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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

The Board is pleased to announce that on 14 March 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 7,642,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$1.93 per Placing Share.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of the Placing Shares represent (a) approximately 14.85% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 12.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing shares in full.

The Placing Price represents: (i) a discount of approximately 19.92% to the closing price of HK\$2.410 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 14.53% to the average closing price of HK\$2.258 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all of the Placing Shares are successfully placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$14.75 million and the net proceeds from the Placing will be approximately HK\$14.34 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.88 per Placing Share. The Company intends to apply (i) approximately HK\$7.6 million of the net proceeds to support the development of the IT infrastructure solutions business; (ii) approximately HK\$3.4 million to repay the loan from a shareholder; and (iii) the remaining net proceeds shall be used for general working purpose of the Group.

GENERAL

The Placing Shares will be issued pursuant to the General Mandate.

Application will be made by the Company to the GEM Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 14 March 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 7,642,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at the Placing Price of HK\$1.93 per Placing Share.

The principal terms of the Placing Agreement are summarized below:

Date: 14 March 2023 (after trading hours)

Issuer: The Company

Placing Agent: Grand China Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 7,642,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties. The terms of the Placing Agreement were arrived at arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions and the recent trading performance of the Shares. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

Placing commission

The Placing Agent will charge the Company a placing commission of 2% of the aggregate amount equal to the Placing Price multiplied by the number of the Placing Shares being placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions, the commission rate charged by other placing agents and the size of the Placing.

Placees

The Placing Agent will, on a best efforts basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 14.85% of the issued share capital of the Company of 51,471,199 Shares as at the date of this announcement; and (ii) approximately 12.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$764,200.

Ranking of Placing Shares

The Placing Shares under the Placing will rank pari passu in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$1.93 per Placing Share represents:

- (a) a discount of approximately 19.92% to the closing price of HK\$2.410 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 14.53% to the average closing price of HK\$2.258 per Share as quoted on the Stock Exchange in the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 30 June 2022. The maximum number of Shares that can be issued under the General Mandate is 10,294,239 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. Should the Share Swap be completed, 2,652,038 Shares shall be allotted and issued, the remaining number of Shares under General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to approximately 100% upon the completion of the Share Swap and the allotment and issue of all the Placing Shares.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions and completion of the Placing

Completion of the Placing is conditional upon fulfilment of the following conditions:

- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that any of the above conditions is not fulfilled on or before 4 April 2023 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing will take place within four (4) Business Days after the fulfillment of the above conditions precedent or such other date to be agreed between the Company and the Placing Agent in writing.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or

- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties of the Company to the Placing Agent under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to this section, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of Placing Agreement save for any antecedent breach under Placing Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of IT infrastructure solutions and maintenance services, money lending, securities trading and rental of properties.

Assuming that all of the Placing Shares are successfully placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$14.75 million and the net proceeds from the Placing will be approximately HK\$14.34 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.88 per Placing Share. The Company intends to apply (i) approximately HK\$7.6 million of the net proceeds to support the development of the IT infrastructure solutions business; (ii) approximately HK\$3.4 million to repay the loan from a shareholder; and (iii) the remaining net proceeds shall be used for general working purpose of the Group.

Although the economy gradually recovers from the COVID-19 pandemic, the economic recovery is still constrained by uncertainties, such as increasing in interest rate, energy shortage and high inflation. As such, several IT infrastructure suppliers have changed their credit terms to the Group by reducing the credit lines and request for purchase deposit from the Group to secure the purchase orders. Given the uniqueness of the products provided by such IT infrastructure suppliers, the Directors consider these IT infrastructure suppliers are difficult to be replaced. The Company needs to reserve cash for business development of the Group. Furthermore, based on the interim report of the Company for the six months ended 30 June 2022 and annual report of the Company for the year ended 31 December 2021, of which the trade payable of the Group was approximately HK\$3,788,000 and HK\$6,396,000 as at 30 June 2022 and 31 December 2021 respectively, the Company considers the amount of the proceeds from the Placing to support the IT infrastructure solutions business is fair and reasonable.

As at 30 June 2022, the Group recorded net current liabilities of approximately HK\$13,325,000 which was primarily due to the obtaining of a new mortgage loan in March 2022 from a commercial bank in the PRC. In addition, the Group also had a loan from a shareholder, which is unsecured, bearing interest of 3% per annum and to be repaid on 1 January 2024. Such shareholder's loan (including accrued interest) has been extended every year since 2019. The Company considers the shareholder's loan will continue to worsen the financial position even if the shareholder's loan can be extended. Therefore, the Company considers it is fair and reasonable to repay the shareholder's loan as soon as practicable.

The Directors consider that the net proceeds of the Placing can strengthen the financial position of the Group and can provide the immediate funding to the Group to satisfy its funding needs without any interest burden, within a relatively short time frame and at lower costs when compared with other means of fundraising and the Placing also represents good opportunities to broaden the shareholder base and the capital base of the Company.

Accordingly, the Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Share Swap; (iii) immediately upon completion of the Placing (assuming the Share Swap has not been completed); and (iv) immediately upon completion of the Placing and Share Swap is set out as below:

Name of Shareholder	(i) As at the date of this announcement		(ii) Immediately upon completion of the Share Swap		(iii) Immediately upon completion of the Placing (assuming the Share Swap has not been completed)		(iv) Immediately upon completion of the Placing and Share Swap	
	<i>Approx.</i>		<i>Approx.</i>		<i>Approx.</i>		<i>Approx.</i>	
	% of number		% of number		% of number		% of number	
	<i>No. of Shares</i>	<i>in issue</i>	<i>No. of Shares</i>	<i>in issue</i>	<i>No. of Shares</i>	<i>in issue</i>	<i>No. of Shares</i>	<i>in issue</i>
Zhang Rong	13,069,499	25.39%	13,069,499	24.15%	13,069,499	22.11%	13,069,499	21.16%
Corporate Advisory Limited ⁽¹⁾	1,138,800	2.21%	1,138,800	2.10%	1,138,800	1.93%	1,138,800	1.84%
Lam Shu Chung ⁽²⁾	3,801,300	7.39%	3,801,300	7.02%	3,801,300	6.43%	3,801,300	6.15%
Tang Keung	3,503,400	6.81%	3,503,400	6.47%	3,503,400	5.93%	3,503,400	5.67%
Valuable Fortune Limited ⁽³⁾	3,000,000	5.83%	3,000,000	5.54%	3,000,000	5.08%	3,000,000	4.86%
Placees	–	–	–	–	7,642,000	12.93%	7,642,000	12.37%
Bonanza	–	–	2,652,038	4.90%	–	–	2,652,038	4.30%
Public Shareholders	26,958,200	52.37%	26,958,200	49.82%	26,958,200	45.59%	26,958,200	43.65%
TOTAL	51,471,199	100%	54,123,237	100%	59,113,199	100%	61,765,237	100%

Notes:

- (1) The 1,138,800 Shares are held by Corporate Advisory Limited (“**Corporate Advisory**”), which is wholly-owned by Mr. Zhang Rong. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang Rong is deemed to have an interest in all shares in which Corporate Advisory has, or deemed to have an interest.
- (2) Ms. Choi Hing Lin Lori is the spouse of Mr. Lam Shu Chung, and therefore deemed to have an interest on the Shares in which Mr. Lam Shu Chung has, or deemed to have, an interest.
- (3) The 3,000,000 Shares held by Valuable Fortune Limited is wholly-owned by Mr. Lee Yat Lung Andrew. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Lee Yat Lung Andrew is deemed to have an interest in all Shares in which Valuable Fortune Limited has, or deemed to have, an interest.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities involving issue of equity securities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of proceeds as at the date of this announcement
5 January 2022	Rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date of 8 March 2022 on a non-underwritten basis	Approximately HK\$24.71 million	Approximately HK\$23.00 million is intended for research and development expenses of the development and fine tuning of the smart logistics and the CRM system; and approximately HK\$1.71 million is intended for general working capital	Approximately HK\$15.37 million was used for research and development expenses and approximately HK\$1.71 million was fully utilised as intended

Completion of the Placing is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Business Day”	any day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business throughout their normal business hours
“Bonanza”	Bonanza Goldfields Corp., a company incorporated in the State of Nevada, the USA. The issued shares of which are traded in the OTC (Ticker: PINK: BONZ)

“Company”	China Information Technology Development Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (Stock Code: 8178)
“Completion Date”	a date falling within four (4) Business Days after the day on which all the conditions set out in the section headed “Conditions and completion of the Placing” of this announcement have been fulfilled (or such later date as may be agreed between the parties hereto in writing)
“Director(s)”	Directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the rules governing the listing of securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 30 June 2022 to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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)
“IT”	information technology
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Share
“Placing”	the placing, on a best effort basis, of up to 7,642,000 the Placing Shares pursuant to the terms and condition set out in the Placing Agreement

“Placing Agent”	Grand China Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 14 March 2023 in respect of the Placing
“Placing Price”	HK\$1.93 per Placing Share
“Placing Share(s)”	up to 7,642,000 Shares to be issued under the Placing
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share Swap”	together the subscription of 2,652,038 Shares and the subscription of 218,574,618 ordinary shares of Bonanza pursuant to the conditional agreement dated 25 October 2022 and entered into between the Company and Bonanza. Details of which are set out in the announcement of the Company dated 25 October 2022
“%”	per cent

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

Hong Kong, 14 March 2023

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

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

This announcement will be available on the Company's website <http://www.citd.com.hk> and will remain on the "Latest Listed Company Information" page on the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting.