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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)**

## **INSIDE INFORMATION ANNOUNCEMENT PROPOSED ISSUE OF BONDS**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 23 June 2023, the Board considered and passed a resolution to approve, confirm and ratify the issue of the Bonds with an aggregate principal amount of up to HK\$100 million. The Bonds will be documented using Distributed Ledger Technology (in place of paper) and will be implemented using Digital Ownership Token standard.

**The issue period of the Bond is from the First Issue Date to 12 July 2023. As such, no assurance can be given that the proposed issue of the Bonds will be completed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

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All bond documents along with their corresponding smart contract codes will be incorporated by way of reference into the Bond Security Token using the DOT standard to create a binding Ricardian Contract. This allows for direct deposit of the Bonds with the Bond holders, eliminating the need and risk for a third-party custodian to hold the Bonds.

The Company's Bond will be one of the first Bond Security Token that will truly implement and justify the use of blockchain and smart contract technologies, by using DOT standard. This unique approach provides greater certainty, efficiency, and security for bond holders, as the token itself becomes the security, and investors can directly hold and control their own securities. The use of DOTs as a means of documentation for the tokenization of the Bonds also allows for a clear record of ownership of the security.

The use of DOT standard in the Bond Security Token eliminates the need for a third-party custodian to hold onto the Bonds, reducing risks associated with traditional securities custody. This provides a more secure and transparent Bond offering model, allowing investors to directly hold and control their own securities.

The DOT-standard security token applied to Bond offerings maximizes the use of smart contracts. This process is efficient, transparent, secure, and cost-effective, providing several benefits over link-based security token approaches. Compared to paper-based Bond offerings, DOT-standard security tokens offer a more efficient, secure, and cost-effective alternative.

The principal terms of the Bonds are set out hereunder:

- |                            |   |   |
|----------------------------|---|---|
| Issuer                     | : | The Company                             |
| Aggregate Principal Amount | : | Up to HK\$100 million                   |
| Maturity Date              | : | The Bonds shall mature on 27 June 2053. |
| Subscriber(s)              | : | The Bonds will only be issued to        |
- (a) the professional investor as defined and described in the relevant laws, regulations, and guidelines in each applicable jurisdiction, and that it satisfies all the criteria and requirements of a professional investor, including but not limited to: (i) having assets in excess of HK\$8 million; (ii) having a portfolio of securities or other financial instruments of a value in excess of HK\$8 million; (iii) having a net worth of HK\$8 million or more; (iv) being a corporation, partnership, or trust with assets of HK\$40 million or more; or (v) such other criteria or thresholds as may be applicable in the relevant jurisdiction; and
  - (b) independent third party with no connection whatsoever to the Issuer under, and in compliance with, all applicable laws, rules and regulations in all relevant jurisdictions.

- Interest : The Bonds do not bear interest, except the default interest due to the events of default as disclosed below.
- Yield to maturity : The Bonds will be offered at a discount to their face value. The discount on the Bonds based on the First Issue Date is 66.66% (the “**Discount**”). The Discount represents an effective yield to maturity of 3.73% per annum from the First Issue Date. For the avoidance of doubt, there shall be no interest payments under each Bonds. Furthermore, if a Bond is issued on a day after the First Issue Date, the Discount will be reduced to reflect a yield to maturity of 3.73%.
- Gross proceeds : Up to HK\$33.34 million
- Issue Period : From First Issue Date to 12 July 2023
- Minimum Subscription Amount : Any subscription for the Bonds by each subscriber shall be made in amount of not less than HK\$8,000,000, and thus, the minimum offering proceeds shall be HK\$8,000,000. For the avoidance of doubt, if the Bonds are under-subscribed by end of the issue period, the Company will still proceed with the issue of the Bonds.
- Maximum number of Subscribers : Not more than four Subscribers
- Blockchain : The Issuer shall have the sole and absolute discretion to choose the blockchain(s) on which a Bond Security Token and its components may be secured (each, an “**Approved Blockchain**”). For the avoidance of doubt, a Bond Security Token and its components may be secured on more than one Approved Blockchains.
- Listing : No application will be made for the listing of the Bonds on the Stock Exchange.
- The Bonds will not be listed on any exchange upon the completion of issue of the Bonds.
- Transferability : The Bond Security Token(s) shall be assignable and transferable without any restrictions, but always in accordance with applicable laws and regulations.

The sale and purchase of a Bond Security Token will attract fees embedded in its smart contracts. In the event that there is a secondary and subsequent transaction of a Bond Security Token, the holder of the Bond Security Token (including each of the successive holder of the Bond Security Token for each successive transaction thereafter) shall pay the following administrative fee based on the transaction amount:

- (a) 0.25% of the Bond Security Token(s) shall be transferred to the Issuer; and
- (b) 0.125% of the Bond Security Token(s) shall be transferred to Regulatory Consultant.

Events of Default

: Upon the occurrence of any of the following events:

- (a) failure by the Issuer to pay in full any sum payable under the terms of the Bonds in the manner required by its terms and conditions;
- (b) at any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its material obligations under the Bonds;
- (c) the Issuer shall suspend or threaten to suspend all or a substantial part of its operations or all or a substantial part of its assets shall be expropriated by any governmental or other competent authority;
- (d) a meeting is convened or a petition is presented or an order is made or an effective resolution is passed for the winding-up of the Issuer;
- (e) encumbrancer takes possession or a liquidator or liquidation committee is appointed of the whole or any part of the assets or undertaking of the Issuer;

then and in any such event, the principal amount shall become immediately due and payable, together with all interest, fees and other amounts payable under the Bonds, without demand or other notice of any kind, all of which are hereby expressly waived by the Issuer.

- Default Interest : If the Issuer fails to pay any amount payable by it under the Bonds to which it is a party on its due date, a late payment interest of 1% per month will be payable on the amount due, for the period commencing on and including the due date of such payment up to (and including) the date it has been received in full by the holder(s) of the Bonds.
- Status : The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and each Bond holder shall at all times rank pari passu with other Bond holders and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## **REASONS FOR THE ISSUE OF THE BONDS AND USE OF THE PROCEEDS**

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

Assuming the Bonds are fully subscribed, the net proceeds from the issue of the Bonds, after deducting the transaction costs and expenses, will be approximately HK\$31.50 million. The Company intends to apply the net proceeds for the Group's development of Web3.0 and blockchain business.

The Hong Kong government has expressed its commitment to promoting the development of Web3.0 and regulating the crypto and decentralized finance (“**DeFi**”) industries. The government has allocated significant resources towards this initiative, with plans to establish a virtual asset task force and invest millions of dollars into the industry. The Directors consider Web3.0, also known as the decentralized web, is the next evolution of the Internet, where blockchain technology is used to create decentralized applications and services. This technology has the potential to revolutionize various industries, including finance, healthcare, and logistics, among others. By expanding into the Web3.0 space, the Group can leverage its knowledge and experience in digital transformation to develop innovative solutions that align with the government's policy on promoting the crypto and DeFi industries. This expansion can help the Group capture new markets and establish itself as a leader in the emerging Web3.0 ecosystem.

The Directors consider that issuing the Bonds in form of Bond Security Token(s) can generate capital more efficiently and cost-effectively, while also demonstrating the benefits of blockchain technology to potential investors and stakeholders. The use of Bond Security Token(s) can revolutionize the bond market by allowing for direct depositing of the tokens into the token holder's wallet without the need for a third-party platform. This eliminates the need for intermediaries, such as custodians, and reduces the risks associated with third-party platforms. Bond Security Token(s), as a digital asset, can be easily transferred and stored, making it a more efficient and secure method for managing bond transactions.

The Directors also consider that the yield to maturity of the Bonds of 3.73% per annum is fair and reasonable as compared with the United States 30 Year Treasury Yield of 3.86% and United Kingdom Gilts 30 Year Yield of 4.48% as quoted on the Bloomberg on the date of this announcement.

Furthermore, the Company has also obtained the legal opinion from its legal adviser in respect of the compliance requirements and regulatory obligations applicable to the issue of the Bonds in Hong Kong.

Therefore, the Directors are of the view that the issue of the Bonds can provide additional funds for the expansion of the Group's business without any dilution effect on the shareholding of the existing Shareholder, and the terms and conditions of the Bonds are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Company will make further announcement(s) to keep shareholders and prospective investors informed of the result of the issuance of the Bonds.

**The issue period of the Bonds is from First Issue Date to 12 July 2023. As such, no assurance can be given that the proposed issue of the Bonds will be completed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

<b>“Board”</b>	the board of Directors
<b>“Bond(s)”</b>	the zero-coupon bond(s) with aggregate principal up to HK\$100 million issued or to be issued by the Company
<b>“Bond Security Token(s)”</b>	digital file or document of the Bonds secured on a blockchain
<b>“BVI”</b>	the British Virgin Islands

<b>“Company” or “Issuer”</b>	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)
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Distributed Ledger Technology” or “DLT”</b>	A digital system for recording, storing, and sharing information across a network of computers in a decentralized and transparent manner. DLT uses cryptographic techniques to ensure the integrity and security of the information stored on the ledger, making it tamper-proof and resistant to unauthorized changes. Each participant on the network has a copy of the ledger, and any updates or changes made to the ledger are automatically replicated across all copies on the network, creating a single source of truth. DLT is the underlying technology behind blockchain and other similar systems that enable the secure and transparent transfer of digital assets and information.
<b>“Digital Ownership Token” or “DOT”</b>	A unique form of digital documentation that represents ownership of a specific asset, such as real estate, securities, or other property, in a digital format. Unlike other digital tokens, DOTs are designed to incorporate the legal documents themselves within the token, making it a representation of the asset rather than merely a linked representation of the asset. This feature provides greater certainty and transparency for holders, as the holder of the DOT can directly hold the legal documents themselves via the token, creating a clear record of ownership and transfer of the asset. DOTs are created using blockchain or other distributed ledger technology, and are designed to be transferable and tradable in a secure and decentralized manner. The ownership of the asset is recorded on the ledger through the use of cryptographic techniques, which ensure the integrity and immutability of the ownership record. By using DOT standard in security token offerings (STOs), investors can directly hold and control their own securities, eliminating the need for a third-party custodian to hold onto the token and reducing risks associated with traditional securities custody.
<b>“First Issue Date”</b>	28 June 2023
<b>“GEM”</b>	GEM operated by the Stock Exchange
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM
<b>“Group”</b>	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
“Maturity Date”	27 June 2053
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Regulatory Consultant”	Prosynergy Consulting Limited, the regulatory consultant appointed by the Company in relation to the issue of the Bonds
“Ricardian Contract”	A machine-readable legal contract that combines natural language with cryptographic elements to create a secure and transparent agreement between parties. The contract terms are expressed in a human-readable format, while the cryptographic elements are embedded in the metadata of the document. This allows the contract to be easily verified and executed by software programs. Ricardian Contracts are intended to be legally enforceable and can be used for various applications, including financial contracts, property agreements, and supply chain management.
“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(s)”	the subscriber(s) of the Bonds
“%”	per cent.

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

Hong Kong, 23 June 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 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 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.*