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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 51% EQUITY INTEREST IN
THE TARGET COMPANY INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

INTRODUCTION

The Board is pleased to announce that on 12 May 2021 (after trading hours of the Stock Exchange), Golden Shield, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which Golden Shield 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 7,000,000 Consideration Shares will be allotted and issued to the Vendor as set out in the section headed “Consideration” below, which represents approximately 2.92% of the issued share capital of the Company as at the date of this announcement and approximately 2.63% of the issued share capital of the Company as enlarged by the Consideration Shares (assuming the GEL Acquisition is completed and the GEL Consideration Shares are allotted).

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 51% of the shareholding of the Target Company and the financial results of the Target Group will be consolidated into the financial results of the 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. Chan will become 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. Chan 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 12 May 2021 (after trading hours), Golden Shield, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which Golden Shield 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: 12 May 2021

Parties: (1) Golden Shield Global Limited as the Purchaser; and
(2) Unity Victory 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. Chan, 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 51% of the equity interest of the Target Company.

Consideration

Pursuant to the Agreement, the total Consideration for the Acquisition shall be HK\$3,500,000, which shall be settled by way of allotment and issue of 7,000,000 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) its business outlook; (ii) a valuation report prepared by an independent qualified valuer; and (iii) 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 7,000,000 Consideration Shares will be allotted and issued to Vendor as set out in the section headed "Consideration" above, which represent approximately 2.92% of the issued share capital of the Company as at the date of this announcement and approximately 2.63% of the issued share capital of the Company as enlarged by the Consideration Shares (assuming the GEL Acquisition is completed and the GEL Consideration Shares are allotted).

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 12 May 2021, being the date of the Agreement;
- (2) a premium of approximately 105.59% to the average closing price of HK\$0.2432 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 100.80% to the average closing price of HK\$0.249 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;

- (vi) 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;
- (vii) 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;
- (viii) the Purchaser having completed its business, legal, financial and management due diligence of the Target Group and is satisfied with the result thereof; and
- (ix) 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 the fourteenth (14th) Business Day after the day on 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 the Closing Date, 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 49% and 51% by the Vendor and the Purchaser respectively. As such, the Company will indirectly hold 51% equity interest of the Target Group and the financial results of the Target Group will 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		Assuming the GEL Acquisition is completed		Immediately after Closing and the allotment and issue of Consideration Shares ⁽¹⁾		Immediately after the Closing, the allotment and issue of all Consideration Shares and the GEL Acquisition is completed ⁽²⁾	
	Approximate % of number		Approximate % of number		Approximate % of number		Approximate % of number	
	No. of Shares	of Shares in issue	No. of Shares	of Shares in issue	No. of Shares	of Shares in issue	No. of Shares	of Shares in issue
Zhang Rong	35,909,333	15.00%	35,909,333	13.85%	35,909,333	14.58%	35,909,333	13.48%
Discover Wide Investments Limited ⁽³⁾	16,832,143	7.03%	16,832,143	6.49%	16,832,143	6.83%	16,832,143	6.32%
Corporate Advisory Limited ⁽⁴⁾	1,892,000	0.79%	1,892,000	0.73%	1,892,000	0.77%	1,892,000	0.71%
Valuable Fortune Limited ⁽⁵⁾	0	0%	20,000,000	7.71%	0	0%	20,000,000	7.51%
Vendor	0	0%	0	0%	7,000,000	2.84%	7,000,000	2.63%
Public Shareholders	184,707,853	77.18%	184,707,853	71.22%	184,707,853	74.98%	184,707,853	69.35%
Total	239,341,329	100.00%	259,341,329	100.00%	246,341,329	100.00%	266,341,329	100.00%

Notes:

- (1) Assuming no change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.
- (2) Assuming the GEL Acquisition is completed and GEL Consideration Shares are allotted, and there is no other change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.
- (3) 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**”) the former Director. 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.
- (4) The 1,892,000 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.
- (5) Assuming the GEL Acquisition is completed, the GEL Consideration Shares will be allotted to Valuable Fortune Limited (“**Valuable Fortune**”). The 20,000,000 GEL Consideration Shares are held by Valuable Fortune, which is wholly-owned by Mr. Lee Yat Lung Andrew (“**Mr. Lee**”). Pursuant to Division 7 and 8 of Part XV of the SFO, Mr. Lee is deemed to have an interest in all Shares in which Valuable Fortune has, or deemed to have, an interest.

INFORMATION ON 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. Chan 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 21 July 2011. It is wholly-owned by the Target Company as at the date of this announcement.

The HK Subsidiary is an integrated solutions and services provider that specializes in the areas of telecommunications, networking, smart retail systems and technologies. It provides telecommunications consultancy, cloud services, managed IT services, support consultancy and intelligent retail systems 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. Chan, 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 years ended 31 March 2020 and 2021 are set out as follows:

	For the year ended 31 March 2021 (unaudited) <i>approximately</i> HK\$	For the year ended 31 March 2020 (unaudited) <i>approximately</i> HK\$
Revenue	10,972,000	3,000
Profit/(loss) before taxation	902,000	(1,472,000)
Profit/(loss) after taxation	902,000	(1,472,000)

As at 31 March 2021, based on the unaudited consolidated financial statements of the Target Group, the Target Group had unaudited consolidated total assets and net liabilities of approximately HK\$3,670,000 and approximately HK\$1,566,000 respectively.

INFORMATION ON 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 an integrated solutions and services provider that specializes in the areas of telecommunications, networking, smart retail systems and technologies. It provides telecommunications consultancy, cloud services, managed IT services, support consultancy and intelligent retail systems services.

It aims to provide a holistic and comprehensive approach to strategy from robust design to successful implementation and ongoing management that ensures the delivery of optimal results to our clients' business. There is a team of experienced consultants who have extensive expertise and are proficient in the design and implementation of different types of ICT strategies which provides the clients strategic consulting services. The Target Group also provides public, private and hybrid cloud infrastructure together with cloud connectivity solutions with data collection technologies. It also launches intelligent retail systems like smart vending machine or electronic payment platforms and smart locker systems.

The Board sees a great potential in internet of things (“IoT”), cloud and smart technologies especially in era of agility in business and daily lives. Cloud and smart technologies underpin the world's economy and remote workforces during the outbreak of COVID-19 Pandemic. Big data collection is also essential to the efficient implementation of the smart technologies. The Target Group has extensive practical experience and business networks in these areas. The Company believes that the acquisition can enhance the development of existing business especially on the research and development of AI Book, AI Manager and BI Canvas of DataCube Research Centre Limited as well as the provision of more comprehensive services to our clients of Macro System Limited.

The Acquisition represents a valuable opportunity to extend the business network, strengthen our existing businesses and further enables the Group to increase our revenue stream 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 the 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. Chan will become a 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. Chan 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 51% of the issued share capital in the Target Company entered into between the Vendor and Purchaser dated 12 May 2021;
“Board”	the board of Directors of the Company;
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which bank are open for business in Hong Kong;
“Closing”	the closing of the Acquisition in accordance with the Agreement;
“Closing Date”	the fourteenth (14th) Business Day after the day on 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;
“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\$3,500,000, 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 7,000,000 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;
“GEL Acquisition”	the acquisition of 10% equity interest in Global Engine Holdings Limited involving the issue of 20,000,000 consideration shares at HK\$0.5 per consideration shares. Details of which are set out in the announcements of the Company dated 1 April 2021 and 20 April 2021;
“GEL Consideration Shares”	20,000,000 consideration shares at HK\$0.5 per consideration shares pursuant to the terms and conditions of GEL Acquisition agreement dated 1 April 2021;
“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”	Logic Network Limited, a company incorporated in Hong Kong with limited liability on 21 July 2011. The principal activities are set out the section headed “INFORMATION ON 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 and its subsidiaries or any of their respective associates;
“Mr. Chan”	Mr. Chan Chun Ying (陳俊英先生), an Independent Third Party, being the director and ultimate beneficial owner of the entire equity interest in the Target Group;
“Purchaser”	Golden Shield Global Limited (金衛環球有限公司), a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company;

“Sale Shares”	51 shares in the issued share capital of the Target Company, representing 51% 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”	Orient Rise Investment Development Limited (東陞投資發展有限公司), a company incorporated in British Virgin Islands with limited liability on 4 January 2021 and is principally engaged in investment holding of HK Subsidiary;
“Target Group”	the Target Company and HK Subsidiary;
“Vendor”	Unity Victory Limited, company incorporated in the British Virgin Islands with limited liability on 14 January 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, 12 May 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.