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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
PROPOSED DISPOSAL OF 90% EQUITY INTEREST OF
PANTOSOFT INTERNATIONAL LIMITED**

THE DISPOSAL

The Board announces that on 25 May 2018 (after trading hours), the Seller (the Company) and the Purchaser entered into the SPA. Pursuant to the SPA, the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares at the Consideration of HK\$5,000,000, which shall be settled by HK\$1,000,000 as deposit upon signing the SPA and HK\$4,000,000 upon Completion in cash.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction(s) contemplated under the SPA exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board announces that on 25 May 2018 (after trading hours), the Seller (the Company) and the Purchaser entered into the SPA. Pursuant to the SPA, the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares at the Consideration of HK\$5,000,000. Details of the SPA are set out below:-

The SPA

The principal terms of the SPA are as follows:

Date: 25 May 2018 (after trading hours)

Parties: (1) Seller: The Company

(2) Purchaser: Madam Wang Jian Mei

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

The Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares, representing 90% of the issued share capital of the Target Company, free from all encumbrances together with all rights attaching thereto on or after the date of SPA.

Consideration

The aggregate consideration for the sale and purchase of the Sale Shares shall be HK\$5,000,000, which shall be satisfied in the following manner:-

- (1) Within seven (7) business days upon signing of the SPA, the Purchaser shall pay HK\$1,000,000 as deposit to the Seller (or as directed by the Seller in writing) in a lump sum in cash or in immediately available funds by electronic transfer to the Seller's bank account.
- (2) Within fifteen (15) business days upon Completion, the Purchaser shall pay the remaining HK\$4,000,000 to the Seller (or as directed by the Seller in writing) in a lump sum in cash or in immediately available funds by electronic transfer to the Seller's bank account.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Seller with reference to the asset position and historical performance of the Target Group; and the reasons and benefit for the Disposal as set out in the section headed "Reasons and Benefit for the Disposal" below.

The Seller undertakes to waive the indebtedness owed by the Target Company and the WFOE to the Seller (amounted to approximately HK\$26,356,000 as of 31 March 2018) upon Completion.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders.

Conditions precedent

The Completion shall be conditional upon and subject to:

- (i) all necessary consents and approvals in relation to the SPA having been obtained by the Purchaser; and
- (ii) all necessary consents and approvals in relation to the SPA having been obtained by the Seller and the Company.

Completion

Completion shall take place on the date as the Purchaser acquires legal documents which prove the lawful validity of its ownership of the Sale Shares for the Target Company.

If in the event that any of the conditions above cannot be fulfilled on or before the long stop date, which is 31 August 2018, either the Seller or the Purchaser shall have the right to terminate the SPA by written notice to the other Party. Upon such termination, the Seller shall return the deposit HK\$1,000,000 immediately to the Purchaser's directed bank account, and no Party shall have any claim under the SPA of any nature whatsoever against the other Party except in respect of the rights and liabilities which have accrued before termination or under the indemnity clause in the SPA.

Upon Completion, the Group will cease to hold any interest in the Target Group.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company registered under the laws of the British Virgin Islands and the only assets and operation of which is the 100% interest in the issued share capital of the WFOE.

The WFOE has a fully paid up capital of HK\$17,200,000. It focuses on non-academic education related software development and system integration business for non-academic and professional schools in the PRC.

In recent years, it had launched the e-campus solution for school which serves as an electronic administrative and management tool for schools.

FINANCIAL INFORMATION ON THE TARGET GROUP

The financial information of the Target Group for the two financial years ended 31 December 2016 and 2017 and for the 3 months ended 31 March 2018 based on its unaudited consolidated management accounts are as follows:

	Year ended 31 December 2016 (unaudited) HK\$'000 (approximately)	Year ended 31 December 2017 (unaudited) HK\$'000 (approximately)	For the 3 months ended 31 March 2018 (unaudited) HK\$'000 (approximately)
Results			
Turnover	12,153	4,543	318
Net loss before taxation	(14,756)	(5,673)	(874)
Net loss after taxation	(14,756)	(5,673)	(874)
	As at 31 December 2016 HK\$'000 (approximately)	As at 31 December 2017 HK\$'000 (approximately)	As at 31 March 2018 HK\$'000 (approximately)
Assets and liabilities			
Total assets	4,428	1,650	3,072
Net liabilities	(23,046)	(30,045)	(31,815)

For illustrative purpose, based on (i) the Target Group with net liabilities as at 31 March 2018 of approximately HK\$31,815,000; (ii) the share of loss by non-controlling interests of the Target Group of approximately HK\$3,182,000; (iii) the waiver of receivable by the Group from the Target Group of approximately HK\$26,356,000; and (iv) the Consideration of HK\$5,000,000, it is estimated that the Group will record a gain of approximately HK\$7,127,000 (before taxation) from the Disposal after deducting the expenses attributable to the Disposal of approximately HK\$150,000. Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognized in the consolidated financial statements of the Company depends on the net liability/net asset value of the Target Group as at the date of Completion and therefore may be different from the amount mentioned above.

REASONS AND BENEFIT FOR THE DISPOSAL

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.

Financial performance of the Target Group had not been meeting expectation of the management. It recorded losses for the recent couple of years despite the fact that the Group had been providing it with working capital with the hope that the Target Group could turn around. As competition becomes more fierce in recent years and the Group is steering away from this educational sector, it is decided that the Group should no longer invest in the Target Group with a hope of its recovery and to realize any resources possible to be used to generate revenue and income from the other more promising sectors.

In this connection, the Board intends to realise the investment in the Target Group rather than devoting further resources to the Target Group which is loss making. It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

Based on the above, the Directors consider that the terms of the Disposal are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction(s) contemplated under the SPA exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall 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 SPA;
“Completion Date”	the date as the Purchaser acquires legal document which prove the lawful validity of its ownership of the Sale Shares for the Target Company;
“Connected Person(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Consideration”	the consideration for the Disposal of HK\$5,000,000 payable by the Purchaser to the Seller in accordance with the terms of the SPA;
“Director(s)”	the director(s) of the Company;
“Disposal”	the proposed disposal of the Sale Shares pursuant to the terms and conditions of the SPA;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and the Connected Person(s) of the Company;
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Madam Wang Jian Mei;
“Sale Shares”	900 issued and fully paid up or credited as fully paid up ordinary shares of US\$1.00 each in the capital of the Target Company, representing 90% of the issued share capital of the Target Company;
“Seller”	The Company;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“SPA”	the sale and purchase agreement dated 25 May 2018 entered into between the Seller and the Purchaser in relation to the Disposal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Pantosoft International Limited, a company incorporated in the British Virgin Islands with limited liability;
“Target Group”	together, the Target Company and the WFOE;
“WFOE”	Shanghai Pantosoft Company Limited (上海鵬達計算機系統開發有限公司), a wholly foreign owned enterprise in the PRC established by the Target Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong SAR;

“US\$” United States dollars, the lawful currency of the United States of America; and

“%” per cent.

By order of the Board
China Information Technology Development Limited
Mr. Wong Kui Shing, Danny
Chairman and Chief Executive Officer

Hong Kong, 25 May 2018

As at the date of this announcement, the Board comprises Mr. Wong Kui Shing, Danny (Chairman and Chief Executive Officer), Mr. Tse Chi Wai, Mr. Takashi Togo, Mr. Wong King Shiu, Daniel and Mr. Chan Kai Leung as executive Directors; Mr. Wong Chi Yung 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 Company Announcement” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.