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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Financial Adviser to the Company



INCUCO Corporate Finance Limited

On 7 November 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 12,353,000 Subscription Shares at the Subscription Price of HK\$6.31 per Subscription Share.

The Subscription Price was determined after an arm's length negotiation between the Company and the Subscriber after taking into account the prospect of the Group, including the potential development in artificial intelligence projects of the Group. The Subscription Shares will be issued and allotted under the General Mandate.

The Subscription Shares represent (i) approximately 16.86% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.43% of the enlarged issued share capital of the Company immediately following the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The net proceeds from the Subscription, after deducting all the relevant expenses, will amount to approximately HK\$77.75 million, which represents the net issue price of approximately HK\$6.30 per Subscription Share. The Company intends to apply the net proceeds as to (i) 70% of the net proceeds (equivalent to approximately HK\$54.43 million) for the general working capital in United Arab Emirates, including but not limited to, the expenses for the setup of the office and the business development in United Arab Emirates; and (ii) 30% of the net proceeds (equivalent to approximately HK\$23.32 million) for the general working capital in Hong Kong, including but not limited to, the office rents, salaries and administrative expenses in Hong Kong.

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 7 November 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 12,353,000 Subscription Shares at the Subscription Price of HK\$6.31 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out hereunder:

Date

7 November 2024 (after trading hours)

Parties

- (1) the Company as issuer; and
- (2) the Subscriber as subscriber.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 12,353,000 Subscription Shares at the Subscription Price of HK\$6.31 per Subscription Share.

The Subscription Shares represent (i) approximately 16.86% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.43% of the enlarged issued share capital of the Company immediately following the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The aggregate nominal value of the Subscription Shares is HK\$1,235,300.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue at the Completion Date.

Subscription Price

The Subscription Price of HK\$6.31 per Subscription Share represents:

- (i) a premium of approximately 40.22% over the closing price of HK\$4.50 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 46.47% over the average closing price of approximately HK\$4.308 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day.

The Subscription Price was determined after an arm's length negotiation between the Company and the Subscriber after taking into account the prospect of the Group, including the potential development in artificial intelligence (“AI”) projects of the Group as further discussed in the section headed “REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS” below. The Directors are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Completion of the Subscription Agreement is conditional upon the following conditions precedent being fulfilled (or being waived according to the Subscription Agreement):

- (a) the compliance with the requirements of the Stock Exchange and the GEM Listing Rules, including but not limited to the listing of and permission to deal in all of the Subscription Shares being granted by the GEM Listing Committee of the Stock Exchange (either unconditionally, or subject to customary conditions);
- (b) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Subscription Agreement to the Completion Date, save for any temporary suspension not exceeding five (5) consecutive trading days (as defined under the GEM Listing Rules), or such longer period as the Subscriber may accept in writing, and no indication being received by the Company on or before the Completion Date from the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will or may be withdrawn or objected to as a result of Completion or in connection with the terms of the Subscription Agreement;
- (c) all necessary and relevant approvals and consents in relation to the Subscription having been obtained by the Company and the Subscriber;
- (d) the representations and warranties of the Company under the Subscription Agreement remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreement and at Completion;
- (e) the representations and warranties of the Subscriber under the Subscription Agreement remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreement and at Completion;
- (f) the Company and the Subscriber having performed in all material respects all of the covenants and agreements required to be performed by it under the Subscription Agreement on or prior to the Completion Date; and
- (g) prior to Completion, there being no occurrence of any change, or any development or event reasonably likely to involve a prospective change in the financial condition, operations, legal environment, business or properties of the Company which, in the reasonable opinion of the Subscriber, is material and adverse to the issue of the Subscription Shares.

The Subscriber may in its absolute discretion at any time waive in writing conditions (b), (c), (d), (f) and/or (g) (or any part thereof), and the Company may in its absolute discretion at any time waive in writing conditions (c), (e) and/or (f) (or any part thereof), and such waiver by the waiving party may be made subject to such terms and conditions as are determined by the waiving party.

In the event any of the above conditions is not fulfilled (or being waived by any of the parties of the Subscription Agreement) at or before 5:00 p.m. (Hong Kong time) on the Long Stop Date, the obligations of the Company and the Subscriber under the Subscription Agreement will cease to be of any effect and none of the parties of the Subscription Agreement shall have any right to damages or reimbursement for any cost and expenses that it may have incurred in connection with or arising out of the Subscription Agreement or the failure to complete the Subscription (save in respect of any antecedent breach of the Subscription Agreement).

Completion

Subject to fulfilment or waiver of the above conditions, the Completion shall take place on the Completion Date (or such other date as the Company and the Subscriber may agree in writing).

Lock-up

The Subscriber undertakes to the Company that it shall, and shall procure its nominee to, remain the sole beneficial owner of the Subscription Shares which are not subject to any encumbrances, and shall not, without the prior written consent of the Company, dispose or procure its nominee to dispose any of the Subscription Shares. The Subscriber further undertakes that, without the prior written consent of the Company, the Subscriber shall not and shall procure its nominee not to pledge, charge, or create encumbrance over the Subscription Shares during the lock-up period (collectively referred as the “**Lock-Up**”).

The Lock-Up shall automatically expire if the Proposed Dual Listing does not take place on or before the third anniversary of the Subscription Agreement or any other date agreed by the parties of the Subscription Agreement in writing.

Post-Completion Undertaking of the Company

The Company undertakes to appoint a representative of the Subscriber as the co-head of advisers to the Board within ten (10) Business Days upon Completion of the Subscription, subject to securing the required approval from the Board.

The Company is contemplating the appointment of another independent adviser as co-head of advisers to the Board. The representative of the Subscriber shall use reasonable endeavours to assist the Company in developing its business in the Gulf Cooperation Council region whilst the other co-head of advisers shall assist the development of the Company’s business in other aspects.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM, subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Directors are authorised to issue and allot up to 12,353,047 new Shares. Up to the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Subscription Shares will not be subject to Shareholders' approval.

APPLICATION FOR LISTING

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

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in the provision of information technology infrastructure solutions and maintenance services, rental of properties and securities trading.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in the United Arab Emirates with limited liability and license number 815821, and is principally engaged in investment activities in a broad range of sectors including technology, commercial services, real estate and food and beverage businesses. The ultimate beneficial owner of the Subscriber is Shaikh Ahmed Bin Manea Bin Khalifa Saeed Al-Maktoum. Shaikh Ahmed Bin Manea Bin Khalifa Al-Maktoum is an accomplished entrepreneur and member of Dubai ruling family. He is the deputy chairman of MKM Holdings and the owner and founder of the Subscriber.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes only, assuming that there is no allotment and issue of new Shares from the date of this announcement up to the Completion of the Subscription, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the Completion of the Subscription are set out below:

Shareholders	As at the date of this announcement		Immediately upon the Completion of the Subscription	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Mr. Zhang Rong (“ Mr. Zhang ”)	15,393,229	21.01	15,393,229	17.98
Corporate Advisory Limited (“ Corporate Advisory ”) (<i>Note 1</i>)	<u>3,006,800</u>	<u>4.10</u>	<u>3,006,800</u>	<u>3.51</u>
	18,400,029	25.11	18,400,029	21.49
JStage Technology Limited (“ JStage Technology ”) (<i>Note 2</i>)	11,500,000	15.70	11,500,000	13.43
Mr. Lam Shu Chung (“ Mr. Lam ”) (<i>Note 3</i>)	3,801,300	5.19	3,801,300	4.44
Mr. Wong King Shiu, Daniel	639,550	0.87	639,550	0.75
The Subscriber	–	–	12,353,000	14.43
Other Shareholders	<u>38,924,358</u>	<u>53.13</u>	<u>38,924,358</u>	<u>45.46</u>
Total	<u><u>73,265,237</u></u>	<u><u>100.00</u></u>	<u><u>85,618,237</u></u>	<u><u>100.00</u></u>

Notes:

- (1) The 3,006,800 Shares are held by Corporate Advisory, which is wholly-owned by Mr. Zhang. Pursuant to Part XV of the SFO, Mr. Zhang is deemed to be interested in all Shares in which Corporate Advisory has, or is deemed to have, an interest under the SFO.
- (2) The 11,500,000 Shares are held by JStage Technology, which is owned by Mr. Ngan Chiu Fai and Ms. Shih Mei Ling as to 51% and 49% respectively. Pursuant to Part XV of the SFO, Mr. Ngan Chiu Fai and Ms. Shih Mei Ling are deemed to be interested in all Shares in which JStage Technology has, or is deemed to have, an interest under the SFO.
- (3) Ms. Choi Hing Lin Lori is the spouse of Mr. Lam and is deemed to be interested in the Shares held by Mr. Lam pursuant to Part XV of the SFO.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

Assuming that all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription is expected to be US\$9,993,260 (equivalent to approximately HK\$77.95 million) (together with SFC transaction levy, Stock Exchange trading fee and other levies and fees as may be payable by the Subscriber). The net proceeds from the Subscription, after deducting all the relevant expenses, will amount to approximately HK\$77.75 million, which represents the net issue price of approximately HK\$6.30 per Subscription Share. The Company intends to apply the net proceeds from the Subscriptions as follows:

- (i) 70% of the net proceeds (equivalent to approximately HK\$54.43 million) will be used for the general working capital in the United Arab Emirates, including but not limited to, the expenses for the setup of the office and the business development in the United Arab Emirates; and
- (ii) 30% of the net proceeds (equivalent to approximately HK\$23.32 million) will be used for the general working capital in Hong Kong, including but not limited to, the office rents, salaries and administrative expenses in Hong Kong.

As stated in the announcement of the Company dated 11 September 2024, the Company has established a strategic business partnership with Masary Capital Investments LLC FZ to develop the Company's AI projects in the Gulf Cooperation Council region. The Company has been actively seeking business opportunities of AI projects in the Middle East market. The Board considers that the Subscription represents an opportunity to broaden the Shareholders' base and raises additional funds for the Group's general working capital and to develop the Group's business in AI. Furthermore, the Subscriber and the co-head of advisers to the Board to be introduced by the Subscriber may introduce potential AI projects or business opportunities to the Company in the Gulf Cooperation Council region, which could further expand the Group's business network to the Middle East market. Therefore, the Board considers that the Subscription will provide the funding needed for its business development and will benefit the long-term development of the Group's business.

As disclosed in the announcement of the Company dated 28 October 2024, the Company is considering a possible dual listing of the shares of the Company on the Abu Dhabi Securities Exchange (ADX) or the NASDAQ Dubai under Dubai Financial Market (DFM) in the United Arab Emirates. The Board believes that the potential dual listing will, upon completion, broaden its shareholders' base, and its fundraising channels in the future, generate value for the Shareholders and enhance the Company's corporate image in the international capital markets, which in turn could enhance the liquidity of the Company's securities in the long run. The Company's pursuit of the potential dual listing is at an early stage. As at the date of this announcement, the Company has not engaged any professional party for such capital market activities and has not filed any listing application to any stock exchange.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

GENERAL

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 28 June 2024
“Board”	the board of Directors
“Business Day(s)”	any day on which licensed banks in Hong Kong are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
“Company”	China Information Technology Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (Stock Code: 8178)
“Completion”	the completion of the issue and allotment of the Subscription Shares by the Company to the Subscriber in accordance to the terms and conditions of the Subscription Agreement
“Completion Date”	a date within ten (10) Business Days after all of the conditions under the Subscription Agreement have been fulfilled by the Company or the Subscriber or, as the case may be, waived by the Company or the Subscriber (or such later date as the Company and the Subscriber may agree in writing)
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereunder the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 12,353,047 Shares, representing 20% of the then issued share capital of the Company as at the date of the AGM
“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 of the PRC
“Independent Third Party(ies)”	third party independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined under the GEM Listing Rules)
“Last Trading Day”	7 November 2024, being the date of the Subscription Agreement
“Long Stop Date”	5 December 2024 (or such later date as the Company and the Subscriber may agree in writing)
“Proposed Dual Listing”	the proposed dual listing of the Company’s ordinary shares on the Abu Dhabi Securities Exchange (ADX) or the NASDAQ Dubai under Dubai Financial Market (DFM) in the United Arab Emirates or such other stock exchanges as the Company and the Subscriber may agree
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with a par value of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	A M K M INVESTMENTS L.L.C, a company incorporated in the United Arab Emirates with limited liability and license number 815821
“Subscription”	the subscription of the Subscription Shares by the Subscriber under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 7 November 2024 entered into between the Company and the Subscriber for the subscription of the Subscription Shares
“Subscription Price”	HK\$6.31 per Subscription Share
“Subscription Share(s)”	12,353,000 new Shares to be subscribed by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Unless otherwise specified and for illustration purpose only, amounts in US\$ have been converted into HK\$ in this announcement based on the exchange rate of US\$1.00 = HK\$7.80. Such conversion shall not be construed as representations that amount of such currency may be converted into HK\$ and vice versa at such rates or any other exchange rates.

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

Hong Kong, 7 November 2024

As at the date of this announcement, the Board comprises Mr. Wong King Shiu, Daniel (Chairman and Chief Executive Officer), Mr. Chu Joshua Allen Kiu Wah and Mr. So Han Meng Julian as executive Directors; Hon. Li Sai Wing, JP, MH and Ms. Leung Kar Ming, MH as non-executive Directors; Dr. Chen Shengrong, Mr. Wong Hoi Kuen and Mr. Chu Wun Chiu 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 Stock Exchange's website at <http://www.hkexnews.hk> for at least 7 days from the date of its posting.