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北京發展(香港)有限公司  
BEIJING DEVELOPMENT (HONG KONG) LIMITED

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

(Stock Code: 154)



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: 8178)

## **JOINT ANNOUNCEMENT**

### **DISCLOSEABLE AND CONNECTED TRANSACTION FOR BEIJING DEVELOPMENT (HONG KONG) LIMITED INVOLVING DISPOSAL OF 9.24% OF THE ENTIRE ISSUED SHARE CAPITAL OF CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED**

On 24 June 2008, the Vendor, a wholly-owned subsidiary of Beijing Development has entered into the Disposal Agreement with the Purchaser to dispose of the Sale Shares, representing approximately 9.24% of the entire issued share capital of CIT as at the date of this announcement, at a consideration of HK\$132 million.

The Disposal constitutes a discloseable and connected transaction for Beijing Development under Chapter 14 and Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders. Beijing Development will seek approval from the Independent Shareholders of the Disposal at the EGM. A circular containing, among other things, further information of the Disposal, the letter of advice from the independent financial adviser, the recommendation of the Independent Board Committee and the notice of the EGM will be despatched to the Shareholders as soon as possible.

This announcement is made by CIT pursuant to Rule 17.10 of the GEM Listing Rules, which is or may be a price-sensitive nature.

## **THE DISPOSAL AGREEMENT DATED 24 JUNE 2008**

### **Parties**

Purchaser: the Purchaser

Vendor: the Vendor, a wholly-owned subsidiary of Beijing Development

### **Sale Shares to be disposed by the Vendor**

The Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, being 600 million CIT Shares from the Vendor, representing approximately 9.24% of the entire issued share capital of CIT as at the date of this announcement.

The book value of the 9.24% shareholding in CIT as at 31 December 2007 was approximately HK\$119 million. For the financial years ended 31 December 2006 and 31 December 2007, the net losses before and after taxation attributable to the 9.24% shareholding in CIT was HK\$20.36 million and HK\$20.55 million and the net profits before and after taxation attributable to the 9.24% shareholding in CIT were HK\$1.85 million and HK\$1.48 million, respectively.

### **Consideration for the Sale Shares**

The consideration for the Disposal in the aggregate sum of HK\$132 million (representing HK\$0.22 per Sale Share) was negotiated and determined on an arm's length basis between the parties on normal commercial terms, having taking into account, among other things, the audited consolidated net asset value of CIT attributable to the 9.24% shareholding in CIT as at 31 December 2007 of approximately HK\$119 million, the historical financial performance of CIT, the historical liquidity and trading price of CIT Shares.

The purchase price of HK\$0.22 per Sale Share represents:

- (a) a discount of approximately 13.73% of the closing price of HK\$0.255 per CIT Share as quoted on GEM on 23 June 2008, being the last full trading day prior to the signing of the Disposal Agreement on 24 June 2008;
- (b) a discount of approximately 12.00% of the average closing price of the CIT Shares as quoted on GEM for the last 5 consecutive full trading days prior to the signing of the Disposal Agreement on 24 June 2008, being approximately HK\$0.25 per CIT Share;
- (c) a discount of approximately 12.35% of the average closing price of the CIT Shares as quoted on GEM for the last 10 consecutive full trading days prior to the signing of the Disposal Agreement on 24 June 2008, being approximately HK\$0.251 per CIT Share;
- (d) a discount of approximately 16.71% of the average closing price of the CIT Shares as quoted on GEM for the last 30 consecutive full trading days prior to the signing of the Disposal Agreement on 24 June 2008, being approximately HK\$0.264 per CIT Share;  
and
- (e) a premium of approximately 10.89% over the audited net asset value per CIT Share of HK\$0.198 as at 31 December 2007.

The Directors consider that the discount to be reasonable and believe it would not be practicable for the Group to sell the entire block of the Sale Shares in the market without exerting downward pressure on the share price of CIT Shares. Having considered the above and the gain to be realised by the Group as a result of the Disposal as described below, the Directors (other than the independent non-executive Directors) consider that the consideration and the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole as far as Beijing Development and the Shareholders are concerned.

The consideration for the Disposal, being HK\$132 million, shall be payable in cash by the Purchaser upon the completion of the Disposal.

### **Condition of the Disposal Agreement**

The completion of the Disposal is conditional upon the Independent Shareholders approving the Disposal Agreement and the Disposal at the EGM.

If the condition set out above is not fulfilled on or before 23 August 2008 or such other date as the parties may agree, the Disposal Agreement will cease to be of any further effect and none of the parties of the Disposal Agreement shall have any claims against the other (save for any antecedent breach).

## Completion

Completion of the Disposal will take place within two Business Days after the above condition is fulfilled, or on such other date as the parties may agree. CIT is and will continue to be treated as an associate of Beijing Development before and after the completion of the Disposal.

## SHAREHOLDINGS STRUCTURE OF CIT

The existing shareholding structure of CIT and the shareholding structure of CIT upon completion of the Disposal (assuming there is no change in the issued share capital of CIT) are set out as follows:

	Existing		Shareholding structure upon	
	Shareholding structure		completion of the Disposal	
	<i>Number of CIT Shares</i>	<i>Approximate Shareholdings</i>	<i>Number of CIT Shares</i>	<i>Approximate Shareholdings</i>
The Vendor and parties acting in concert with it (as defined in the Takeovers Code) ( <i>Note 1</i> )	1,895,513,445	29.18%	1,295,513,445	19.94%
Li Kecheng ( <i>Note 2</i> )	1,122,000,000	17.28%	1,122,000,000	17.28%
The Purchaser	–	–	600,000,000	9.24%
Other public Shareholders	3,477,392,923	53.54%	3,477,392,923	53.54%
<b>Total</b>	<b><u>6,494,906,368</u></b>	<b><u>100%</u></b>	<b><u>6,494,906,368</u></b>	<b><u>100%</u></b>

*Note1: The Vendor, together with parties acting in concert with it, are directly wholly-owned by Beijing Development. Accordingly, the CIT Shares in which the Vendor together with parties acting in concert with it is shown to be interested are also the CIT Shares in which Beijing Development is interested.*

*Note2: Mr. Li Kecheng is not a director of CIT and Beijing Development.*

## **INFORMATION ON CIT**

The principal business activities of CIT and its subsidiaries is the development and sale of computer software primarily for large scale applications and provision of related support services to government and major corporate customers in mainland China. The Shares are listed on the GEM. As stated in the annual report of CIT for the year ended 31 December 2007, the audited consolidated net assets value of CIT and its subsidiaries as at 31 December 2007 is approximately HK\$1,289 million. The audited consolidated profit before taxation and after taxation of CIT for the year ended 31 December 2007 were approximately HK\$20 million and HK\$16 million respectively. The audited consolidated loss before taxation and after taxation of CIT for the year ended 31 December 2006 were approximately HK\$220 million and HK\$222 million respectively. The financial statement for the years ended 31 December 2006 and 2007 are audited and prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

## **REASON AND BENEFIT OF THE DISPOSAL**

The principal business activities of the Vendor is investment holding. The principal business activities of the Group is the construction, operation and maintenance of the electronic settlement and clearance platform for infrastructure and public utilities.

The Vendor, a company incorporated in the British Virgin Islands, is a substantial shareholder of CIT. As at the date of this announcement, the Vendor together with parties acting in concert with it (as defined in the Takeovers Code) holds 1,895,513,445 Shares, representing approximately 29.18% of the existing issued share capital of CIT as at the date of this announcement. The Vendor is a wholly-owned subsidiary of Beijing Development.

It is the strategy of Beijing Development to concentrate on its principal activities, to streamline the asset portfolio and reorganise assets so as to deliver optimal value for its Shareholders. The Directors, other than the independent non-executive Directors, considered that the Disposal represents an opportunity to realize a part of its investment in CIT.

The expected gain to be derived from the Disposal will amount to approximately HK\$12.5 million, which represents the net amount of the consideration of the Disposal of approximately HK\$131.5 million and the audited consolidated net asset value of CIT attributable to the 9.24% shareholding in CIT as at 31 December 2007 of approximately HK\$119 million.

The Directors, other than the independent non-executive Directors, consider that the Disposal and the terms of the Disposal Agreement are fair and reasonable and in the interests of Beijing Development and its Shareholders as a whole.

## **USE OF PROCEEDS**

Beijing Development intends to apply the net proceeds from the Disposal as the general working capital of the Group. As at the date of this announcement, there is no negotiation in progress or agreement entered into by the Group, which triggers the disclosure obligation on the part of Beijing Development pursuant to the Listing Rules.

## **GENERAL**

The Purchaser is an executive director and the chief executive officer of CIT, and personally holding 35 million share options of CIT. The Purchaser is also an executive director and the general manager of Beijing Enterprises UniCard Co., Ltd. (北京控股支付卡科技有限公司), a non wholly-owned subsidiary of Beijing Development, and therefore, the Purchaser is a connected person of Beijing Development as defined in the Listing Rules. As such, the Disposal is a connected transaction and also a discloseable transaction of Beijing Development under the Listing Rules, where the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules is more than 5% and less than 25%. Pursuant to Rule 14A.32 of the Listing Rules, the Disposal and the Disposal Agreement is subject to the Independent Shareholders' approval. There is no prior transaction between the Purchaser and the Vendor which would require to be aggregated with the subject transaction pursuant to Rule 14.22 and Rule 14A.25 of the Listing Rules.

A circular containing, among other things, further details of the Disposal, the advice of the independent financial adviser to the Independent Board Committee in relation to the Disposal, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposal, and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

An EGM will be convened for the purpose of approving the Disposal. The Disposal will be subject to Independent Shareholders' approval by way of poll in accordance with Rule 14A.52 of the Listing Rules. As at the date of this announcement, the Purchaser does not have any interests in the shares of Beijing Development. As such, no Shareholders will be required to abstain from voting on the Disposal.

This announcement is made by CIT pursuant to Rule 17.10 of the GEM Listing Rules, which is or may be a price-sensitive nature.

## **DEFINITIONS**

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

“Beijing Development”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in Hong Kong (excluding Saturdays and Sundays)
“CIT”	China Information Technology Development Limited, a company incorporated in the Cayman Islands with limited liability, the CIT Shares are listed on the GEM
“CIT Share(s)”	shares of HK\$0.01 each in the share capital of CIT
“Director(s)”	the directors of Beijing Development
“Disposal”	the disposal of 9.24% of the entire issued share capital of CIT
“Disposal Agreement”	the conditional sale and purchase agreement dated 24 June 2008 made between the Vendor and the Purchaser in relation to the Disposal

“EGM”	the extraordinary general meeting of Beijing Development to be held to approve, inter alia, the Disposal
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	Beijing Development and its subsidiaries
“Independent Board Committee”	an independent board committee of the Board comprises the independent non-executive Directors
“Independent Shareholders”	Shareholders other than the Purchaser and his associates (if any) who have interest in the Disposal and are required to abstain from voting at the EGM
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Mr. Wang Zhenyu, an executive director and the chief executive officer of CIT and also an executive director and the general manager of Beijing Enterprises UniCard Co., Ltd. (北京控股支付卡科技有限公司), a non wholly-owned subsidiary of Beijing Development
“Sale Shares”	an aggregate of 600 million CIT Shares to be disposed by the Vendor pursuant to the Disposal Agreement, representing approximately 9.24% of the entire issued share capital of CIT as at the date of this announcement
“Shareholders”	shareholder(s) of Beijing Development
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers



“Vendor”	Prime Technology Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Beijing Development
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the board of  
**Beijing Development (Hong Kong) Limited**  
**Wong Kwok Wai, Robin**  
*Company Secretary*

By Order of the board of  
**China Information Technology  
Development Limited**  
**Ng Weng Sin**  
*Company Secretary*

Hong Kong, 24 June 2008

*As at the date of this announcement, the executive Directors are Mr. E Meng, Mr. Zhang Honghai, Mr. Li Kangying, Mr. Wang Yong, Mr. Cao Wei and Mr. Ng Kong Fat, Brian, and the independent non-executive Directors are Dr. Jin Lizuo, Dr. Huan Guocang and Dr. Wang Jianping.*

*As at the date of this announcement, the board of CIT comprises Mr. Zhang Honghai (chairman), Mr. Wang Zhenyu (chief executive officer), Dr. Yu Xiaoyang and Mr. Zhang Zhihong as executive directors, Ms. Ma Yuhua, Ms. Liang Yeping and Dr. Zhou Chunsheng as independent non-executive directors.*

*This announcement, for which the directors of CIT 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 CIT. The directors of CIT, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement, other than that relating to the Group, is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement, other than those expressed by the Directors relating to Beijing Development, have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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