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CHINA E-INFORMATION TECHNOLOGY GROUP LIMITED

中國網絡信息科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

SUPPLEMENTAL AGREEMENT IN RELATION TO PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Reference is made to the announcement issued by China E-Information Technology Group Limited (the “**Company**”) dated 30 July 2019 (“**Announcement**”) related to the Placing. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

SUPPLEMENTAL AGREEMENT

Pursuant to the Placing Agreement dated 30 July 2019, the Company has appointed the Placing Agent to procure not less than six institutional, corporate or individual investors, who and whose ultimate beneficial owners, will be Independent Third Parties to subscribe for the Convertible Bonds of an aggregate principal amount up to HK\$187,000,000 at the initial Conversion Price of HK\$0.25 on a best effort basis.

On 20 August 2019, the Company and the Placing Agent entered into a supplemental placing agreement (the “**Supplemental Agreement**”) to revise the aggregate principal amount of the Convertible Bonds and to postpone the Long Stop Date.

Revision of the aggregate principal amount of the Convertible Bonds

Pursuant to the Supplemental Agreement, the aggregate principal amount of the Convertible Bonds to be placed by the Placing Agent is revised from up to HK\$187,000,000 to up to HK\$120,000,000.

Based on the revised aggregate principal amount of the Convertible Bonds, assuming the Convertible Bonds are fully placed, upon full conversion of the Convertible Bonds at the initial Conversion Price, the maximum number of Conversion Shares to be issued by the Company will be changed from 748,000,000 Conversion Shares to 480,000,000 Conversion Shares. The aggregate nominal value of the Conversion Shares will be changed from HK\$74,800,000 to HK\$48,000,000.

The Conversion Price of HK\$0.25 represents (i) a premium of approximately 9.64% to the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on 20 August 2019, being the last trading day prior to the date of the Supplemental Agreement; and (ii) a premium of 10.82% to the average closing price of HK\$0.2256 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Supplemental Agreement.

Postponement of Long Stop Date

Pursuant to the Supplemental Agreement, the Long Stop Date is postponed from 20 August 2019 to 10 September 2019 (or such later date as the Placing Agent and the Company may agree).

Save for the aforesaid amendments, all other terms and conditions of the Placing Agreement will remain unchanged.

UPDATE ON THE INTENDED USE OF NET PROCEEDS

Assuming all the Convertible Bonds under the Placing Agreement (as amended by the Supplemental Agreement) have been placed, the gross proceeds and net proceeds of the Placing amount will be revised to HK\$120,000,000 and approximately HK\$117,200,000 respectively, after deducting commission and other related expenses of Placing. The Directors consider that the Placing represents an opportunity for the Company to raise additional funds for business development and to broaden shareholders base of the Company. As the net proceeds from the Placing is reduced, the Company intends to apply the net proceeds (i) as the general working capital of the Group; and (ii) for the development and expansion of the Group's existing businesses, especially (a) the business of the Company's subsidiary Sinzhongyi Consultancy PTE. Ltd. for its establishment of a Chinese medicine health center and training center in Singapore; and (b) the business of the Company's subsidiaries in the PRC.

In view of the above, the Directors consider that the terms of the Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and that the Supplemental Agreement was entered into on normal commercial terms after arm's length negotiations between the parties thereto.

UPDATE ON THE EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares at the initial Conversion Price upon exercise of the conversion rights in full under the Convertible Bonds (assuming the Convertible Bonds are placed at the aggregate principal amount of HK\$120,000,000 to independent third party placees, no further Shares will be issued or repurchased from the date of this announcement to the date of the full conversion of the Convertible Bond) pursuant to the Placing Agreement (as amended by the Supplemental Agreement).

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately after the issue of the Conversion Shares upon full exercise of the Convertible Bonds	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Directors</i>				
Ms. Lin Yan	126,000,000	3.359	126,000,000	2.978
Ms. Wong Hiu Pui	120,000	0.003	120,000	0.003
Ms. Yang Qingchun	536,000	0.014	536,000	0.013
Ms. Lu Xiaowei	1,000,000	0.027	1,000,000	0.024
<i>Substantial Shareholder</i>				
China Shipbuilding Capital Limited	524,952,000	13.994	524,952,000	12.406
<i>Public Shareholders</i>				
– Placees	–	–	480,000,000	11.344
– Others	3,098,689,033	82.603	3,098,689,033	73.232
Total	3,751,297,033	100	4,231,297,033	100

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement (as amended by the Supplemental Agreement). Accordingly, the Placing may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisors.

By order of the Board
China E-Information Technology Group Limited
Yuan Wei
Executive Director

Hong Kong, 20 August 2019

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Yuan Wei, Ms. Zhang Jianxin, Mr. Zheng Zhijing, Ms. Lin Yan and Ms. Wong Hiu Pui; and three independent non-executive Directors, namely Ms. Yang Qingchun, Mr. Tang Jiuda and Ms. Lu Xiaowei.

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 in this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page and the website of the Company at www.irasia.com/listco/hk/chieinfotech/ for at least 7 days from the date of its publication.