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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
ACQUISITION OF 100% EQUITY INTEREST IN
THE TARGET COMPANY INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

INTRODUCTION

The Board is pleased to announce that on 6 June 2024 (after trading hours of the Stock Exchange), Gold Unity, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which Gold Unity has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares at the Consideration. The Consideration will be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor at the Consideration Share Price.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and is not subject to the approval of the Shareholders. The Consideration Shares, when allotted and issued, shall rank pari passu with the Shares in issue.

An aggregate of 11,500,000 Consideration Shares will be allotted and issued to the Vendor as set out in the section headed “Consideration” below, which represents approximately 18.6% of the issued share capital of the Company as at the date of this announcement and approximately 15.7% of the issued share capital of the Company as enlarged by the Consideration Shares (assuming the Acquisition is completed and the Consideration Shares are allotted).

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Upon Completion, the Group will hold 100% of the shareholding of the Target Company and the financial results of the Target Company will be consolidated into the financial results of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratio (as defined by Rule 19.07 of the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25% and the Consideration for the Acquisition will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and is therefore subject to the reporting and announcement under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors should note that the Acquisition contemplated under the Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that, on 6 June 2024 (after trading hours), Gold Unity, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which Gold Unity has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares at the Consideration. The Consideration will be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor at the Consideration Share Price.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date: 6 June 2024

Parties: (1) Gold Unity Limited as the Purchaser; and
(2) JStage Technology Limited as the Vendor.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, each of the Vendor, its ultimate beneficial owners and its director is an Independent Third Party.

Assets to be acquired

Pursuant to the terms and conditions of the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 100% of the equity interest of the Target Company.

Consideration

Pursuant to the Agreement, the total Consideration for the Acquisition shall be HK\$11,500,000, which shall be settled by way of allotment and issue of 11,500,000 Consideration Shares to the Vendor or its nominee(s) on Completion or any other dates as the Parties otherwise agree in writing.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms, among others, with reference to (i) its business outlook; (ii) a valuation report prepared by AP Appraisal Limited, an independent qualified valuer, with an opinion that the fair value of 100% equity interests in the Target Company as of 30 April 2024 is stated as HK\$14 million; and (iii) the Company's assessment on the prospect of the Target Company and the synergistic benefits that can be created between the Target Company and the Company as described under the paragraph headed "Reasons for and benefits of the Acquisition".

Consideration Shares

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, credited as fully paid, and shall rank pari passu in all respects among themselves and with the Shares in issue on the date of such allotment and issue, including the right to receive all dividends and distributions which may be declared, made or paid after the Completion and will be issued free and clean of all liens, encumbrances, equities or other third party rights. The allotment and issue of the Consideration Shares under the General Mandate is not subject to the approval of the Shareholders.

An aggregate of 11,500,000 Consideration Shares will be allotted and issued to Vendor as set out in the section headed "Consideration" above, which represent approximately 18.6% of the issued share capital of the Company as at the date of this announcement and approximately 15.7% of the issued share capital of the Company as enlarged by the Consideration Shares (assuming the Acquisition is completed and the Consideration Shares are allotted).

The issue price of each Consideration Share is HK\$1.00, which represents:

- (1) a discount of approximately 13.04% to the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on 6 June 2024, being the date of the Agreement;
- (2) a discount of approximately 16.39% to the average closing price of HK\$1.196 per Share as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the Agreement.

Conditions precedent

The Completion of the Agreement shall be subject to the fulfilment or, where applicable, waiver of the following conditions before the Completion Date:

- (i) no provision of the applicable laws and no other injunction, judgment, order, decree, stipulation or determination by or with any relevant governmental authorities prohibiting the Completion;
- (ii) the representations and warranties provided by the relevant Parties being true, correct and accurate in all material respects as of the Completion;
- (iii) no material adverse effect on the financial condition, business, prospects or operations of the Target Company;
- (iv) the relevant Parties having performed and complied in all material respects with all covenants, agreements, obligations and conditions contained in the Agreement and the other transaction documents that are required to be performed or complied with by it on or before the Completion;
- (v) all corporate and other proceedings in connection with the transactions contemplated by the Agreement and all documents and instruments incident to such transactions having been passed, executed and/or delivered by the Purchaser to the satisfaction of the Vendor, as the case may be;
- (vi) all corporate and other proceedings in connection with the transactions contemplated by the Agreement and all documents and instruments incident to such transactions having been passed, executed and/or delivered by the Vendor, as the case may be, to the satisfaction of the Purchaser;
- (vii) the relevant Parties having obtained all necessary consents from any relevant governmental or regulatory authorities or other relevant third parties for the consummation of the transactions contemplated by the Agreement and other transaction documents, which are in full force and effect as of the Completion, and does not impose any terms or conditions that could be reasonably expected to materially impair the Purchaser's ability to consummate, or prevent or materially delay, the transactions contemplated by the Agreement and other transaction documents;
- (viii) the Purchaser having completed its business, legal, financial and management due diligence of the Target Company and is satisfied with the result thereof; and
- (ix) the approval for the listing of, and permission to deal in the Consideration Shares by the Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to the date of the Completion.

Completion

The Completion shall take place on the fifth (5th) Business Day after the day on which the conditions precedent of the Agreement have been satisfied or, as the case may be, waived by the Party entitled to that condition or such other day as the Parties otherwise agree in writing.

If the Completion has not been consummated on or before the Completion Date, either the Purchaser, on the one hand, or the Vendor, on the other hand, shall have the right to terminate the relevant Agreement and the relevant Agreement will be of no further effect except for antecedent breach of any obligations of any Parties thereto.

CHANGES IN THE SHAREHOLDING OF THE TARGET COMPANY

Upon the Completion, the Target Company will be owned as to 100% by the Purchaser. As such, the Company will indirectly hold 100% equity interest of the Target Company and the Target Company will become an indirect wholly owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

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 existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company upon the Completion is set out as below:

Name of Shareholder	As at the date of this announcement (Note 1)		Immediately after the Completion, the allotment and issue of all Consideration Shares (Note 2)	
	Approximate % of number		Approximate % of number	
	No. of Shares	of Shares in issue	No. of Shares	of Shares in issue
Mr. ZHANG Rong	15,053,229	24.37	15,053,229	20.54
Corporate Advisory Limited (Note 3)	3,008,800	4.87	3,008,800	4.11
Marvion Group Limited (Note 4)	3,335,323	5.40	3,335,323	4.55
Marvel Digital Group Limited (Note 5)	2,652,038	4.30	2,652,038	3.62
Mr. LAM Shu Chung	3,801,300	6.15	3,801,300	5.19
Mr. TANG Keung	3,503,400	5.67	3,503,400	4.78
The Vendor	—	—	11,500,000	15.70
Other Shareholders	30,411,147	49.24	30,411,147	41.51
Total	<u>61,765,237</u>	<u>100.00</u>	<u>73,265,237</u>	<u>100.00</u>

Notes:

- (1) Assuming no change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.
- (2) Assuming the Acquisition is completed and Consideration Shares are allotted, and there is no other change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.
- (3) The 3,008,800 Shares are held by Corporate Advisory Limited (“**Corporate Advisory**”), which is wholly-owned by Mr. Zhang Rong (“**Mr. Zhang**”). Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang is deemed to be interested in all Shares in which Corporate Advisory has, or deemed to have, an interest under the SFO.

- (4) The 3,335,323 Shares are held by Marvion Group Limited (“**Marvion Group**”) of which Dr. Lee Ying Chiu Herbert (“**Dr. Lee**”) indirectly holds 52.34% of its shareholding. On 19 September 2023, Beauty Intentions Limited (a direct wholly-owned subsidiary of the Company) as Purchaser, the Company and Marvion Group (as one of the Vendors) entered into the Sale and Purchase Agreement pursuant to which the Vendors have conditionally agreed to sell to Beauty Intentions and Beauty Intentions has conditionally agreed to acquire the entire issued share capital of Autostereoscopic 3D Limited (the “**Proposed Acquisition**”). The consideration for the Proposed Acquisition is HK\$100 million, which shall be settled by (i) the Promissory Notes in the aggregate principal amount of HK\$75,985,677.28; and (ii) the allotment and issue of a total of 11,117,742 Consideration Shares by the Company to the Vendors (or their nominee(s)). The Proposed Acquisition has yet to be completed upon approval by the Shareholders of the Company. According to the Proposed Acquisition above, Dr. Lee is deemed to have an underlying interest in all shares in which Marvion Group has, or deemed to have an interest.
- (5) The 2,652,038 Shares are held by Marvel Digital Group Limited (“**Marvel Digital**”) which is wholly-owned by Dr. Lee. Pursuant to the Division 7 and 8 of Part XV of the SFO, Dr. Lee is deemed to have an interest in all shares in which Marvel Digital has, or deemed to have an interest.

Upon the Completion, the Vendor will become a Substantial Shareholder of the Company, holding approximately 15.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

The Company expects that upon the issue of the Consideration Shares, it will continue to maintain the public float required under Rule 11.23(7) of the GEM Listing Rules.

INFORMATION ON THE VENDOR AND TARGET COMPANY

The Vendor is an investment holding company established in British Virgins Islands with limited liability and directly holds 100% of the Target Company. As at the date of this announcement, Mr. Ngan and Ms. Shih are the shareholders of the Vendor, hold 51% and 49% equity interests of the Target Company respectively.

The Target Company is a company incorporated in Hong Kong with limited liability on 22 September 2021. It is wholly-owned by the Target Company as at the date of this announcement. Its principal activity is provision of information technology and public relation services.

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor and Mr. Ngan and Ms. Shih, being its ultimate beneficial owners of the Target Company are Independent Third Parties.

Based on the audited financial statements of the Target Company, the financial information of the Target Company for the period from 22 September 2021 (date of incorporation) to 31 December 2022 and for the year ended 31 December 2023 are set out as follows:

	For year ended 31 December 2023	For the period from 22 September 2021 (date of incorporation) to 31 December 2022
	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>
Revenue	6,145,339	4,810,937
Gross profit	5,062,629	4,371,045
Profit/(loss) before taxation	2,088,418	(179,595)
Profit/(loss) after taxation	1,945,581	(179,595)

As at 31 December 2023, based on the audited financial statements of the Target Company, the Target Company had audited total assets and total liabilities of approximately HK\$1.93 million and approximately HK\$0.16 million respectively.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is an investment holding company established in the British Virgins Islands with limited liability and a direct wholly-owned subsidiary of the Company.

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance Shareholders' value.

The Target Company is a services provider that specializes in the areas of cloud technology and digital marketing. It provides information technology services in relation to a cloud-based solution for customer loyalty management and data analysis.

The Acquisition represents a valuable opportunity for the Group to extend its business network and client base, strengthen its existing businesses and further enables the Group to increase its revenue stream and utilise its resources more efficiently without adversely affecting the cash flow of the Group.

Having considered the above reasons, the Directors consider the Acquisition is in line with the overall business strategy of the Group. The Group shall continue to look for business opportunities and collaborations with other IT professionals and experts in various aspects and industries so as to further strengthen the existing businesses of the Group and broaden the business networks in different industries.

The Directors consider that the terms of the Agreement are fair and reasonable, on normal commercial terms and are in the interest of the Company and the Shareholders.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratio (as defined by Rule 19.07 of the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25% and the Consideration for the Acquisition will be satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors should note that the Acquisition contemplated under the Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement;
“Agreement”	the agreement for the sale and purchase of 100% of the issued share capital in the Target Company entered into between the Vendor and the Purchaser dated 6 June 2024;
“Board”	the board of Directors of the Company;
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which bank are open for business in Hong Kong;
“Completion”	the completion of the Acquisition in accordance with the Agreement;
“Completion Date”	the fifth (5th) Business Day after the day on which the conditions precedent of the Agreement have been satisfied or, as the case may be, waived by the Party entitled to that condition or such other day as the Parties otherwise agree in writing;

“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;
“Consideration”	the total consideration in the sum of HK\$11,500,000, to be settled by way of allotment and issue of the Consideration Shares by the Company at the Consideration Share Price;
“Consideration Share(s)”	an aggregate total of 11,500,000 new Shares to be issued and allotted by the Company to the Vendor pursuant to the terms and conditions of the Agreement;
“Consideration Share Price”	HK\$1.00 per Consideration Share;
“Director(s)”	directors of the Company;
“GEM”	the GEM of the Stock Exchange;
“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 annual general meeting of the Company held on 29 June 2023 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 PRC;
“Independent Third Party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates;
“Mr. Ngan”	Mr. Ngan Chiu Fai (顏昭輝先生), an Independent Third Party, being one of the ultimate beneficial owners, the sole director and holds 51% equity interest in the Target Company;
“Ms. Shih”	Ms. Shih Mei Ling (施美伶女士), an Independent Third Party, being one of the ultimate beneficial owners and holds 49% equity interest in the Target Company;

“Purchaser” or “Gold Unity”	Gold Unity Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company;
“Sale Shares”	10,000 ordinary shares in the issued share capital of the Target Company, representing 100% of the issued share capital of Target Company immediately prior to the Completion;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Possible Limited, a company incorporated in Hong Kong with limited liability on 22 September 2021, has an issued share capital of HK\$10,000 divided into 10,000 ordinary shares. The principal activities are set out the section headed “INFORMATION ON THE VENDOR AND TARGET COMPANY” in this announcement;
“Vendor”	JStage Technology Limited, a company incorporated in the British Virgin Islands with limited liability on 9 May 2024 and is principally engaged in investment holding of the Target Company; and
“%”	per cent.

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

Hong Kong, 6 June 2024

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, JP, 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 of the Company 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.