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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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF 100% INTERESTS IN A SUBSIDIARY**

**THE DISPOSAL**

The Board hereby announces that on 15 November 2023 (after trading hours), the Purchaser and the Company as vendor entered in the Disposal Agreement. Pursuant to the Disposal Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share and the Sale Loans for a cash consideration of HK\$24,500,000.

**GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

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**The Disposal Agreement**

Date: 15 November 2023 (after trading hours)

Parties: (i) the Purchaser

(ii) the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its respective connected persons as at the date of this announcement.

### **Assets to be disposed of**

Pursuant to the Disposal Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Share and the Sale Loans.

### **Consideration**

The Consideration for the Disposal shall be HK\$24,500,000, which shall be settled in cash upon Completion.

### **Basis of the Consideration**

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Company, with reference to the financial position of the Target Group, (ii) the prevailing market price of similar companies; and (iii) the information set out under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS" below.

The Directors (including the independent non-executive Directors) consider the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Disposal Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

### **Completion**

Completion of the Disposal Agreement is not subject to any condition precedent and shall take place on the third (3rd) business day following execution of the Disposal Agreement. Upon and following Completion of the Disposal, the Target Group will cease to be the subsidiaries of the Company.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company established under the laws of the British Virgin Islands. It is principally engaged in investment holding. The ultimate beneficial owner of the Purchaser is Mclan Zang Ming Hou. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and Mclan Zang Ming Hou are Independent Third Parties.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated under the laws of the British Virgin Islands with limited liability. The Target Company's principal asset is a 100% equity interest in Value Creation, a company incorporated in Hong Kong and licensed to carry on money lender business in Hong Kong under the Money Lenders Ordinance (Cap. 163 of the laws of Hong Kong).

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited consolidated financial information of the Target Group for the years ended 31 December 2021 and 2022 based on the unaudited management accounts of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation	262	284
Profit after taxation	254	270

Based on the unaudited management accounts of the Target Group, as at 30 June 2023, the unaudited consolidated net asset value and the adjusted consolidated net asset value of the Target Group (on excluding the then total balance of the Sale Loans of HK\$25,295,000 as liabilities of the Target Group) were approximately HK\$3,522,000 and HK\$28,817,000, respectively.

## REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in the development and sale of computer software and hardware, the provision of system integration and related support services in the PRC.

It has always been the Company's business strategy to make appropriate business decisions and adjustments according to the market conditions to create greater value for the Group and the Shareholders. Having considered the increasing interest environment, unstable economic outlook of Hong Kong and evaluation of the current businesses of the Group, the Directors are of the view that it will be difficult to achieve growth of the Target Group without commitment of significant working capital with the increasing costs of funding while the risks of loan defaults has been increasing due to the current sluggish economic environment. The Disposal provides a good opportunity for the Group to streamline the Group's structure to focus on its core business, limit the exposure of loan defaults of the Target Group, further enhance the financial position of the Group and better utilise the Group's financial resources.

The net cash proceeds from the Disposal, after deducting the estimated expenses in relation to the Disposal, will amount to approximately HK\$24,400,000. The Company intends to apply the net proceeds of the Disposal as general working capital of the Group.

The terms of the Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE DISPOSAL TO THE COMPANY**

Upon Completion, the Target Group will cease to be subsidiaries of the Company and the financial information of the Target Group will cease to be consolidated into the accounts of the Group.

After deducting the estimated expenses attributable to the Disposal of approximately HK\$100,000, it is estimated that the Group will record a loss of approximately HK\$4,417,000 from the Disposal, being the difference between (i) the net proceeds of approximately HK\$24,400,000; and (ii) the carrying value of the Target Group as at 30 June 2023 of approximately HK\$28,817,000.

The actual gain or loss on the Disposal to be recorded by the Group will depend on the fair value of the Target Company recorded on the Group's financial statements at the Completion Date and therefore may be different from the amount mentioned above.

## **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	China Information Technology Development Limited (中國信息科技發展有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$24,500,000, being the consideration payable by the Purchaser under the Disposal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	sale of the Sale Share and the Sale Loans by the Company to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement entered into between the Purchaser and the Company on 15 November 2023 in relation to the Disposal
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“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)
“PRC”	the People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Pleasant Impact Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Loans”	the inter-company loans advanced by the Company to the Target Group
“Sale Share”	1 share with a par value of US\$1.0 (representing 100% of the issued share capital) in the Target Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Rosy Time Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company as at the date of this announcement
“Target Group”	the Target Company and its wholly-owned subsidiary, Value Creation
“Value Creation”	Value Creation Finance Limited (連城財務有限公司) a company incorporated in Hong Kong and licensed to carry on money lender business in Hong Kong (money lender license no. 0719/2023) and a wholly-owned subsidiary of the Target Company as of the date of this announcement
“%”	per cent.

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

Hong Kong, 15 November 2023

*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; Hon. Li Sai Wing, MH, JP as non-executive Director; 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 Listed Company Information” page on the Stock Exchange website at <http://www.hkexnews.hk> for at least 7 days from the date of its publication.*