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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers. Capitalised terms used herein shall have the same meanings as those defined in the section headed “Definitions” in this Prospectus, unless otherwise stated.

If you have sold or transferred all your shares in **China Information Technology Development Limited** (the “Company”), you should at once hand this Prospectus Documents to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents Delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, 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 Prospectus.

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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)**

### **RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE**

**Financial Adviser to the Company**



**INCU Corporate Finance Limited**

**Placing Agent of the Placing Shares**



**華業證券有限公司**  
**Grand China Securities Limited**

**Grand China Securities Limited**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The Latest Time for Acceptance is 4:00 p.m. on Wednesday, 23 March 2022. The procedures for acceptance and payment or transfer of the Rights Shares and application and payment for excess Rights Shares are set out on pages 20 to 23 of this Prospectus.

The Rights Issue will proceed on a non-underwritten basis and there is no requirement for a minimum level of subscription. Subject to the fulfilment and/or waiver of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. It should be noted that the Shares have been dealt in on ex-rights basis from Monday, 28 February 2022. Dealings in Nil-Paid Rights will take place from Friday, 11 March 2022 to Friday, 18 March 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in Nil-Paid Rights during the period Friday, 11 March 2022 to Friday, 18 March 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Nil-Paid Rights are recommended to consult his/her/its own professional advisers.

9 March 2022

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## NOTICE

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**EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING OFFERED TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN ANY JURISDICTION OUTSIDE HONG KONG IF SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.** This Prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil-Paid Rights or the Rights Shares or to take up any entitlements to the Nil-Paid Rights or the Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the Nil-Paid Rights, the Rights Shares, this Prospectus and any accompanying documents, including the PAL and EAF, will be registered under the securities laws of any jurisdiction outside Hong Kong and none of the Nil-Paid Rights, the Rights Shares, this Prospectus and any accompanying documents, including the PAL and EAF will qualify for distribution under any of the relevant securities laws of any jurisdiction outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Nil-Paid Rights and the Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdiction outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdiction.

Each person acquiring the Nil-Paid Rights and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the Nil-Paid Rights and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the Nil-Paid Rights and/or Rights Shares described in this Prospectus.

Based on the legal advice of the Company's legal advisers in relation to the laws of the relevant overseas restrictions, the following notices are set out for the attention of the overseas investors in the following jurisdictions:

### **NOTICE TO INVESTORS IN PRC**

This prospectus does not constitute a public offer of the Nil-Paid Rights or the Rights Shares, whether by way of sale or subscription, in the PRC. Based on the relevant legal advice on the laws of the PRC, there are no restrictions under the currently effective securities law or other similar laws in the PRC which would prevent the Company from including the Shareholder(s) with a registered address in the PRC in the Rights Issue, and the offering of the Rights Shares by the Company to its Shareholder(s) with a registered address in the PRC will not violate the currently effective laws and regulations in the PRC if the Rights Issue is made and/or the Prospectus Documents are sent to such Shareholder solely by reason that it is an existing Shareholder, provided that such Shareholder(s) shall comply with and fulfill the provisions of the relevant laws and regulations as well as the policies and requirements of the relevant government authorities.

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## NOTICE

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If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the Nil-Paid Rights or fully-paid Rights Shares, he/she/it shall be responsible for complying with relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses and damages due to noncompliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Nil-Paid Rights or fully-paid Rights Shares to any such Shareholder and/or resident, if issuing the Nil-Paid Rights or fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

### **NOTICE TO INVESTORS IN THE BRITISH VIRGIN ISLANDS**

No invitation or solicitation has been made or will be made, directly or indirectly, to any member of the public in the British Virgin Islands to subscribe for the Rights Shares for the purposes of the Securities and Investment Business Act 2010 of the British Virgin Islands, and the Rights Shares are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws. The Company is not in any way supervised, regulated or monitored by any British Virgin Islands financial services regulatory or such similar competent authority. The Prospectus Documents have not been, and will not be, registered or filed under the laws and regulations of the British Virgin Islands with any such regulatory authority.

### **FORWARD-LOOKING STATEMENTS**

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks

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## NOTICE

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and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group's actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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## CHARACTERISTICS OF GEM

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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 in the securities traded on GEM.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:*

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any weekday(s) (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	the circular of the Company dated 25 January 2022 in relation to, among other things, the Placing
“Companies Miscellaneous Provisions Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	China Information Technology Development Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (Stock Code: 8178)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules

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## DEFINITIONS

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“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Corporate Advisory”	Corporate Advisory Limited, a company incorporated in the British Virgin Islands, which is the legal and beneficial owner of 7,592,000 Shares as at the Latest Practicable Date and is wholly-owned by Mr. Zhang
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares
“EGM”	the extraordinary general meeting of the Company held on Thursday, 24 February 2022 to approve, among other things, the Placing (including the Specific Mandate)
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange



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## DEFINITIONS

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“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual(s) or company(ies) not being the connected persons (as defined under the GEM Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associate(s)
“Irrevocable Undertakings”	the irrevocable undertakings executed by Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertakings” in this Prospectus
“Last Trading Day”	5 January 2022, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Rights Issue Announcement
“Latest Practicable Date”	3 March 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 23 March 2022, being the latest time for acceptance of and payment for the Rights Shares, or such other date as the Company may determine
“Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules

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## DEFINITIONS

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“Main Board”	main board of the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Mr. Tang”	Mr. Tang Keung, a Shareholder holding 23,356,000 Shares as at the Latest Practicable Date
“Mr. Zhang”	Mr. Zhang Rong, a Substantial Shareholder holding in an aggregate of 45,441,332 Shares as at the Latest Practicable Date, comprising 37,849,332 Shares directly held by Mr. Zhang and 7,592,000 Shares directly held by Corporate Advisory, a company wholly-owned by Mr. Zhang
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“Optionholder’s Undertaking(s)”	the undertaking(s) executed on 5 January 2022 by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertakes, represents and warrants to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertaking to the close of business on the Record Date (both dates inclusive)
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Placee(s)”	any individual, corporate, or institutional, who is not a connected person of the Company (as defined in the GEM Listing Rules) and whose ultimate beneficial owner(s) are Independent Third Party(ies), procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms and conditions under the Placing Agreement

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## DEFINITIONS

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“Placing”	placing of the Placing Shares by the Placing Agent on a best efforts basis to investors who are Independent Third Parties
“Placing Agent”	Grand China Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 5 January 2022 and entered into among the Company and the Placing Agent in relation to the Placing
“Placing End Date”	Friday, 8 April 2022
“Placing Long Stop Date”	5:00 p.m. on Monday, 11 April 2022
“Placing Period”	the period from Thursday, 31 March 2022 up to 4:00 p.m. on the Placing End Date, being the period during which the Placing Agent will seek to effect the Placing
“Placing Share(s)”	the Untaken Shares and the ES Unsold Rights Shares
“Posting Date”	Wednesday, 9 March 2022 or such other day as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) on the Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)

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## DEFINITIONS

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“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Tuesday, 8 March 2022, or on such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue of up to 171,570,664 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) Shares held at the close of business on the Record Date payable in full on acceptance
“Rights Issue Announcement”	the announcement of the Company dated 5 January 2022, in relation to, among other things, the Rights Issue and the Placing
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of the Nil-Paid Rights shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation
“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant

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## DEFINITIONS

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“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon exercise of all options to be granted by the Board under the Share Option Scheme and any other share option scheme(s) of the Company to subscribe up to 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed, the total number of Shares which may be allotted and issued upon exercise of all options to be granted shall not exceed 10% of the Shares in issue as at the date of approval by the Shareholders of the refreshed limit
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option(s)”	the total of 23,100,000 outstanding share options to subscribe for 23,100,000 Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 2 August 2012
“Share(s)”	the 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 Share(s)
“Specific Mandate”	the specific mandate to allot, issue and deal with the Placing Shares, which has been approved at the EGM and shall expire three months from the date of the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.15
“Substantial Shareholder(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers
“Untaken Shares”	the number of unsubscribed Rights Share(s) not taken up by the Qualifying Shareholder(s) or renouncee(s) or transferee(s) of the Nil-Paid Rights under PAL(s)
“Valuable Fortune”	Valuable Fortune Limited, a company incorporated in the British Virgin Islands, which is the legal and beneficial owner of 20,000,000 Shares as at the Latest Practicable Date and is wholly-owned by Mr. Lee Yat Lung Andrew
“%”	per cent

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## EXPECTED TIMETABLE

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The expected timetable for the Rights Issue and the Placing set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

**All time and date references contained in this Prospectus shall refer to Hong Kong local time and dates.**

<b>Event</b>	<b>Date (Hong Kong time)</b>
First day of dealings in Nil-Paid Rights . . . . .	Friday, 11 March 2022
Latest time for splitting the Nil-Paid Rights . . . . .	4:30 p.m. on Tuesday, 15 March 2022
Last day of dealing in Nil-Paid Rights . . . . .	Friday, 18 March 2022
Latest time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares . . . . .	4:00 p.m. on Wednesday, 23 March 2022
Announcement of the number of the Placing Shares subject to the Placing . . . . .	Wednesday, 30 March 2022
Commencement of the Placing Period (if there are any Placing Shares available). . . . .	Thursday, 31 March 2022
Placing End Date for placing the Placing Shares (if applicable). . . . .	Friday, 8 April 2022
Rights Issue settlement date and Placing completion date. . . . .	Monday, 11 April 2022
Announcement of results of the Rights Issue, the application for excess Rights Shares and the Placing . . . . .	Tuesday, 12 April 2022
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares. . . . .	Wednesday, 13 April 2022
Commencement of dealings in fully-paid Rights Shares and Placing Shares . . . . .	Thursday, 14 April 2022

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## EXPECTED TIMETABLE

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Designated broker starts to stand in the market to provide  
matching services for odd lots of the Rights Shares ..... 9:00 a.m. on  
Thursday, 14 April 2022

Designated broker ceases to provide matching services for odd lots  
of the Rights Shares ..... Thursday, 5 May 2022

### **EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning or Extreme Conditions:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of the abovementioned warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If latest time for acceptance of and payment for the Rights Shares is postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made by the Company in such event.

Dates or deadlines stated in this Prospectus for events in the expected timetable are indicative only and may be extended or varied between the Company and the Placing Agent. Any changes to the anticipated timetable for the Rights Issue will be announced as and when appropriate.



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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Wong King Shiu, Daniel

(Chairman and Chief Executive Officer)

Mr. Chang Ki Sum Clark

*Independent Non-executive Directors:*

Mr. Hung Hing Man

Mr. Wong Hoi Kuen

Dr. Chen Shengrong

*Head Office and Principal place of business*

*in Hong Kong:*

Unit 3308, 33/F

Millennium City 6

392 Kwun Tong Road

Kwun Tong

Hong Kong

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

9 March 2022

*To the Shareholders of the Company*

Dear Sir/Madam,

### **RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE**

#### **INTRODUCTION**

References are made to (i) the Rights Issue Announcement; and (ii) the Circular in relation to the Placing.

At the EGM convened and held on Thursday, 24 February 2022 at 11:00 a.m., the proposed resolution as set out in the notice of the EGM was duly passed by the Shareholders by way of poll. The Placing including the Specific Mandate was approved by the Shareholders. Details of which were disclosed in the Rights Issue Announcement and the Circular.

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares and certain financial and other information in respect of the Group.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.15 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.144 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	343,141,329 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 171,570,664 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 514,711,993 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Rights Shares undertaken to be taken up	:	105,398,666 Rights Shares, being the aggregate number of Rights Shares undertaken to be subscribed by Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune under the Irrevocable Undertakings
Aggregate nominal value of the Rights Shares	:	Up to approximately HK\$1,715,706.64 (assuming no change in the number of Shares in issue on or before the Record Date)
Gross proceeds from the Rights Issue	:	From approximately HK\$15.81 million to approximately HK\$25.74 million

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## LETTER FROM THE BOARD

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Right of excess applications : Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

Assuming no change in the issued share capital of the Company on or before the Record Date, the 171,570,664 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 50.0% of the total number of issued Shares and approximately 33.3% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue (assuming all the Rights Shares will be taken up by the Qualifying Shareholders and/or placed pursuant to the Placing Agreement).

As at the Latest Practicable Date, there are 23,100,000 outstanding Share Options, which are exercisable during the period from 13 May 2021 to 12 May 2031 at the exercise price of HK\$0.245 each.

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

### **The Subscription Price**

The Subscription Price of HK\$0.15 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the Nil-Paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 31.82% to the closing price of HK\$0.220 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 34.78% to the closing price of HK\$0.230 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 34.78% to the average closing price of HK\$0.230 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 36.97% to the average closing price of HK\$0.238 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (v) a discount of approximately 26.11% to the theoretical ex-rights price of approximately HK\$0.203 per Share based on the closing price of HK\$0.230 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect of approximately 11.74% represented by the theoretical diluted price of approximately HK\$0.203 per Share to the benchmarked price of HK\$0.230 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price of HK\$0.230 per Share on the Last Trading Day and the average closing price of the Shares of HK\$0.230 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day); and
- (vii) a discount of approximately 88.00% to the unaudited consolidated net asset value of the Company of approximately HK\$1.25 per Share (based on the latest published unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$430,044,000 as at 30 June 2021 as disclosed in the interim report of the Company for the six months ended 30 June 2021 and 343,141,329 Shares in issue as at the Latest Practicable Date).

The theoretical diluted price, the benchmarked price and theoretical dilution effect for the Rights Issue are approximately HK\$0.203 per Share, HK\$0.230 per Share and 11.74%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

The Subscription Price was determined with reference to, among others, the market price of the Shares under the prevailing market conditions and the reasons for and benefits of Rights Issue and the Placing as discussed in the section headed “Reasons for and Benefits of the Rights Issue and the Placing and Use of Proceeds” in this Prospectus.

In determining the Subscription Price, which represents a discount of approximately 34.78% to the closing price of HK\$0.230 per Share on the Last Trading Day, the Directors have considered, among other things as mentioned above, market price of the Shares traded on the Stock Exchange in the past six months prior to and including the Last Trading Day (the “**Relevant Period**”), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with closing price ranges between the lowest closing price of HK\$0.230 per Share on 23 December 2021, 28 December 2021, 29 December 2021, 30 December 2021, 3 January 2022 and 5 January 2022 (i.e. the Last Trading Day) and the highest closing price of HK\$0.420 per Share on 5 July 2021 and 6 July 2021, with an average closing price during the Relevant Period of approximately HK\$0.289 per Share. The daily closing price per Share during the Relevant Period demonstrates a downward trend. Despite the fact that the Subscription Price represents a significant discount to the average closing price of the Shares during the Relevant Period, the theoretical dilution effect of

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## LETTER FROM THE BOARD

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approximately 11.74% represented by the theoretical diluted price of approximately HK\$0.203 per Share to the benchmarked price of HK\$0.230 per Share is fair and reasonable. Therefore, the Directors consider a reasonable discount to the theoretical closing price of Shares on the Last Trading Day would attract Shareholders to participate in the Rights Issue.

At the same time, the Directors were also aware of the fact that the Subscription Price represents a discount of approximately 88.00% to the unaudited consolidated net asset value per Share of approximately HK\$1.25 per Share (based on the latest published unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$430,044,000 as at 30 June 2021 as disclosed in the interim report of the Company for the six months ended 30 June 2021 and 343,141,329 Shares in issue as at the Latest Practicable Date). During the Relevant Period, the Shares were traded at a discount to the unaudited consolidated net asset value per Share ranging from approximately 66.4% to 81.6% (the “NAV Discount Range”). Considering the level of closing price of the Shares and that the Shares had been consistently traded at a substantial discount to the unaudited consolidated net asset value per Share during the Relevant Period, the Directors were of the view that, when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the net asset value per Share. Although the Subscription Price represents a discount of approximately 88.00% to the unaudited consolidated net asset value per Share as at 30 June 2021, which is slightly out of the NAV Discount Range, the Board considers that, if the Subscription Price was made with reference to the consolidated net asset value per Share, the willingness of the Shareholders to participate in the Rights Issue would be significantly reduced, which would not be favourable to the long term development of the Company and the Shareholders as a whole.

As the Rights Issue will proceed on a non-underwritten basis, the discount of the Subscription Price provides the Qualifying Shareholders an incentive to participate in the proposed Rights Issue, such that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the Nil-Paid Rights in the market; and (ii) the Qualifying Shareholders are afforded an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares.

After considering the factors as discussed above and the reasons for and benefits of Rights Issue as discussed in the section headed “Reasons for and Benefits of the Rights Issue and the Placing and Use of Proceeds” below, the Directors are of the view that the Subscription Price represents a reasonable discount to the trading price of the Shares and an incentive to the Shareholders to participate in the proposed Rights Issue.

Taking into account the estimated expense in connection with the Rights Issue of approximately HK\$0.9 million, the net price per Rights Share is expected to be approximately HK\$0.144, upon full acceptance of the relevant provisional allotment of Rights Shares.

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

The Rights Issue will be conditional upon:

- (i) the passing by the Shareholders at the EGM of ordinary resolution(s) to approve the Placing;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Miscellaneous Provisions Ordinance not later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (iv) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms by no later than the first day of their dealings;
- (v) compliance with the requirements under the applicable laws and regulations of Hong Kong; and
- (vi) there shall not have occurred and be continuing any of the following:
  - (a) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the Nil-Paid Rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
  - (b) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole or the Rights Issue; or

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- (c) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole occurs, whether or not of the same kind with any of the foregoing; or
- (d) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for condition (vi) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

As at the Latest Practicable Date, except that condition (i) has been satisfied and conditions (ii) and (iii) above are expected to have been fulfilled on the Posting Date, none of the conditions above have been fulfilled.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Odd lot arrangement**

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue (if any), Grand China Securities Limited is appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Thursday, 14 April 2022 to Thursday, 5 May 2022 (both days inclusive) on a best effort basis. Shareholders who wish to take advantage of this service should contact Mr. Harrison Wong of Grand China Securities Limited at Room 503, Loke Yew Building, 50-52 Queen's Road Central, Central, Hong Kong (telephone number: 3979 6718) during office hours.

Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

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## LETTER FROM THE BOARD

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### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business and not be an Excluded Shareholder on the Record Date.

The Company despatched (i) the Prospectus Documents to the Qualifying Shareholders on the Posting Date and (ii) this Prospectus only (without the PAL and the EAF) to the Excluded Shareholders for their information only.

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefit and interests of the Company and more particularly described in the paragraph headed "Application and payment for the excess Rights Shares" below.

### **Rights of the Overseas Shareholders**

The Prospectus Documents are not intended to be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.



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## LETTER FROM THE BOARD

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According to the register of members of the Company as at the Latest Practicable Date, the Company had a total of three (3) Overseas Shareholders holding an aggregate of 27,000,533 Shares as follows:

<b>Jurisdiction of the registered address of the Overseas Shareholders</b>	<b>Number of Overseas Shareholders</b>	<b>Aggregate number of Shares held</b>	<b>Approximate percentage of shareholding</b>
British Virgin Islands	2	27,000,000	7.87%
PRC	1	533	0.00016%

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses in the jurisdictions set out above.

The Company has obtained advices from legal advisers in the British Virgin Islands and PRC and has been advised that under the applicable legislations of these jurisdictions, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the relevant jurisdictions.

Based upon such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered address in the British Virgin Islands and PRC, who are therefore Qualifying Shareholders. As such, based upon the register of members of the Company as at the Record Date, there was no Excluded Shareholder.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Nil-Paid Rights or fully-paid Rights Shares or to take up any entitlements to Nil-Paid Rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the Nil-Paid Rights commence and before dealings in the Nil-Paid Rights end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less

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## LETTER FROM THE BOARD

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than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application by the Qualifying Shareholders.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.**

**The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Procedures for acceptance and payment or transfer**

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Wednesday, 23 March 2022. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED — RIGHTS ISSUE ACCOUNT**” and crossed “**Account Payee Only**”.

It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 23 March 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAF by other Qualifying Shareholders. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation no later than 4:30 p.m. on Tuesday, 15

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## LETTER FROM THE BOARD

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March 2022, to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to obtain permission of the offering of the Rights Shares or the distribution of the Prospectus Documents in any jurisdiction other than Hong Kong. Accordingly, no person receiving a copy of the Prospectus Documents in any jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in the relevant jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make on his/her/its behalf an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such jurisdiction in connection therewith.

No receipt will be issued in respect of any application monies received.

### **Application and payment for the excess Rights Shares**

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) any Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of the Nil-Paid Rights; and (iii) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any). Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for.

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## LETTER FROM THE BOARD

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The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result;
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders; and
- (iii) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by the Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Shares is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Beneficial owners of Shares whose shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares would not be extended to beneficial owners individually and were advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

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## LETTER FROM THE BOARD

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Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the EAF in accordance with the instructions printed thereon and lodge the same, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Wednesday, 23 March 2022. All remittances must be made by cheque or cashier’s order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED — EXCESS APPLICATION ACCOUNT**” and crossed “**Account Payee Only**”.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 1 March 2022.

The EAF is for use by the Qualifying Shareholder to whom it is addressed and is not transferrable. No receipt will be issued in respect of any application monies received in respect of the excess Rights Shares.

Pursuant to the Irrevocable Undertakings, Mr. Zhang has indicated that he will subscribe for 61,000,000 Rights Shares by way of excess application. Please refer to the section headed “The Irrevocable Undertakings” below for more details.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or around Wednesday, 13 April 2022, to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all the fully-paid Rights Shares issued and allotted to the allottee.

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on Tuesday, 12 April 2022. If no excess Rights Shares are allotted to the applicant, refund cheques will be despatched on or around Wednesday, 13 April 2022 by ordinary post, at the respective Shareholders’ own risk, to their registered addresses. If the number of excess Rights Shares allotted to the applicant is less than the number applied for, a cheque for the surplus application monies (without interest) will be posted to the applicant at his/her/its registered address by ordinary post at his/her/its own risk. Such posting is expected to take place on or around Wednesday, 13 April 2022. Any such cheque will be drawn in favour of the person(s) named on the EAF.

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## LETTER FROM THE BOARD

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### **The Rights Issue on a non-underwritten basis**

As the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of its entitlement under PAL or apply for excess Rights Shares under EAF or by transferees of the Nil-Paid Rights may unwittingly incur an MGO Obligation, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will, pursuant to Rule 10.26(2) of the GEM Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for its entitlement under the PAL or for excess Rights Shares under the EAF or by transferees of the Nil-Paid Rights can be scaled down to a level which does not trigger an MGO Obligation. Any subscription monies for the Scale-down PAL Shares or Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares or Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through EAF(s).

Such Scaling-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); (b) where the scale-down is necessitated by the exceeding of shareholding by a group of Qualifying Shareholders acting in concert (the “**Affected Group(s) of Shareholders**”) rather than an individual Qualifying Shareholder, the allocations of EAF(s) and PAL(s) to members of the Affected Group of Shareholders should be made by reference to the number of Shares held by the affected applicants on the Record Date; and (c) the allocations of EAF(s) and PAL(s) to different Affected Groups of Shareholders and/or affected individual Qualifying Shareholders should be made by reference to the number of Shares held by the affected applicant(s) and/or affected group(s) of applicant(s) on the Record Date.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares, and 105,398,666 Rights Shares are committed to be subscribed subject, however, to any Scaling-down vis-a-vis the MGO Obligation. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of the Nil-Paid Rights together with the ES Unsold Rights Shares will be placed to independent Placees on a best effort basis pursuant to the Placing. Any Untaken Shares and ES Unsold Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Rights Issue will proceed on a non-underwritten basis and the discount of the Subscription Price provides the Qualifying Shareholders an incentive to participate in the proposed Rights Issue, such that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the Nil-Paid Rights in the market; and (ii) the Qualifying Shareholders are afforded an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares. Despite the Rights Issue is conducted on a non-underwritten basis, any Untaken Shares and the ES Unsold

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## LETTER FROM THE BOARD

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Rights Shares (if any) will be placed by the Placing Agent on the market to independent placees on a best effort basis. The Company considers that such placing arrangement at a placing price of not less than the Subscription Price is attractive to encourage independent placees to subscribe for the Untaken Shares and the ES Unsold Rights Shares (if any). Based on the above, the Company is optimistic that the Qualifying Shareholders and the independent placees (if any) will subscribe for the Rights Shares and raise the necessary proceeds for the Company.

The legal advisers of the Company have confirmed that there are no requirements under the laws of Cayman Islands and the Company's constitutional documents regarding minimum subscription levels in respect of the Rights Issue.

### **Irrevocable Undertakings**

As at the Latest Practicable Date, Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune are interested in 37,849,332 Shares, 7,592,000 Shares, 23,356,000 Shares and 20,000,000 Shares, representing approximately 11.03%, 2.21%, 6.81% and 5.83% of the issued Shares, respectively. Pursuant to the Irrevocable Undertakings, (i) Mr. Zhang has undertaken to the Company that he will subscribe for 79,924,666 Rights Shares, which comprises (a) 18,924,666 Rights Shares, representing his full entitlement under the Rights Issue and (b) 61,000,000 Rights Shares by way of excess application; (ii) each of Corporate Advisory, Mr. Tang and Valuable Fortune has undertaken to the Company that each of them will subscribe for 3,796,000 Rights Shares, 11,678,000 Rights Shares and 10,000,000 Rights Shares respectively, which comprise the full acceptance of their provisional entitlement held by each of them; and (iii) each of Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune will not dispose of 37,849,332 Shares, 7,592,000 Shares, 23,356,000 Shares and 20,000,000 Shares, representing their respective shareholding in the Company. Such Shares will remain beneficially owned by each of them from the date of the Irrevocable Undertakings to the close of business on the Record Date (both dates inclusive).

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

### **The Optionholder's Undertakings**

On 5 January 2022, each of the holders of the Share Options signed the Optionholder's Undertakings not to exercise the Share Options (or any part thereof) granted to him/her from the date of the Optionholder's Undertakings to the close of business on the Record Date (both dates inclusive).



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## LETTER FROM THE BOARD

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### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be in board lots of 10,000 Shares, which are registered in the register of members of the Company, and subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

The Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasized that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.



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## LETTER FROM THE BOARD

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### POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the Latest Practicable Date, there are 23,100,000 outstanding Share Options, which are exercisable during the period from 13 May 2021 to 12 May 2031 at the exercise price of HK\$0.245 each. The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. Based on the preliminary calculation by the Company, the number of Shares to be issued upon exercise of the Share Options upon the completion of the Rights Issue will possibly be adjusted to 26,080,645 Shares in accordance with Rule 23.03(13) of the GEM Listing Rules in relation to the adjustment to the terms of the Share Option Scheme and the note thereto. Pursuant to the poll results of the extraordinary general meeting of the Company held on 5 November 2021, an ordinary resolution to approve the refreshment of the Scheme Mandate Limit of up to 10% of the Shares in issue as at 5 November 2021 was passed. Accordingly, the Scheme Mandate Limit was refreshed to 34,314,132 Shares. The number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme after the aforementioned adjustment pursuant to the Rights Issue is within the Scheme Mandate Limit. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

### PLACING OF UNTAKEN SHARES AND ES UNSOLD RIGHTS SHARES

Pursuant to the Placing Agreement, the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, Placees to subscribe for the Placing Shares (i.e. the Untaken Shares during the Rights Issue and the ES Unsold Rights Shares) at the placing price of HK\$0.15 per Placing Share on the terms and subject to the conditions set out in the Placing Agreement. **Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue through the PAL(s), the Placing will not proceed.**

The Company had approached a few brokerage companies (including the Placing Agent) to explore their interest in participating in the underwriting of the Rights Issue. None of the brokerage companies indicated their willingness in participating in the underwriting of the Rights Issue mainly due to the lack of interest in the secondary fundraising activity and the recent downward trend of the market price, save and except for the Placing Agent which expressed interest in acting as a placing agent on a best effort basis only.

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## LETTER FROM THE BOARD

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The timetable of the Placing is driven by the timetable of the Rights Issue. Under the terms of the Placing Agreement, the Placing Period shall commence on Thursday, 31 March 2022, or such other date as the Company may announce. The Placing Period shall end on Friday, 8 April 2022, or such other date as the Company may announce.

The long stop date for the fulfilment of conditions of the Placing Agreement shall be 4:00 p.m. on Monday, 11 April 2022 (being the next Business Day after the Placing End Date) or such later date as may be announced by the Company. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions and if the said conditions are not fulfilled on or before the Placing Long Stop Date, the Placing Agreement will lapse and become null and void and the Company and the Placing Agent shall be released from all obligations under the Placing Agreement, save the liabilities for any antecedent breaches thereof.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of the Nil-Paid Rights together with the ES Unsold Rights Shares will be placed to independent Placers on a best effort basis pursuant to the Placing. Any Untaken Shares and ES Unsold Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.**

**The Shares were dealt in on an ex-rights basis from Monday, 28 February 2022. Dealings in Nil-Paid Rights will take place from Friday, 11 March 2022 to Friday, 18 March 2022 (both dates inclusive). Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, conditions set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this Prospectus, respectively. Accordingly, if any of the applicable conditions are not fulfilled (or where applicable, waived), the Rights Issue will not proceed.**

**Any Shareholder or other person contemplating transferring, selling or purchasing Shares is advised to exercise caution when dealing in the Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

### **EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the Latest Practicable Date, the Company has 343,141,329 Shares in issue. Shareholders and public investors should note that the below changes in shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company upon completion of the Rights Issue and the Placing are subject to various factors including, among other things, the results of acceptance of the Rights Issue.

## LETTER FROM THE BOARD

Set out below is the shareholding structure of the Company, assuming there is no change in the issued share capital of the Company before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the Latest Practicable Date, (ii) immediately upon completion of the Rights Issue, assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full; (iii) immediately upon completion of the Rights Issue, assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Shareholder's Irrevocable Undertakings and no Untaken Shares and ES Unsold Rights Shares are placed to the Placees; and (iv) immediately upon completion of the Rights Issue, assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Shareholder's Irrevocable Undertakings and all the Untaken Shares and ES Unsold Rights Shares are fully placed to the Placees.

	(i) At the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		(iii) Immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Shareholder's Irrevocable Undertakings and no Untaken Shares and ES Unsold Rights Shares are placed to the Placees)		(iv) Immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Shareholder's Irrevocable Undertakings and all the Untaken Shares and ES Unsold Rights Shares are fully placed to the Placees)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Zhang Rong Corporate Advisory Limited (Note 1)	37,849,332	11.03	56,773,998	11.03	117,773,998	26.26	117,773,998	22.88
	7,592,000	2.21	11,388,000	2.21	11,388,000	2.54	11,388,000	2.21
	45,441,332	13.24	68,161,998	13.24	129,161,998	28.80	129,161,998	25.09
Mr. Lam Shu Chung	25,342,000	7.39	38,013,000	7.39	25,342,000	5.65	25,342,000	4.92
Mr. Tang Keung	23,356,000	6.81	35,034,000	6.81	35,034,000	7.81	35,034,000	6.81
Valuable Fortune Limited (Note 2)	20,000,000	5.83	30,000,000	5.83	30,000,000	6.69	30,000,000	5.83
Mr. Wong Kui Shing, Danny Discover Wide Investments Limited (Note 3)	833,333	0.24	1,249,999	0.24	833,333	0.19	833,333	0.16
	16,832,143	4.91	25,248,214	4.91	16,832,143	3.75	16,832,143	3.27
	17,665,476	5.15	26,498,213	5.15	17,665,476	3.94	17,665,476	3.43
Placees (Note 4) Other Public Shareholders (Note 5)	—	—	—	—	—	—	66,171,998	12.86
	211,336,521	61.58	317,004,782	61.58	211,336,521	47.11	211,336,521	41.06
	343,141,329	100.00	514,711,993	100.00	448,539,995	100.00	514,711,993	100.00

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## LETTER FROM THE BOARD

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*Notes:*

1. The 7,592,000 Shares are held by Corporate Advisory Limited, which is wholly-owned by Mr. Zhang.
2. The 20,000,000 Shares are held by Valuable Fortune which is wholly-owned by Mr. Lee Yat Lung Andrew.
3. The 16,832,143 Shares are held by Discover Wide Investments Limited, which is wholly-owned by Mr. Wong Kui Shing, Danny, a former Director.
4. Pursuant to terms and conditions of the Placing Agreement, the Placing Shares will be placed by the Placing Agent (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be Independent Third Parties; (ii) such that no Placee shall become a Substantial Shareholder immediately following the Placing; and (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any MGO Obligation as a result of the Placing.
5. The public float requirements under the GEM Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 11.23 of the GEM Listing Rules.

### **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE PLACING AND USE OF PROCEEDS**

The Company is an investment holding company. The Group principally engages in the provision of IT infrastructure solutions and maintenance services (“**IT Solutions Business**”), money lending services and securities trading services.

As the Internet of things (“**IoT**”) and artificial intelligence (“**AI**”) technology have become vital tools for real-time operations management, enterprises are depending on these technologies to improve efficiency. According to the latest Worldwide Artificial Intelligence Spending Guide published by the International Data Corporation (IDC), the global spending on AI technology is forecasted to increase from US\$85.3 billion in 2021 to more than US\$204 billion in 2025, with a compound annual growth rate of 24.5%. For example, smart logistics which uses IoT in logistics system, automatizes manual work and decisions with accurate assumption abilities. It manages all the logistics problems with a better use of logistics sources to accelerate circulation of information. It also utilizes mobile intelligence technology with the help of sensors to distribute information on goods. Smart logistics also increases business efficiency and reliability while reducing business costs. With accurate solutions, smart logistics helps prevent unnecessary wastage and contributes to sustainability in the long run. The Company is of the view that there is a huge potential market especially in the PRC and Asia Pacific regions and strong growth is expected to continue.

The Group is engaged in IT Solutions Business, including providing integrated marketing AI solutions, big data analytics, system integration services and data storage to clients across different industries in the PRC and Hong Kong, through two subsidiaries, namely DataCube Research

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## LETTER FROM THE BOARD

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Centre Limited (“**DataCube**”) and Macro Systems Limited. With reference to the quarterly report of the Company for the nine months ended 30 September 2021, the Group has continued to develop steadily, preparing for the challenges ahead while harnessing the golden opportunities for the sustainable growth of the Group. While cautiously controlling and efficiently allocating its resources, the Group has continued to dedicate its effort and resources in its IT Solutions Business, in particular, developing innovative and advanced technology in AI and cloud technologies and has taken appropriate actions to address the market conditions. During the nine months ended 30 September 2021, DataCube has continued to promote data modelling and big data analysis, as well as developing related technologies to expedite the adoption and drive the evolution of AI and business intelligence (“**BI**”) across different industries and regions with its unique advanced core technologies of the AI Book, AI Manager and BI Canvas platforms. As such, DataCube provides the technological platforms and all related resources to drive the development of smart cities in Asia. Currently, the AI Book and BI Canvas developed by DataCube serve clients in the PRC. The AI Book is a learning platform that analyzes and generates meaningful and accurate data through deep learning and machine learning technologies. The BI Canvas then clearly presents the analyses generated by the AI Book through various charts and tables. Such platforms help clients and their IT teams to explore potential opportunities and provide insights for developing their businesses and improving their operational efficiency. The AI Book and BI Canvas cover various industries such as the education and retailing industries. By providing services to its customers via the AI Book and BI Canvas, the Group gains a better understanding about the unique needs of each industry. In order to customise its data empowerment platforms to specific industries, the Group, together with the research team of DataCube, have dedicated tremendous efforts and resources to develop the AI Booster solution services.

The smart logistics and customer relationships management system (the “**CRM system**”), one of the branches of the AI Booster solution services, is a simplified AI solution targeting small to medium-sized enterprises without AI specialists. It is an end-to-end ecosystem that provides leading-edge solutions for model development, deployment, monitoring and evolution. According to the data collected by DataCube, the smart logistics and CRM system of the AI Booster solution services help customers of the Group to select the optimal transportation by providing real-time information sharing so that on-time delivery can be achieved. It can also monitor exceptional changes of the business while providing more personalised recommendation to the customers. The algorithms and data management technologies used in the AI Book and BI Canvas can create synergy for the development of AI Booster and the smart logistics and CRM system, allowing the Group to seamlessly streamline its entire data process and leverage cutting-edge AI technologies. Therefore, the Company has been injecting resources in research and development on its AI technology in the smart logistics and CRM system to transform enormously complex data with automated machine learning platforms and augmented analytics into useful insights which enables the Group to provide timely services to its customers. The system shall also provide automated sales and customer service interactions and other logistics management services. The system is

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## LETTER FROM THE BOARD

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considered to be part of the IT Solutions Business of the Group and is expected to launch in the second half of 2022.

With the objective to secure and expand market share in advanced AI and other IT technologies, the continuous support to accelerate the research and development of its AI systems and constant modification of its systems and platforms are inevitable. The Group has spent approximately HK\$2 million per month in research and development, including its in-house research and development team with experienced data scientists and engineers. As at 30 November 2021, the bank and cash balances of the Group was approximately HK\$8 million, which can only support its research and development team for about three months.

The estimated net proceeds from the Rights Issue and the Placing after deducting the estimated expenses in relation to the Rights Issue are up to approximately HK\$24.71 million, of which (i) approximately HK\$23 million is intended for research and development expenses for fine tuning the smart logistics and the CRM system; and (ii) the remaining amount is intended for general working capital, including but not limited to rental and salaries expenses and other administrative expenses for daily operation of the Group. The Company expects the net proceeds to be fully utilised in the first quarter of 2023. The Group estimates the budget for the entire research and development and commercialisation of the smart logistics and the CRM system to be approximately HK\$30 million. The Company may finance the future expenses of the development, fine tuning and marketing of the smart logistics and the CRM system through other fund-raising activities, including debt or equity financing. As at the Latest Practicable Date, the Board does not have any financing plan for the next stage development of the smart logistics and the CRM system.

The Board has considered other fund-raising alternatives before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. The Board noted that bank borrowings will carry interest costs and may require the provision of security and the creditors' priority will rank before the Shareholders. As for placing of new Shares, taking into account that it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, it was not considered by the Board to be the most suitable fund-raising method for the Company. As for open offer, while it is similar to a rights issue, that offers Qualifying Shareholders the opportunity to participate, it does not allow the free trading of rights entitlements in the open market, which would allow the Shareholders to have more flexibility in dealing with the Shares and the Nil-Paid Rights attaching thereto.

As at the Latest Practicable Date, save as disclosed in this letter from the Board, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fund-raising activities which will

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## LETTER FROM THE BOARD

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involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fundraising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the GEM Listing Rules as and when appropriate.

In view of the above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company followed by the Placing to raise the fund required.

### **RISK FACTORS**

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group.

#### **Foreign Exchange Rates Risk**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

#### **Liquidity Risk**

Liquidity risk is the potential risk that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.



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## LETTER FROM THE BOARD

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### Price Risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

### FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any equity fund-raising activities during the 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds		
		raised (approximately)	Intended use of proceeds	Actual use of proceeds
30 July 2021 (as supplemented by the announcement dated 1 August 2021)	Placing of new Shares under general mandate	HK\$13,700,000	General working capital of the Group	Utilised in full as intended
25 May 2021	Placing of new Shares under general mandate	HK\$4,700,000	General working capital of the Group	Utilised in full as intended

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board of  
**CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED**  
**Wong King Shiu, Daniel**  
*Chairman and Chief Executive Officer*



**I. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for the three months ended 31 March 2021, six months ended 30 June 2021 and nine months ended 30 September 2021 and each of the three financial years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the websites of Stock Exchange (<http://www.hkexnews.com>) and the Company (<http://www.citd.com.hk/>):

- Third quarterly report of the Company for nine months ended 30 September 2021 (pages 13 to 20)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/1112/2021111200729.pdf>
- Interim report of the Company for the six months ended 30 June 2021 (pages 13 to 34)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0812/2021081200375.pdf>
- First quarterly report of the Company for the three months ended 31 March 2021 (pages 10 to 17)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0514/2021051400498.pdf>
- Annual report of the Company for the financial year ended 31 December 2020 (pages 49 to 122)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001196.pdf>
- Annual report of the Company for the financial year ended 31 December 2019 (pages 43 to 122)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0331/2020033100941.pdf>
- Annual report of the Company for the financial year ended 31 December 2018 (pages 41 to 121)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0401/gln20190401179.pdf>

**II. INDEBTEDNESS**

As at the close of business on 31 January 2022, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Prospectus, the Group had the following outstanding indebtedness:

**(i) Borrowings**

	<i>HK\$000</i>
<b>Non-current</b>	
Shareholder loan	3,240
Promissory note payables	72,214
Director loans	1,300
	<u>76,754</u>
<b>Current</b>	
Lease liabilities ( <i>note a</i> )	875
Mortgage loan — secured ( <i>note b</i> )	10,174
Margin loans — secured ( <i>note c</i> )	2,385
Other loan	5,700
	<u>19,134</u>
Total	<u><u>95,888</u></u>

*Notes:*

- (a) The Group had lease liabilities of approximately HK\$875,000 in respect of operating leases under HKFRS 16 Lease. The Group's lease liabilities are unsecured.
- (b) The mortgage loan is secured by a charge over the Group's investment properties with fair value of approximately HK\$292,975,000 and personal guarantee by former shareholders of a subsidiary.
- (c) The margin loans are secured by the Group's equity securities listed in Hong Kong with fair value of approximately HK\$5,815,000 and repayable on demand.

**(ii) Contingent liabilities**

As at close of business of 31 January 2022, the Group had no material contingent liabilities.

Save as disclosed above, as at 31 January 2022, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, or term loans, or other borrowings or indebtedness in the name of borrowing including bank overdrafts and liabilities

under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or mortgages and charges, and there were no other contingent liabilities nor guarantees.

### **III. WORKING CAPITAL**

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing cash and bank balances, available facilities and the estimated net proceeds from the Rights Issue and the Placing, the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus in the absence of unforeseen circumstances.

### **IV. MATERIAL ADVERSE CHANGE**

The Directors confirm that there has been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date.

### **V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an investment holding company. The Group is principally engaged in IT Solutions Business and the provision of money lending services and securities trading services.

The Group is engaged in IT Solutions Business, including providing integrated marketing AI solutions, big data analytics, system integration services and data storage to clients across different industries in PRC and Hong Kong, through two subsidiaries, DataCube and Macro Systems Limited (“**Macro Systems**”). With reference to the quarterly report of the Company for the nine months ended 30 September 2021, Macro Systems allied with various top-class industry elites to continuously promote enterprise market’s digital transformation in Hong Kong. Macro Systems has continued to be the “Nutanix Certified Sales Expert” and gained “Master Partner”, the highest tier of partnership in the Nutanix Partner Program. Besides, Macro Systems has been the “Gold Partner” in Sangfor Technology Channel Partner, IBM PartnerWorld Program “Silver Partner” as well as “VMware Partner Connect Program — Advanced Partner”. These awards and partnerships issued by various world-class partners are solid affirmation of the Group’s high-quality services. The Group has been persistently exploring through Marco Systems for various cooperation opportunities including potential launch of software platform to diversify our product variety as well as income sources.

The Group has also continued to develop steadily, preparing for the challenges ahead while harnessing the golden opportunities for the sustainable growth of the Group. While cautiously controlling and efficiently allocating its resources, the Group had continued to dedicate its effort and resources in its IT Solutions Business, in particular, developing innovative and advanced technology especially in fields like AI and cloud technologies and has taken appropriate corporate actions catered to the market conditions. During the nine months ended 30 September 2021, DataCube has continued to promote data modelling and big data analysis, as well as developing related technologies to expedite the adoption and drive the evolution of AI and BI across different industries and regions with its unique advanced core technologies of the AI Book, AI Manager and BI Canvas platforms.

The smart logistics and CRM system, one of the branches of the AI Booster solution services, is a simplified AI solution targeting small to medium-sized enterprises without AI specialists. It is an end-to-end ecosystem that provides leading-edge solutions for model development, deployment, monitoring and evolution. As mentioned under the section headed “Reasons for and Benefits of the Rights Issue and the Placing and Use of Proceeds” in the letter from the Board in this Prospectus, subject to the Rights Issue having become effective, the net proceeds from the Rights Issue and the Placing will be applied for research and development expenses for fine tuning the smart logistics and the CRM system, which will be part of the IT Solutions Business, and general working capital.

As mentioned in the quarterly report of the Company for the nine months ended 30 September 2021, 2021 was a challenging year to the Group due to the uncertainty of economic recovery and the containment of COVID-19 pandemic. The rebound of COVID-19 cases in various countries have created instability in macro-economy during the nine months ended 30 September 2021. The performance of the Group was also affected and was in line with the general market conditions. Nevertheless, the future of the economy and the industry remain positive. Robust growth in different technology trends such as IoT, cloud technology and AI are expected. This is especially the case when the reliance on technology boosted during the COVID-19 pandemic in our lives and businesses. The social distancing and lockdown measures turbocharged the growth of online sales for example, created the demand for advanced IoT for data reception and collection and AI data technology to analyse and allocate resources and spot on target customers more effectively. The Company believes that with the team of experienced data scientists and technicians, as well as the innovative technology development by the Group, AI Book, AI Manager and BI Canvas in particular, the Group shall gain more business opportunities and benefit from this market trend. The Group has continuously negotiating with corporations of various industries for business opportunities and cooperation. Apart from that, to keep pace with the technological advancement and the market trends, the Group shall dedicate more resources on research and development of the IoT, AI, cloud and other technologies so as to provide updated and quality services and products to the clients. The Board has been closely monitoring the market conditions and the impact of COVID-19 and shall continue to assess the impact of COVID-19 on the financial

position and operations of the Group. The Group shall timely implement measures and adjust its business strategies to mitigate any possible business risks. In 2022, the Group shall continue to nurture its existing businesses and build up its competitive edge which creates value to the Company and the shareholders of the Company in long run.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

### A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 31 of Chapter 7 of the GEM Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2021.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2021 and included two scenarios, (a) the maximum number of 171,570,664 Rights Shares are issued (“**Scenario A**”); and (b) only Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune subscribed in the Rights Issue in accordance with the Irrevocable Undertakings and Optionholder’s Undertaking(s) are executed (“**Scenario B**”), adjusted as described below:

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 <i>(Note 1)</i> <i>HK\$'000</i>	Effect on net tangible assets of the Group upon issue of shares after 30 June 2021 <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at the Latest Practicable Date <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2021 <i>HK\$'000</i>
Scenario A	419,353	13,270	432,623	24,710	457,333
Scenario B	419,353	13,270	432,623	14,926	447,549
Unaudited consolidated net tangible assets per existing share before implementation of the Rights Issue <i>(Note 4)</i>					
Scenario A and Scenario B					HK\$1.26

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 <i>(Note 1)</i> HK\$'000	Effect on net tangible assets of the Group upon issue of shares after 30 June 2021 <i>(Note 2)</i> HK\$'000	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at the Latest Practicable Date HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2021 HK\$'000
Unaudited pro forma adjusted				
consolidated net tangible assets per				
Share immediately after completion				
of the Rights Issue <i>(Note 5)</i>				
Scenario A				HK\$0.89
Scenario B				HK\$1.00

*Notes:*

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 is extracted from the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2021 of approximately HK\$430,044,000 as adjusted by exclusion of goodwill of approximately HK\$3,865,000, right-of-use assets of approximately HK\$2,081,000 and other intangible assets of approximately HK\$4,745,000 as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 that has been extracted from the published interim report of the Company for the six months ended 30 June 2021 dated 9 August 2021.
  
2. On 12 May 2021, Golden Shield Global Limited (“Golden Shield”), a wholly-owned subsidiary of the Company, had entered into an agreement (the “ORIDL Agreement”) with Unity Victory Limited (“Unity Victory”), pursuant to which Golden Shield, as the purchaser, intended to acquire and Unity Victory as the vendor, intended to sell 51% equity interest in Orient Rise Investment Development Limited (“ORIDL”) at the consideration of HK\$3,500,000, settled by way of allotment and issue of 7,000,000 consideration shares (the “ORIDL Acquisition”). The ORIDL Acquisition was completed and 7,000,000 consideration shares had been allotted and issued on 15 July 2021. The net tangible liabilities of ORIDL attributable to the owners of the Company on 15 July 2021 was approximately HK\$430,000.

On 1 August 2021, the Company entered into a placing agreement with a placing agent to place 56,000,000 new shares under general mandate of the Company at HK\$0.25 per share. The placing was completed on 16 August 2021. The net proceeds was approximately HK\$13,700,000.

3.      Scenario A

The estimated net proceeds from the Rights Issue of approximately HK\$24,710,000 is calculated based on the maximum number of 171,570,664 Rights Shares to be issued at the subscription price of HK\$0.15 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,026,000, assuming that the Rights Issue had been completed on 30 June 2021.

Scenario B

Pursuant to the irrevocable undertakings (the “**Irrevocable Undertakings**”), (i) Mr. Zhang has undertaken to the Company that he will subscribe for 79,924,666 Rights Shares, which comprises (a) 18,924,666 Rights Shares, representing his full entitlement under the Rights Issue and (b) 61,000,000 Rights Shares by way of excess application; (ii) each of Corporate Advisory, Mr. Tang and Valuable Fortune has undertaken to the Company that each of them will subscribe for 3,796,000 Rights Shares, 11,678,000 Rights Shares and 10,000,000 Rights Shares respectively, which comprise the full acceptance of their provisional entitlement held by each of them; and (iii) each of Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune will not dispose of 37,849,332 Shares, 7,592,000 Shares, 23,356,000 Shares and 20,000,000 Shares, representing their respective shareholding in the Company.

On 5 January 2022, each of the holders of the Share Options signed undertakings (the “**Optionholder’s Undertakings**”) not to exercise the Share Options (or any part thereof) granted to him/her from the date of the Optionholder’s Undertakings to the close of business on the record date (both dates inclusive).

If only Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune subscribed in the Rights Issue in accordance with the Irrevocable Undertakings and Optionholder’s Undertaking(s) are executed, the estimated net proceeds from the Rights Issue is HK\$14,926,000 calculated based on 105,398,666 Rights Shares, being the aggregate number of Rights Shares undertaken to be subscribed by Mr. Zhang, Corporate Advisory, Mr. Tang and Valuable Fortune under the Irrevocable Undertakings, to be issued at the subscription price of HK\$0.15 per Rights Share, after deduction of the estimated related expenses of approximately HK\$883,000, assuming that the Rights Issue had been completed on 30 June 2021.

4.      The calculation is determined based on the unaudited net tangible assets of the Company as at 30 June 2021 of approximately HK\$432,623,000 divided by the number of Shares in issue of 343,141,329 as at the Latest Practicable Date and immediately before completion of the Rights Issue.

5.      Scenario A

The calculation is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2021 of approximately HK\$457,333,000 divided by total number of Shares as enlarged by the allotment and issue of the Rights Shares of 514,711,993 which is arrived at on the basis that (i) 343,141,329 Shares in issue at the Latest Practicable Date and (ii) 171,570,664 Rights Shares to be issued upon completion of the Rights Issue, as if the Rights Issue had been completed on 30 June 2021.

Scenario B

The calculation is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2021 of approximately HK\$447,549,000 divided by total number of Shares as enlarged by the allotment and issue of the Rights Shares of 448,539,995 which is arrived at on the basis that (i) 343,141,329 Shares in issue at the Latest Practicable Date and (ii) only 105,398,666 Rights Shares to be issued upon completion of the Rights Issue in accordance with the Irrevocable Undertakings and Optionholder’s Undertaking(s), as if the Rights Issue had been completed on 30 June 2021.



**B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.*



9 March 2022

The Board of Directors

China Information Technology Development Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Information Technology Development Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 June 2021 as set out on pages II-1 to II-3 of the prospectus (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Section A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets as at 30 June 2021 as if the transaction had been taken place at 30 June 2021. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2021, on which no audit or review report has been published.

**Directors' Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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The purpose of pro forma financial information included in the prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for and Benefits of the Rights Issue and the Placing and Use of Proceeds" set out on page 30 to 33 of the Prospectus.

**Opinion**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,  
**ZHONGHUI ANDA CPA Limited**  
*Certified Public Accountants*  
**Fong Tak Ching**  
Practising Certificate Number P06353

Hong Kong, 9 March 2022

**1. RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

**2. SHARE CAPITAL**

The issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after completion of the Rights Issue (assuming (i) no change in the number of issued Shares on or before the Record Date; and (ii) full acceptance of Rights Shares by all Qualifying Shareholders) are as follows:

**(a) As at the Latest Practicable Date**

Authorised share capital:		<i>HK\$</i>
<u>120,000,000,000</u>	Shares of HK\$0.01 each	<u>1,200,000,000</u>
Issued and fully paid:		
<u>343,141,329</u>	Shares of HK\$0.01 each	<u>3,431,413.29</u>

**(b) Immediately after completion of the Rights Issue (assuming (i) no change in the number of issued Shares on or before the Record Date; and (ii) full acceptance of Rights Shares by all Qualifying Shareholders)**

Authorised share capital:		<i>HK\$</i>
<u>120,000,000,000</u>	Shares of HK\$0.01 each	<u>1,200,000,000</u>
Issued and fully paid:		
343,141,329	Shares in issue as at the Latest Practicable Date	3,431,413.29
<u>171,570,664</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>1,715,706.64</u>
<u>514,711,993</u>	Shares in issue immediately upon completion of the Rights Issue	<u>5,147,119.93</u>

All issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Rights Shares and the Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares and the Placing Shares (as the case may be) will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares and the Placing Shares (as the case may be). The Company has applied to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms and the Placing Shares. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or the Placing Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. Accordingly, there are no dealing and settlement arrangements securities of the Company between the Stock Exchange and any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company has an outstanding 23,100,000 Share Options granted to the grantees, detail of which are set out below:

Name of the grantee	Date of grant	Exercise price per Share of Share Options	Exercise Period of Share Options	Number of Share Options outstanding as at the Latest Practicable Date
<b>Substantial Shareholder</b>				
Mr. Zhang Rong	13 May 2021	HK\$0.245	from 13 May 2021 to 12 May 2031	230,000
<b>Director</b>				
Mr. Chang Ki Sum Clark	13 May 2021	HK\$0.245	from 13 May 2021 to 12 May 2031	2,390,000
<b>Consultants</b>				
Mr. Wei Qi	13 May 2021	HK\$0.245	from 13 May 2021 to 12 May 2031	2,120,000
Mr. Wei Guokang	13 May 2021	HK\$0.245	from 13 May 2021 to 12 May 2031	2,120,000
<b>Others</b>				
Employees	13 May 2021	HK\$0.245	from 13 May 2021 to 12 May 2031	16,240,000

As at the Latest Practicable Date, save for the outstanding Share Options as disclosed in this Prospectus, the Company has no outstanding convertible securities, options or warrants or other similar rights which confer any right to convert into or subscribe for Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executives of the Company or their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) have to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage of total issued Shares (Note 1)
Mr. WONG King Shiu, Daniel	Beneficial owner	417,000 (L)	0.12%
Mr. CHANG Ki Sum Clark (Note 2)	Beneficial owner	2,390,000 (L)	0.70%

Notes:

- (1) As at the Latest Practicable Date, the total number of Shares in issue was 343,141,329 Shares.
- (2) Mr. Chang Ki Sum Clark holds options to purchase an aggregate of 2,390,000 Shares.

**(b) Interests of Substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to any Director or chief executive of the Company, the following persons or companies (not being a Director or chief executive of the Company) had, or was deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage of total issued Shares (Note 1)
Mr. Zhang (Note 2)	Beneficial owner	37,849,332	11.03%
		230,000	0.07%
	Interest in controlled corporation	7,592,000	2.21%
Mr. Lam Shu Chung ("Mr. Lam")	Beneficial owner	25,342,000	7.39%
Ms. Choi Hing Lin Lori ("Ms. Choi")	Interest of spouse	25,342,000 (Note 3)	7.39%
Mr. Tang	Beneficial owner	23,356,000	6.81%
Valuable Fortune (Note 4)	Beneficial owner	20,000,000	5.83%
Mr. Wong Kui Shing, Danny (Note 5)	Beneficial owner	833,333	0.24%
	Interest in controlled corporation	16,832,143	4.91%

*Notes:*

- As at the Latest Practicable Date, the total number of Shares in issue was 343,141,329 Shares.
- Mr. Zhang holds options to purchase an aggregate of 230,000 Shares. The 7,592,000 Shares are held by Corporate Advisory, which is wholly-owned by 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.



3. Ms. Choi is the spouse of Mr. Lam, and therefore deemed to have an interest on the Shares in which Mr. Lam has, or deemed to have, an interest.
4. The 20,000,000 Shares are held by the Valuable Fortune Limited which is wholly-owned by Mr. Lee Yat Lung Andrew (“**Mr. Lee**”). Pursuant to the 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 Limited has, or deemed to have, an interest.
5. The 16,832,143 Shares are held by Discover Wide, which is wholly-owned by Mr. Danny Wong, the former executive 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.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other persons who had an interests or a short position in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into in the register required to be kept by the Company pursuant to section 336 of the SFO.

#### 4. LITIGATIONS

As disclosed in the announcement of the Company dated 13 August 2021, on 10 August 2021, 廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited\*) (“**Xinfeng**”) received litigation documents, pursuant to which 廣州麓湖錦城置業管理有限公司 (Guangzhou Luhu Jincheng Properties Management Limited\*) (the “**Guarantor**”) alleged that Giant Prestige Investments Limited (the “**Vendor**”), Joyunited Investments Limited (the “**Target Company**”), Xinfeng, 廣州市德永科技投資有限公司 (Guangzhou Deyong Technology Investment Limited\*) (“**Deyong**”) and Winner Sino Corporate Development Limited (中勝企業發展有限公司) (the “**Purchaser**”) failed to perform their obligations under the sale and purchase agreement dated 2 August 2019 (the “**Agreement**”) in relation to, inter alia, the entire issued share capital of the Target Company (the “**PRC Litigation**”). The Guarantor requested 廣東自由貿易區南沙片區人民法院 (the People’s Court of Nanshajian District, Guangdong Free-Trade zone\*) (the “**Nanshajian District Court**”) to order the defendants in the PRC Litigation to repay the deposit of RMB13,000,000 (the “**Deposit**”) paid by the Guarantor under the Agreement, the interest on the Deposit and the legal costs of the PRC Litigation. The Vendor, the Target Company, Xinfeng and Deyong are wholly owned subsidiaries of the Company. The Company has been taking appropriate actions to vigorously defend the claim. The hearing date for the PRC Litigation has been scheduled to take place at the Nanshajian District Court on 14 March 2022.

Save as disclosed above, as at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

\* For identification purpose only

## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

## 6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to the GEM Listing Rules were as follows:

Name of Director	Name of the company	Nature of business	Nature of interest
Mr. WONG King Shiu, Daniel	Huisheng International Holdings Limited ("Huisheng"), Stock Code: 1340	Money lending business	Independent non-executive director of Huisheng

As the Board is independent to the boards of the abovementioned company, the Group is capable of carrying on its business independently of and at arm's length, from the business of that company.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or the Controlling Shareholders of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this Prospectus, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**8. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the date of this Prospectus and are or may be material:

- (i) the sale and purchase agreement dated 1 April 2021 entered into between Rosy Depot Limited, a wholly-owned subsidiary of the Company, as purchaser and Valuable Fortune as vendor in relation to the acquisition of 10% of the issued share capital of Global Engine Holdings Limited at the total consideration in the sum of HK\$10,000,000, to be settled by way of allotment and issue of 20,000,000 new Shares of the Company at HK\$0.5 per Share. The completion had taken place on 31 May 2021;
- (ii) the sale and purchase agreement dated 12 May 2021 entered into between Golden Shield Global Limited, a wholly-owned subsidiary of the Company, as purchaser and Unity Victory Limited, as vendor in relation to the acquisition of 51% of the issued share capital of Orient Rise Investment Development Limited at total consideration in the sum of HK\$3,500,000, to be settled by way of allotment and issue of 7,000,000 new Shares of the Company at HK\$0.5 per Share. The completion had taken place on 15 July 2021;
- (iii) A placing agreement dated 25 May 2021 entered into between the Company and Rifa Securities Limited (as placing agent) in relation to the placing of 20,800,000 placing shares to not less than six placees at the placing price of HK\$0.23 per placing share;
- (iv) A placing agreement dated 30 July 2021 entered into between the Company and Orient Securities Limited (as placing agent) in relation to the placing of 57,400,000 placing shares to not less than six placees at the placing price of HK\$0.25 per placing share;
- (v) the Placing Agreement;
- (vi) the Irrevocable Undertakings; and
- (vii) the Optionholders' Undertakings.

**9. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinions, letters or advice contained in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 December 2020 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

**10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered Office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Head Office and Principal Place of Business in Hong Kong</b>	Unit 3308, 33/F Millennium City 6 392 Kwun Tong Road Kwun Tong Hong Kong

<b>Authorised Representatives</b>	Ms. Lam Mei Wai Michelle Unit 3308, 33/F Millennium City 6 392 Kwun Tong Road Kwun Tong Hong Kong
	Mr. Chang Ki Sum Clark Unit 3308, 33/F Millennium City 6 392 Kwun Tong Road Kwun Tong Hong Kong
<b>Company Secretary</b>	Ms. Lam Mei Wai Michelle
<b>Financial Adviser to the Company</b>	INCUB Corporate Finance Limited Unit D, 6/F, Bank of China Building 2A Des Voeux Road Central Central Hong Kong
<b>Legal Adviser to the Company</b>	C&T Legal LLP 10/F & 22/F Shum Tower 268 Des Voeux Road Central Sheung Wan Hong Kong
<b>Reporting Accountant of the Company</b>	ZHONGHUI ANDA CPA Limited Certified Public Accountants 23/F, Tower 2 Enterprise Square Five 38 Wang Chiu Road Kowloon Bay, Kowloon Hong Kong

<b>Principal Bankers</b>	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Public Bank (Hong Kong) Limited Public Bank Centre 120 Des Voeux Road Central Hong Kong
	DBS Bank (Hong Kong) Limited 11/F., The Center 99 Queen's Road Central Hong Kong
<b>Principal share registrar and transfer office</b>	Suntera (Cayman) Limited Suite 3204, Unit 2A Block 3, Building D P.O. Box 1586 Gardenia Court, Camana Bay Grand Cayman KY1-1100 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong

## 11. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the financial advising fees, printing, registration, translation and legal and accounting fees are estimated to be approximately HK\$0.9 million and are payable by the Company.

## 12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

### *Executive Directors*

**Mr. WONG King Shiu, Daniel**, aged 61, has been appointed as the chairman of the Board and chief executive officer of the Company with effect from 25 November 2019. He was the authorised representative and the process agent of the Company from 12 November 2020 to 31 March 2021. He has over 13 years of experience in natural resources industry and served as an executive director in a various natural resources company which is listed in Hong Kong. He also has extensive experience in the management and development of natural resources projects in China. He is currently an independent non-executive director of Huisheng International Holdings Limited (Stock Code: 1340). He was also an executive director of China Baoli Technologies Holdings Limited (Stock Code: 164) from 13 January 2012 to 3 October 2019. Mr. Daniel Wong joined the Group on 16 August 2017.

He was also a former executive director of China Oil And Gas Group Limited (“**China Oil And Gas Group**”) (Stock Code: 603) from January 2002 to 30 August 2006. Pursuant to the listing enforcement notice/announcement of the Stock Exchange dated 16 October 2008, Mr. Daniel Wong, together with another former director of China Oil And Gas Group, had admitted breaching the directors’ declaration, undertaking and acknowledgement with regard to directors given by each of them to the Stock Exchange in the form set out in Appendix 5B to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in failing to use their best endeavours to procure China Oil And Gas Group’s compliance with the Listing Rules in relation to the failure of China Oil And Gas Group to publish its annual results and annual report for the year ended 31 July 2005 by 30 November 2005 and the interim results and interim report for the six months ended 31 January 2006 by 30 April 2006. Accordingly, the Listing Committee of the Stock Exchange publicly criticised Mr. Daniel Wong and another former director of China Oil And Gas Group for their respective breaches mentioned above.

**Mr. CHANG Ki Sum, Clark**, aged 36, has been appointed as executive director of the Company with effect from 31 March 2021. He is currently compliance officer, one of the authorized representatives and the process agents of the Company. He is responsible overall financial management matters of the Group. He was the company secretary of the Company from 18 June 2019 to 31 March 2021. Mr. Chang is a member of The Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in auditing, accounting and company secretarial matters. He has obtained his bachelor degree of business administration in accountancy from the City University of Hong Kong in 2009. He is the founder and the managing director of Clark Chang & Co CPA Limited since December 2017.

*Independent non-executive Directors*

**Mr. HUNG Hing Man**, aged 50, is the chairman of audit committee and nomination committee of the Company. He holds a master's degree in Business Administration from the University of Western Sydney. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. Mr. Hung is currently a proprietor of a certified public accountants firm. He has extensive working experience in corporate finance, accounting, auditing and taxation sectors. Mr. Hung joined the Group on 24 April 2015. Mr. Hung is also an independent non-executive director of Heng Tai Consumables Group Limited (Stock Code: 197) since 20 February 2017. He was an independent non-executive director of the Hong Kong listed company, namely China Baoli Technologies Holdings Limited (Stock Code: 164) from 31 March 2009 to 21 September 2015 and Ping An Securities Group (Holdings) Limited (Stock Code: 231) from 23 September 2009 to 17 November 2015. He was also an independent non-executive Director of REXLot Holdings Limited (Stock Code: 555) from 1 January 2019 to 26 November 2020. On 20 August 2020, a winding up order (the "**Winding Up Order**") was made by the High Court of Hong Kong against REXLot upon a winding up petition filed on 9 March 2020 in respect of a debt of HK\$770,609,876.28 owing under convertible bonds issued by REXLot. Liquidators were appointed to REXLot pursuant to an order made by the High Court of Hong Kong dated 27 August 2020. On 18 September 2020, an appeal was lodged against the Winding Up Order with the Court of Appeal of Hong Kong. REXLot is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in lottery system and game development business and distribution and marketing of lottery products in China. The securities of REXLot are listed on the Main Board of the Stock Exchange (Stock Code: 555) but have been suspended since 1 April 2019. Mr. Hung has confirmed that he was not one of the respondents of such petition nor a party of such winding up proceedings and am not aware of any actual or potential claim that has been or will be made against him because of the Winding Up Order.

**Mr. WONG Hoi Kuen**, aged 60, is the chairman of the remuneration committee of the Company and the member of the audit committee and nomination committee of the Company. He is a practising certified public accountant in Hong Kong and a chartered accountant in the United Kingdom. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Mr. Wong joined the Group on 16 August 2017. Mr. Wong is an independent non-executive director, members of audit committee and nomination committee of Elife Holdings Limited (Stock Code: 223) since 9 May 2011. Mr. Wong was also an independent non-executive director, members of audit committee and nomination committee of China Baoli Technologies Holdings Limited (Stock Code: 164) from 13 February 2006 to 16 July 2018. He was also an independent non-executive director of REXLot Holdings Limited (Stock Code: 555) from 29 June 2018 to 27 November 2020. As disclosed above, on 20 August 2020, the Winding Up Order was



made by the High Court of Hong Kong against REXLot upon a winding up petition filed on 9 March 2020 in respect of a debt of HK\$770,609,876.28 owing under convertible bonds issued by REXLot. Liquidators were appointed to REXLot pursuant to an order made by the High Court of Hong Kong dated 27 August 2020. On 18 September 2020, an appeal was lodged against the Winding Up Order with the Court of Appeal of Hong Kong. REXLot is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in lottery system and game development business and distribution and marketing of lottery products in China. The securities of REXLot are listed on the Main Board of the Stock Exchange (Stock Code: 555) but have been suspended since 1 April 2019. Mr. Wong has confirmed that he was not one of the respondents of such petition nor a party of such winding up proceedings and am not aware of any actual or potential claim that has been or will be made against him because of the Winding Up Order.

**Dr. CHEN Shengrong**, aged 39, is a member of the audit committee, remuneration committee and nomination committee of the Company. She obtained a doctorate degree in Business Administration from the Pacific States University of the USA in 2011. She was an audit manager with Baker Tilly China Certified Public Accountants and had been the vice general manager of New Times Securities Company Limited in charge of risk control. From August 2014 to December 2016, Dr. Chen served as the vice president of finance of Skyslink New Energy Asset Management Limited. Since January 2017, she serves as the vice president of Sky Cloud Green Data Technology Co., Ltd. (天之雲綠色數據技術有限責任公司). Dr. Chen has extensive experience in internal control of enterprises, risk control in investment businesses, project risk evaluation and assets restructuring management. Dr. Chen joined the Group on 30 January 2015.

#### *Senior Management*

**Ms. LAM Mei Wai Michelle**, aged 38, is the company secretary and one of the authorised representatives of the Company. She holds a Bachelor of Arts from The University of Hong Kong and a Master of Science in Professional Accounting and Corporate Governance from City University of Hong Kong. She is a Chartered Secretary, Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators). She has more than 10 years of experience in company secretarial field, providing professional corporate services to Hong Kong listed companies as well as private and offshore companies.

**Business address of the Directors**

The business address of the Directors is the same as the Company's head office and principal place of business in Hong Kong at Unit 3308, 33/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong.

**13. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As the Group carried out a major portion of its operations in the PRC and Hong Kong and substantially all of its business transactions, assets and liabilities are denominated in either Renminbi or HK\$, the foreign exchange risk of the Group was considered minimal.
- (c) The English text of this Prospectus Documents shall prevail over the respective Chinese text in the case of inconsistency.

**14. BINDING EFFECT**

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies Miscellaneous Provisions Ordinance, so far as applicable.

**15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "Expert and Consent" in this Appendix, have been registered by the Companies Registry in Hong Kong pursuant to section 342C of the Companies Miscellaneous Provisions Ordinance.

**16. DOCUMENTS ON DISPLAY**

Copies of the following documents are available on display on the websites of the Company (<http://www.citd.com.hk/>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), for 14 days from the date of this Prospectus:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the annual reports of the Group for the three years ended 31 December 2018, 2019 and 2020;
- (c) the first quarterly report of the Company for the three months ended 31 March 2021;
- (d) the interim report of the Company for the six months ended 30 June 2021;
- (e) the third quarterly report of the Company for the nine months ended 30 September 2021;
- (f) the report from ZHONGHUI ANDA CPA Limited on the unaudited pro forma financial information of the Group as set out in Appendix II of this Prospectus;
- (g) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (h) the written consent referred to in the section headed “Expert and Consent” in this appendix; and
- (i) this Prospectus, the PAL(s) and the EAF(s).