be allotted and issued to the Vendor as set out in the section headed “Consideration” below, which represents approximately 8.36% of the issued share capital of the Company as at the date of this announcement and approximately 7.71% of the issued share capital of the Company as enlarged by the Consideration Shares.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Upon Closing, the Group will hold 10% of the shareholding of the Target Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratio (as defined by Rule 19.07 of the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25% and the Consideration for the Acquisition will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and share transaction and is therefore subject to the reporting and announcement under Chapter 19 of the GEM Listing Rules.

After Closing, each of the Vendor and Mr. Lee will become a significant shareholder and connected person of the Company at the subsidiary level (within the meaning of the GEM Listing Rules) by virtue of it/him being the shareholder, and an ultimate beneficial owner and a director respectively of the Target Company. The Company will observe and comply with the applicable requirements under the GEM Listing Rules for transactions with the Vendor and Mr. Lee after Closing.

Shareholders and potential investors should note that the Acquisition contemplated under the Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that, on 1 April 2021 (after trading hours), Rosy Depot, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which Rosy Depot has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares at the Consideration. The Consideration will be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor at the Consideration Share Price.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date: 1 April 2021

Parties: (1) Rosy Depot Limited as the Purchaser; and
(2) Valuable Fortune Limited as the Vendor.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, each of the Vendor, its shareholder and Mr. Lee, its ultimate beneficial owner and its director is an Independent Third Party.

Assets to be acquired

Pursuant to the terms and conditions of the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 10% of the equity interest of the Target Company.

Consideration

Pursuant to the Agreement, the total Consideration for the Acquisition shall be HK\$10,000,000, which shall be settled by way of allotment and issue of 20,000,000 Consideration Shares to the Vendor or its nominee(s) on Closing or any other dates as the Parties otherwise agree in writing.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms, without limitation, with reference to (i) historical financial performance of the Target Group for the year ended 31 March 2020 and for the period from 8 May 2018 (date of incorporation) to 31 March 2019, which the Vendor will continue to run after Closing; (ii) its business review and outlook; (iii) a valuation report prepared by an independent qualified valuer; and (iv) the Company's assessment on the prospect of the Target Group and the synergistic benefits that can be created between the Target Group and the Company as described under the paragraph headed "Reasons for and benefits of the Acquisition".

Consideration Shares

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, credited as fully paid, and shall rank pari passu in all respects among themselves and with the Shares in issue on the date of such allotment and issue, including the right to receive all dividends and distributions which may be declared, made or paid after the Closing and will be issued free and clean of all liens, encumbrances, equities or other third party rights. The allotment and issue of the Consideration Shares under the General Mandate is not subject to the approval of the Shareholders.

An aggregate of 20,000,000 Consideration Shares will be allotted and issued to Vendor as set out in the section headed "Consideration" above, which represent approximately 8.36% of the issued share capital of the Company as at the date of this announcement and approximately 7.71% of the issued share capital of the Company as enlarged by the Consideration Shares.

The issue price of each Consideration Share is HK\$0.5, which represents:

- (1) a premium of approximately 105.76% to the closing price of HK\$0.243 per Share as quoted on the Stock Exchange on 1 April 2021, being the date of the Agreement;
- (2) a premium of approximately 106.10% to the average closing price of HK\$0.2426 per Share as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the Agreement; and
- (3) a premium of approximately 82.68% to the average closing price of HK\$0.2737 per Share as quoted on the Stock Exchange for the 20 trading days immediately prior to the date of the Agreement.

Post-closing Lock up of Consideration Shares

The Vendor has agreed not to sell any Consideration Shares for 18 months after Closing unless having the written consent of the Purchaser and the Company.

Conditions precedent

The Closing of the Agreement shall be subject to the fulfilment or, where applicable, waiver of the following conditions:

- (i) no provision of the applicable laws and no other injunction, judgment, order, decree, stipulation or determination by or with any relevant governmental authorities prohibiting the Closing;
- (ii) the representations and warranties provided by the relevant Parties being true, correct and accurate in all material respects as of Closing;
- (iii) no material adverse effect on the financial condition, business, prospects or operations of the Target Group;
- (iv) the relevant Parties having performed and complied in all material respects with all covenants, agreements, obligations and conditions contained in the Agreement and the other transaction documents that are required to be performed or complied with by it on or before the Closing;
- (v) all corporate and other proceedings in connection with the transactions contemplated by the Agreement and all documents and instruments incident to such transactions having been passed, executed and/or delivered by the Purchaser to the satisfaction of Vendor, as the case may be;

- (vii) all corporate and other proceedings in connection with the transactions contemplated by the Agreement and all documents and instruments incident to such transactions having been passed, executed and/or delivered by Vendor, as the case may be, to the satisfaction of the Purchaser;
- (viii) the relevant Parties having obtained all necessary consents from any relevant governmental or regulatory authorities or other relevant third parties for the consummation of the transactions contemplated by the Agreement and other transaction documents, which are in full force and effect as of the Closing, and does not impose any terms or conditions that could be reasonably expected to materially impair the Purchaser's ability to consummate, or prevent or materially delay, the transactions contemplated by the Agreement and other transaction documents;
- (ix) the Purchaser having completed its business, legal, financial and management due diligence of the Target Group and is satisfied with the result thereof; and
- (x) the approval for the listing of, and permission to deal in the Consideration Shares by the Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to the date of Closing.

Closing

Closing shall take place on or before 20 April 2021 which the conditions precedent of the Agreement have been satisfied or, as the case may be, waived by the Party entitled to that condition or such other day as the Parties otherwise agree in writing.

If Closing has not been consummated on or before 20 April 2021, either the Purchaser, on the one hand, or the Vendor, on the other hand, shall have the right to terminate the relevant Agreement and the relevant Agreement will be of no further effect except for antecedent breach of any obligations of any Parties thereto.

CHANGES IN THE SHAREHOLDING OF THE TARGET COMPANY AND TARGET GROUP

Upon Closing, the Target Company will be owned as to 90% and 10% by the Vendor and the Purchaser respectively. As such, the Company will indirectly hold 10% equity interest of the Target Group and the financial results of the Target Group will not be consolidated into the financial statements of the Group.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company upon Closing is set out as below:

Name of Shareholder	As at the date of this announcement		Immediately after the Closing, the allotment and issue of all Consideration Shares ⁽¹⁾	
	No. of shares	Approximate % of number of Shares in issue	No. of Shares	Approximate % of number of Shares in issue
Zhang Rong	35,909,333	15.00%	35,909,333	13.85%
Discover Wide Investments Limited ⁽²⁾	16,832,143	7.03%	16,832,143	6.49%
Corporate Advisory Limited ⁽³⁾	1,892,000	0.79%	1,892,000	0.73%
Vendor	0	0%	20,000,000	7.71%
Public Shareholders	184,707,853	77.18%	184,707,853	71.22%
Total	<u>239,341,329</u>	<u>100.00%</u>	<u>259,341,329</u>	<u>100.00%</u>

Notes:

- (1) Assuming no change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.
- (2) The 16,832,143 Shares are held by Discover Wide Investments Limited (“**Discover Wide**”), which is wholly-owned by Mr. Wong Kui Shing, Danny (“**Mr. Danny Wong**”). Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Danny Wong is deemed to have an interest in all Shares in which Discover Wide has, or deemed to have an interest.
- (3) The Shares are held by Corporate Advisory Limited (“**Corporate Advisory**”), which is wholly-owned by Mr. Zhang Rong (“**Mr. Zhang**”). Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang is deemed to have an interest in all Shares in which Corporate Advisory has, or deemed to have an interest.

INFORMATION OF THE VENDOR AND TARGET GROUP

The Vendor is an investment holding company established in British Virgins Islands with limited liability and directly holds 100% of the Target Company. As at the date of this announcement, Mr. Lee Yat Lung Andrew is the sole shareholder of the Vendor.

The Target Company is an investment holding company established in British Virgins Islands with limited liability. It directly holds 100% of the HK Subsidiary as at the date of this announcement.

The HK Subsidiary is a company incorporated in Hong Kong with limited liability on 3 May 2018. It is wholly-owned by the Target Company as at the date of this announcement.

The HK Subsidiary is an integrated solutions provider in information and communication technologies (ICT), system integration and other technical consultation services in Hong Kong and Asia Pacific region. The Target Group operates through three business segments. The ICT segment is engaged in the provision of telecommunication and enterprise ICT solutions. The software segment is engaged in the sales of IT software products. The services segment is engaged in the provision of related maintenance and consultancy services.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and Mr. Lee, its ultimate beneficial owner of the Target Group are Independent Third Parties.

Based on the unaudited consolidated financial statements of the Target Group, the financial information of the Target Group for the year ended 31 March 2020 and for the period from 3 May 2018 (date of incorporation) to 31 March 2019 are set out as follows:

	For the year ended 31 March 2020 (unaudited) approximately HK\$	For the period from 3 May 2018 (date of incorporation) to 31 March 2019 (unaudited) approximately HK\$
Revenue	6,290,000	153,000
Profit/(loss) before taxation	3,285,000	(240,000)
Profit/(loss) after taxation	2,970,000	(240,000)

As at 31 December 2020, based on the unaudited consolidated financial statements of the Target Group, the Target Group had unaudited consolidated total assets and net assets of approximately HK\$10,624,000 and approximately HK\$4,641,000 respectively.

INFORMATION OF THE PURCHASER AND THE GROUP

The Purchaser is an investment holding company established in the British Virgins Islands with limited liability and a direct wholly-owned subsidiary of the Company.

The Company is an investment holding company. The Group is principally engaged in the provision of IT infrastructure solutions and maintenance services, money lending and securities trading.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance Shareholders' value.

The Target Group is a well-established integrated ICT solutions and services provider in Hong Kong that specializes in areas of telecommunication, networking intelligent retail systems and technologies. It is also a Service Based Operator licence holder authorized by the Hong Kong Office of Communications Authority to provide Value-Added Network Services. The Directors believe that the Acquisition will enable the Group to complement and leverage the existing services of the Company such as big data. It will enhance the comprehensive capacity in serving current clients and attracting new clients from different industries. It is believed that the Acquisition will create synergy for both the existing businesses of the Group as well as the Target Group.

The Acquisition represents a valuable opportunity to extend the business footprints in various areas like telecommunications which further enables the Group to increase our revenue steam and utilise our resources more efficiently without affecting the cash flow of the Group.

Having considered the above reasons, the Directors consider the Acquisition is in line with the overall business direction of the Group. The Group shall continue to look for business opportunities and collaborations with IT professionals and experts in various aspects and industries so as to further strengthen our existing businesses and broaden our business networks in different industries.

The Directors consider that the terms of the Agreement are fair and reasonable, on normal commercial terms and are in the interest of the Company and its Shareholders.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratio (as defined by Rule 19.07 of the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25% and the Consideration for the Acquisition will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and share transaction and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

After Closing, each of Vendor and Mr. Lee will become a significant shareholder and connected person of the Company at the subsidiary level (within the meaning of the GEM Listing Rules) by virtue of it/him being the shareholder, and an ultimate beneficial owner and a director respectively of the Target Company. The Company will observe and comply with the applicable requirements under the GEM Listing Rules for transactions with the Vendor and/or Mr. Lee after Closing.

Shareholders and potential investors should note that the Acquisition contemplated under the Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement;
“Agreement”	the agreement for the sale and purchase of 10% of the issued share capital in the Target Company entered into between the Vendor and Purchaser dated 1 April 2021;
“Board”	the board of Directors of the Company;
“Closing”	the closing of the Acquisition in accordance with the Agreement;
“Company”	China Information Technology Development Limited (中國信息科技發展有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM;
“Consideration”	the total consideration in the sum of HK\$10,000,000, to be settled by way of allotment and issue of the Consideration Shares by the Company at the Consideration Share Price;

“Consideration Share(s)”	an aggregate total of 20,000,000 new Shares to be issued and allotted by the Company to the Vendor pursuant to the terms and conditions of the Agreement;
“Consideration Share Price”	HK\$0.5 per Consideration Share;
“Director(s)”	directors of the Company;
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 26 June 2020 to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK Subsidiary”	Global Engine Limited, a company incorporated in Hong Kong with limited liability on 3 May 2018. The principal activities are set out the section headed “INFORMATION OF THE VENDOR AND TARGET GROUP” in this announcement;
“Independent Third Party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates;
“Mr. Lee”	Mr. Lee Yat Lung Andrew (李一龍先生), an Independent Third Party, being the director and ultimate beneficial owner of the entire equity interest in the Target Group;
“Purchaser”	Rosy Depot Limited (茂匯有限公司), a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company;
“Sale Shares”	100 shares in the issued share capital of the Target Company, representing 10% of the issued share capital of Target Company immediately prior to the Closing;

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Global Engine Holdings Limited, a company incorporated in British Virgin Islands with limited liability on 5 March 2021 and is principally engaged in investment holding of HK Subsidiary;
“Target Group”	the Target Company and HK Subsidiary;
“Vendor”	Valuable Fortune Limited, company incorporated in the British Virgin Islands with limited liability on 2 February 2021 and is principally engaged in investment holding of the Target Company; and
“%”	per cent.

By order of the Board
China Information Technology Development Limited
Wong King Shiu, Daniel
Chairman and Chief Executive Officer

Hong Kong, 1 April 2021

As of the date of this announcement, the Board comprises Mr. Wong King Shiu, Daniel (Chairman and Chief Executive Officer) and Mr. Chang Ki Sum Clark as executive Directors; Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong as independent non-executive Directors.

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