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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: 08178)

**PROPOSED SHARE CONSOLIDATION
AND
PROPOSED CHANGE IN BOARD LOT SIZE**

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.1 each.

As at the date of this announcement, there are 514,711,993 Existing Shares in issue which are fully paid or credited as fully paid. Assuming that no further Existing Shares are allotted, issued or repurchased between the date of this announcement and the date of the EGM, upon the Share Consolidation becoming effective, there will be 51,471,199 Consolidated Shares in issue which are fully paid or credited as fully paid.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 10,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will be changed to 2,000 Consolidated Shares.

Based on the closing price of HK\$0.132 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,640.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the proposed Share Consolidation, the proposed Change in Board Lot Size and a notice convening the EGM is expected to be despatched to the Shareholders on or before 16 November 2022.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.1 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,200,000,000 divided into 120,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 514,711,993 Existing Shares have been issued as fully paid or credited as fully paid. Assuming that no further Existing Shares are allotted, issued or repurchased between the date of this announcement and the date of the EGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$1,200,000,000 divided into 12,000,000,000 Consolidated Shares of par value of HK\$0.1 each, of which 51,471,199 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. The Share Consolidation will not result in any change in the rights of the Shareholders.

Other than the expenses to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with the applicable laws of the Cayman Islands, the GEM Listing Rules and all necessary approvals from the regulatory authorities or otherwise as may be required to effect the Share Consolidation.

The Share Consolidation and Change in Board Lot Size are expected to become effective on 5 December 2022 subject to the fulfilment of the above conditions.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Shareholders or potential investors should note that (i) odd lots may be created after the Share Consolidation and Change in Board Lot Size; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Free exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Monday, 5 December 2022, Shareholders may on or after Monday, 5 December 2022 and until Friday, 13 January 2023 (both days inclusive), submit their existing share certificates for the Existing Shares in pink colour to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong to exchange for new share certificates for the Consolidated Shares in orange colour at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) per share certificate for each share certificate for shares cancelled or each new share certificate issued for the Consolidated Shares (whichever number of certificates cancelled or issued is higher) will be payable by the Shareholders to the Company's Hong Kong branch share registrar for exchange of new share certificates.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 11 January 2023 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Existing Shares for one (1) Consolidated Share.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate of 42,202,465 Existing Shares under the Share Option Scheme. The Share Consolidation may lead to adjustments to the exercise price and/or the number of Consolidated Shares falling to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme and the GEM Listing Rules. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save for the aforesaid, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into Existing Shares or Consolidated Shares, as the case may be, as at the date of this announcement.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 10,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will be changed to 2,000 Consolidated Shares.

Based on the closing price of HK\$0.132 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,640.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation of its securities. Further, pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” (the “**Guideline**”) issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020, among others, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Existing Share is HK\$0.132, with a board lot size of 10,000 Existing Shares, the Company is trading below HK\$2,000 per board lot.

The Existing Shares have been traded below HK\$1.0 for the past few years. It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share. The Share Consolidation and the Change in Board Lot Size would enable the Company to comply with the trading requirements under the GEM Listing Rules and the Guideline. Further, the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. It is hoped that this will make investing in the shares of the Company more attractive to a broader range of investors, including institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. It is also expected that the liquidity in trading of the shares of the Company will increase accordingly.

As at the date of this announcement, the Company does not have any intention to carry out any corporate action or arrangement that may undermine the intended purpose of the Share Consolidation in the coming 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to meet its operational needs or support future development of the Group. The Directors will consider carefully the likely impact to the Shareholders and the Group as a whole before the Company proceeds with any such debt/equity fundraising exercises. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

It is expected that the Share Consolidation and the Change in Board Lot Size will increase the value of each board lot of the Consolidated Shares to more than the expected minimum board lot value of HK\$2,000 as required by the Guideline. As at the date of this announcement, the closing price of each Existing Share is HK\$0.132 and the theoretical price per board lot size of 2,000 Consolidated Shares will be HK\$2,640. In view of the above reasons, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable and are beneficial to the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the proposed Share Consolidation is set out below:

Event	Date and Time
Despatch date of circular with notice of the EGM and form of proxy	Wednesday, 16 November 2022
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM.	4:30 p.m. on Monday, 28 November 2022

Closure of the register of members of the Company
to determine the entitlement to attend and vote at the EGM. . . . Tuesday, 29 November 2022 to
Thursday, 1 December 2022
(both dates inclusive)

Latest date and time for lodging the proxy forms for the EGM.11:00 a.m. on
Tuesday, 29 November 2022

Expected date and time of the EGM.11:00 a.m. on
Thursday, 1 December 2022

Publication of announcement of the poll results
of the EGM for the Share Consolidation Thursday, 1 December 2022

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation as set out in this announcement:

Effective date of the Share Consolidation. Monday, 5 December 2022

First day of free exchange of existing share certificates
for new share certificates for the Consolidated Shares. Monday, 5 December 2022

Dealing in the Consolidated Shares commences.9:00 a.m. on
Monday, 5 December 2022

Original counter for trading in the Existing Shares
in board lots of 10,000 Existing Shares
(in the form of existing share certificates) temporarily closes.9:00 a.m. on
Monday, 5 December 2022

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) opens.9:00 a.m. on
Monday, 5 December 2022

Original counter for trading in the Consolidated Shares
in board lots of 10,000 Consolidated Shares
(in the form of new share certificates) re-opens.9:00 a.m. on
Monday, 19 December 2022

Parallel trading in the Consolidated Shares
(in the form of new and existing share certificates) commences.9:00 a.m. on
Monday, 19 December 2022

Designated broker starts to stand in the market
to provide matching services for odd lots
of the Consolidated Shares9:00 a.m. on
Monday, 19 December 2022

Designated broker ceases to stand in the market
to provide matching services for odd lots
of the Consolidated Shares 4:00 p.m. on
Wednesday, 11 January 2023

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) closes..... 4:10 p.m. on
Wednesday, 11 January 2023

Parallel trading in the Consolidated Shares
(in the form of new and existing share certificates) ends 4:10 p.m. on
Wednesday, 11 January 2023

Last day for free exchange of existing share certificates
of the Existing Shares for new share certificates
for the Consolidated Shares..... Friday, 13 January 2023

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the GEM website of the Stock Exchange and on the website of the Company as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the proposed Share Consolidation, the proposed Change in Board Lot Size and a notice convening the EGM are expected to be despatched to the Shareholders on or before 16 November 2022.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation and no Shareholders are required to abstain from voting at the EGM.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraphs headed “Conditions of the Share Consolidation” in this announcement and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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 amended from time to time;
“Change in Board Lot Size”	the proposed change in board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 2,000 Consolidated Shares upon the Share Consolidation becoming effective
“Company”	China Information Technology Development Limited, a company with limited liability incorporated under the laws of Cayman Islands, the shares of which are listed on GEM
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.1 each in the share capital of Company upon the Share Consolidation becoming effective

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 1 December 2022 to consider, and if thought fit, to approve the Share Consolidation
“Existing Shares”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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\$”	the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Shareholder(s)”	the holder(s) of the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	The proposed consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.1 each
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)

“Share Option Scheme” the share option scheme adopted by the Company on 2 August 2012

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 24 October 2022

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

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

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

In case of any inconsistency between the English and Chinese versions, the English text of this announcement shall prevail over the Chinese text.