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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: 8178)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION OF JOYUNITED INVESTMENTS LIMITED

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

The Board announces that on 18 November 2015 (after trading hours of the Stock Exchange), the Purchaser entered into the Memorandum with the Vendors in relation to the Possible Acquisition.

Pursuant to the terms of the Memorandum, the Purchaser shall pay a refundable deposit of RMB20,000,000 in cash to the Vendors upon signing of the Memorandum. If the Formal Agreement has been entered into between the Purchaser and the Vendors, the refundable deposit of RMB20,000,000 shall be applied as partial payment of the aggregate consideration for the Possible Acquisition in accordance with the terms of the Formal Agreement. In the event that the Possible Acquisition is not completed for whatever reasons, the Vendors shall refund the said deposit in full (without interest) to the Purchaser within 10 working days from the date of termination of the MOU or the date of lapse of the MOU (whichever is earlier).

The Memorandum is non-legally binding in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution of the Formal Agreement. The terms of the Formal Agreement for the Possible Acquisition have yet to be determined and are subject to further negotiations between the Purchaser and the Vendors.

The Board wishes to emphasise that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Vendors and the Purchaser as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialise, it will constitute a notifiable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

Shareholders and investors are urged to exercise caution when dealings in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the GEM Listing Rules as and when appropriate.

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

On 18 November 2015 (after trading hours of the Stock Exchange), the Purchaser entered into the Memorandum with the Vendors in relation to the Possible Acquisition.

MAJOR TERMS OF THE MEMORANDUM

Date: 18 November 2015 (after trading hours)

Parties:
(1) Mr. Yan as first vendor;

(2) Mr. Tang as second vendor;

(3) Mr. Zhang as third vendor; and

(4) Giant Prestige Investments Limited (a wholly owned subsidiary of the Company) as purchaser

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

Asset intended to be acquired

Pursuant to the Memorandum, the Vendors intend to sell and the Purchaser intends to acquire the Sale Shares (representing the entire issued share capital of the Target Company) and the Sale Loan.

Consideration

Pursuant to the Memorandum, the proposed aggregate consideration for the Possible Acquisition shall not be more than RMB200,000,000 which shall be payable by the Purchaser to the Vendors (or their respective nominees) in cash or in such other manners as may be agreed between the Vendors and the Purchaser.

The time of payment, the payment manner and the exact amount shall be subject to further negotiation between the parties to the Memorandum and will be set out in the Formal Agreement.

Refundable deposit

Pursuant to the terms of the Memorandum, the Purchaser shall pay a refundable deposit of RMB20,000,000 in cash to the Vendors upon signing of the Memorandum, of which the refundable deposit will be paid to the Vendors in proportional to their respective shareholdings of the Target Company. If the Formal Agreement has been entered into between the Purchaser and the Vendors, the refundable deposit of RMB20,000,000 shall be applied as partial payment of the aggregate consideration for the Possible Acquisition in accordance with the terms of the Formal Agreement. In the event that the Possible Acquisition is not completed for whatever reasons, the Vendors shall refund the said deposit in full (without interest) to the Purchaser within 10 working days from the date of termination of the MOU or the date of lapse of the MOU (whichever is earlier).

Formal Agreement

The Vendors and the Purchaser shall negotiate in good faith towards the others in ensuring that the Formal Agreement be entered into as soon as possible and in any event, on or before the date falling 90 days from the date of execution of the Memorandum or such later date as the parties thereto may agree.

Conditions precedent of the Possible Acquisition

Completion of the Possible Acquisition is conditional upon:

(a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;

(b) if required, the Shareholders passing at an extraordinary general meeting of an ordinary resolution approving the Formal Agreement and the transactions contemplated thereunder;

(c) the obtaining of a PRC legal opinion (in the form and substance satisfactory to the Purchaser) issued by a PRC legal advisor appointed by the Purchaser on the WFOE (including but not limited to the transactions contemplated under the Formal Agreement and due incorporation and continuance of the WFOE);

(d) the obtaining of the consent and approval from the Mortgagee in relation to the Formal Agreement and the transactions contemplated thereunder; and

(e) any other conditions which may be agreed by the Purchaser and the Vendors and included in the Formal Agreement.

Due diligence

Upon signing of the Memorandum, the Purchaser shall and shall procure that its advisers conduct such review of the assets, liabilities, operations and affairs of the Target Group as it may consider appropriate and the Vendors shall provide and procure the Target Group and its agents to provide such assistance as the Purchaser and its advisers and agents may require in connection with such review.

Exclusivity

The Vendors will not, and will procure the Target Company and its directors, officers, employees, representative and agents will not, directly or indirectly, for the period ended on the date falling 90 days from the date of execution of the Memorandum: (i) solicit, initiate or encourage inquiries or offers from; or (ii) initiate and continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or settlement of intent or understanding with, any person or entity other than the Purchaser with respect to the sale or other disposition of the Sale Shares and the Sale Loan or the sale, subscription, or allotment of any part thereof or any other shares of the Target Company.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is owned as to 60% by the First Vendor, as to 20% by the Second Vendor and as to 20% by the Third Vendor. The principal activity of the Target Company is investment holding.

WFOE is a company established in the PRC with limited liability with a registered and paid up capital of US$13,000,000 and is wholly owned by the Target Company. The business scope of WFOE is assets acquisition, management and consultancy services (other than those that are restricted or prohibited to operate by the State).

WFOE owns the PRC Properties with an aggregate gross floor area of 10,518.74 square meters.

The PRC Properties were mortgaged in favour of the Mortgagee pursuant to a mortgage created by WFOE to secure a loan facility granted to the Target Group. As at the date of this announcement, the outstanding amount of such loan is approximately RMB61,625,000.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

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.

To diversify the business of the Group and open up new income source, the Directors have been considering and exploring various opportunities for different investment projects and to broaden the scope of investment according to the market conditions. The Directors are of the view that the growth of the IT market in the PRC is very rapid as there is a huge market throughout the multiple geographic provinces while the market has a great interest and demand in information technologies. There are huge potential markets in building intelligent cities, safe cities, government projects, real estates and other facilities. Accordingly, the Directors consider it appropriate to acquire office accommodation and premises for existing and future business development to cope with the Group's expansion.

Located at the center of Pearl River Delta with favorable foreign economic relations, Guangzhou as a commercial hub, has relatively lower operating costs than other Chinese major cities like Beijing and Shanghai and serves as a suitable strategic location to link up the Group with the various markets in China, Hong Kong and other parts of the world, like Japan and other ASEAN countries.

Even more, the PRC Properties are office properties with an aggregate gross floor area of 10,518.74 square meters and are located at the catchment area in Tianhe District, Guangzhou, the PRC. The catchment area where the PRC Properties are located at is a high density commercial area with a steady stream of people and is easily accessible by other means of public transport. By entering into the Possible Acquisition, the Group intends to refurbish the PRC Properties and occupy the same as the Group's future headquarters in the PRC to kick off for the new business opportunities and investment projects.

As the Company announced on 13 November 2015, the Company has formed a joint venture with Nihon Unisys, Ltd. with a business objective to promoting and selling the Japanese products (such as groceries, cosmetics and electronic products) and its related business (such as advertising and consulting services and investments) in the PRC, Hong Kong and ASEAN Countries.

The Board considers that the Possible Acquisition will allow the Group to extend its business footprints into the asset acquisition, management and consultancy services industry in the PRC as well as to build business network in the PRC. The Possible Acquisition allows the Company to have a place to tie up the existing and new businesses together and completes the whole strategic business development plan of the Group. In this nurturing ground where different business of the Group will be located, the resources and different knowledge gained from various businesses of the Group can be more efficiently utilized and shared. Together with the experience and knowledge of the Group in the IT field, the Board believes that the Possible Acquisition can help further equip the Company to further expand its existing and future businesses in the PRC and other ASEAN countries.

In consideration of the above, the Directors are of the view that the terms of the Memorandum are fair and reasonable and the Possible Acquisition is in the interests of the Company and Shareholders as a whole.

GENERAL

The Memorandum is non-legally binding in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution of the Formal Agreement. The terms of the Formal Agreement for the Possible Acquisition have yet to be determined and are subject to further negotiations between the Purchaser and the Vendors.

The Board wishes to emphasise that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Vendors and the Purchaser as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialise, it will constitute a notifiable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the GEM Listing Rules as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"ASEAN Countries"	any countries which are members of the Association of Southeast Asia Nations;
"Board"	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;
"connected person(s)"	has the meaning ascribed to it in the GEM Listing Rules;
"Director(s)"	director(s) of the Company;
"First Vendor"	Mr. Yan Wai Ping;
"Formal Agreement"	formal agreement for the sale and purchase of the Sale Shares and the Sale Loan to be entered into between the Vendors and the Purchaser in relation to the Possible Acquisition;
"GEM"	the Growth Enterprise Market 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 People's Republic of China;
"Independent Third Party"	the independent third party who is, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the GEM Listing Rules) of the Company;
"Memorandum"	the memorandum of understanding dated 18 November 2015 and entered into between the Purchaser and the Vendors in relation to the Possible Acquisition;
"Mortgagee"	a bank in the PRC as mortgagee under a mortgage created over the PRC Properties by WFOE;
"Possible Acquisition"	the possible acquisition by the Purchaser of 100% of the issued share capital of the Target Company and the Sale Loan;
"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;
"PRC Properties"	the nine properties situate at No. 123 Lujing Road, Tianhe District, Guangzhou City, the PRC;
"Purchaser"	Giant Prestige Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Company;
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendors on or at any time prior to the completion of the Formal Agreement;
"Sale Shares"	10 issued and fully paid up or credited as fully paid up shares of US$1.00 each in the capital of the Target Company, representing 100% of the issued share capital of the Target Company;
"Second Vendor"	Mr. Tang Chuen Pong;
"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;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Joyunited Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 60% by the First Vendor, as to 20% by the Second Vendor and as to 20% by the Third Vendor;
"Target Group"	the Target Company and WFOE;
"Third Vendor"	Mr. Zhang Rong;
"Vendors"	together the First Vendor, the Second Vendor and the Third Vendor;
"WFOE"	廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited*), a wholly foreign owned enterprise in the PRC established by the Target Company;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"RMB"	Renminbi, the lawful currency of the PRC;
"US$"	United States dollars, the lawful currency of the United States of America; and
"%"	per cent.

* *for identification purpose only*

By order of the Board
China Information Technology Development Limited
Tse Chi Wai
Executive Director and Company Secretary

Hong Kong, 18 November 2015

As at the date of this announcement, the Board comprises Mr. Wong Kui Shing, Danny (Chairman and Chief Executive Officer), Mr. Tse Chi Wai, Ms. Wu Jingjing, Mr. Takashi Togo and Mr. Wong Chi Yung as executive Directors; Mr. Hung Hing Man, Mr. May Tai Keung, Nicholas 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 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 this announcement misleading.

This announcement will be available on the Company's website http://www.chinainfotech.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.