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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)

**MAJOR TRANSACTION IN RELATION TO
THE ACQUISITION OF FURTHER 24% PARTNERSHIP INTEREST
IN THE TARGET PARTNERSHIP**

On 6 June 2014 (after trading hours of the Stock Exchange), the Company and the Vendors entered into the Transfer Agreement, pursuant to which the Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Interest, representing 24% of the partnership interest in the Target Partnership, for the Consideration of RMB28,000,000 (equivalent to approximately HK\$34,796,000).

As at the date of this announcement, the Target Partnership is owned as to 21.45% by the Company, 24% by the Second Vendor and 54.55% by other Independent Third Parties. Immediately after Completion, the Company will own 45.45% of the partnership interest in the Target Partnership.

As the relevant percentage ratio(s) calculated in aggregate pursuant to Rules 19.07 and 19.22 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules.

A circular relating to the Acquisition will be despatched to Shareholders on or before 30 June 2014 to allow sufficient time for the Company to prepare the necessary information to be included in the circular.

As the Acquisition is subject to the conditions precedent set out in the Transfer Agreement being satisfied or waived, as applicable, and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares or any securities of the Company.

INTRODUCTION

Reference is made to the announcement dated 6 September 2013 pursuant to which the Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 21.45% of the partnership interest in the Target Partnership for a consideration of RMB25,000,000 (equivalent to approximately HK\$31,518,000). The said transaction had been completed on 16 April 2014.

The Board is pleased to announced that on 6 June 2014 (after trading hours of the Stock Exchange), the Company and the Vendors entered into the Transfer Agreement, details of which are set out below.

SUMMARY OF THE TERMS OF THE TRANSFER AGREEMENT

Date

6 June 2014

Parties

Vendors: (1) Bloom Faith Holdings Limited, an Independent Third Party
 (2) Shenzhen Qian Ti Investment Limited#, an Independent Third Party

Purchaser: China Information Technology Development Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendors are Independent Third Parties.

Asset to be acquired

Prior to the execution of the Transfer Agreement, the First Vendor and the Second Vendor had entered into an agreement under which it was agreed that the First Vendor would acquire from the Second Vendor certain partnership interest in the Target Partnership. Subject to the terms of the Transfer Agreement, the Company has agreed to acquire, and the Vendors have agreed to sell the Sale Interest, representing 24% of the partnership interest in the Target Partnership, which was originally to be acquired by the First Vendor from the Second Vendor. Immediately after Completion, the Company will own 45.45% of the partnership interest in the Target Partnership and both the First Vendor and the Second Vendor will cease to have any interest in the Target Partnership.

Consideration and Payment Terms

The Consideration is RMB28,000,000 (equivalent to approximately HK\$34,796,000), which was determined after arm's length negotiations between the Company and the Vendors with reference to the unaudited net assets value of the Target Partnership as at 31 December 2013. The transaction contemplated under the Transfer Agreement will be funded by the Group's internal resources.

The Consideration will be payable by the Company as follows:

- (a) HK\$500,000 of deposit to be paid by the Company to the First Vendor within five Business Days upon the signing date of the Transfer Agreement and to be applied towards payment of the Consideration; and
- (b) the balance of the Consideration to be paid by the Company to the First Vendor within five Business Days from the date of Completion.

Conditions precedent

Completion is conditional upon, the following conditions being fulfilled and/or waived by the Company as at the date of Completion:

- (a) the approval by the Shareholders at the EGM of the Acquisition; and
- (b) the nominee of the Company becoming the record holder of the Sale Interest.

Completion

Completion will take place upon the nominee of the Company becoming the record holder of the Sale Interest.

In the event that Completion does not take place on or before 31 December 2014 or such later date as the parties to the Transfer Agreement may agree, the First Vendor will refund to the Company the deposit of HK\$500,000, together with interest accrued thereon at 6% per annum.

INFORMATION ON THE VENDORS AND THE TARGET PARTNERSHIP

The First Vendor is principally engaged in investment holding.

The Second Vendor is principally engaged in investment holding.

The Target Partnership is principally engaged in investments, investments consultancy, investment management and business consultation. The Target Partnership is in the arrangement to acquire approximately 4,500 tonnes of base wine from Gaojiu at approximately RMB35,000 Yuan per ton. The Target Partnership originally had an intention to acquire approximately 7.5% equity interest in Gaojiu. In view of a change in development strategy of Gaojiu in 2014, which the Target Partnership considered high risk, the Target Partnership decided not to proceed with the original plan to become a shareholder of Gaojiu, but to purchase base wine products from Gaojiu instead. The Target Partnership also intends to set up an internet sale platform to directly sell those base wine inventories and branded white liquor products to be made from those base wine inventories, so as to realize the investments through the internet sale platform business.

Financial information of the Target Partnership

The financial information of the Target Partnership for the two years ended 31 December 2013 and 2012 prepared in accordance with the PRC GAAP is set out as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	Approximately	Approximately
	<i>RMB</i>	<i>RMB</i>
	(Unaudited)	(Unaudited)
(Loss)/profit before taxation	(9)	293
(Loss)/profit after taxation	(9)	293
Net assets (as at 31 December)	120,001,353	110,001,347

GENERAL INFORMATION OF THE COMPANY

The Company, together with its subsidiaries, 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.

THE REASONS FOR AND THE BENEFITS OF ENTERING INTO THE AGREEMENT

The Target Partnership is principally engaged in the investments, investment consultancy, investment management and business consultation. The Board believes that the increase in the investments in the Target Partnership by the Group as contemplated under the Transfer Agreement will further enhance the Group's capacity to leverage on the investment experiences, investment resources of the Target Partnership and to share its fruits of investment return in future.

In particular, the Target Partnership has intended to step into the internet sale platform business for base wine inventories and branded white liquor products. The Company believes that it has the relevant IT expertise and experience to contribute to the development of such platform and also to benefit from it in the long run when such platform become an established one for distribution of spirits and/or other commodities on the internet.

The Directors believe that the terms of the Transfer Agreement are on normal commercial terms and the terms of the Transfer Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratio(s) calculated in aggregate pursuant to Rules 19.07 and 19.22 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules.

A circular relating to the Acquisition will be despatched to Shareholders on or before 30 June 2014 to allow sufficient time for the Company to prepare the necessary information to be included in the circular.

As the Acquisition is subject to the conditions precedent set out in the Transfer Agreement being satisfied or waived, as applicable, and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares or any securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest by the Company on terms and conditions set out in the Transfer Agreement
“Board”	the board of Directors
“Business Day”	any day on which banks in Hong Kong are generally open for business
“Company”	China Information Technology Development Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Transfer Agreement
“Consideration”	the consideration payable by the Company to the First Vendor for the Sale Interest
“Directors”	the directors of the Company

“EGM”	the extraordinary general meeting of the Company to be held to consider the ordinary resolution to be proposed to approve the Acquisition and the transaction contemplated under the Transfer Agreement
“First Vendor”	Bloom Faith Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Gaojiu”	四川省宜賓高洲酒業責任有限公司 (Sichuan Yibing Gaozhou Jiuye Limited Company [#]), a company established in the PRC
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	(a) party(ies) who is/are not connected person(s) (as defined in the GEM Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and connected persons (as defined in the GEM Listing Rules) of the Company
“PRC”	the People’s Republic of China
“PRC GAAP”	the generally accepted accounting principles applied in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the 24% partnership interest in the Target Partnership to be purchased by the Company from the Vendors in accordance with the Transfer Agreement
“Second Vendor”	深圳市乾揚投資有限公司 (Shenzhen Qian Ti Investment Limited [#]), a company established in the PRC

“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Partnership”	上海瑞鴻九坊投資合夥企業 (Shanghai Rui Hung Jiu Fong Investment Partnership Enterprise [#]), a limited partnership established in the PRC
“Transfer Agreement”	the transfer agreement dated 6 June 2014 entered into between the Company and the Vendors in relation to the Acquisition
“Vendors”	the First Vendor and the Second Vendor
“%”	per cent

The English names of the PRC entities mentioned in this announcement marked “#” are translations from their respective Chinese names. If there is any inconsistency, the Chinese name shall prevail.

By order of the Board
China Information Technology Development Limited
Hu Zhuoer
Executive Director and Chief Executive Officer

Hong Kong, 6 June 2014

As at the date of this announcement, the Board comprises Mr. Hu Zhuoer (Chief Executive Officer) and Mr. Tse Chi Wai as Executive Directors; Mr. Ng Kwok Fai, Dr. Sun Guofu and Mr. Chen Zhongfa 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.