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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)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE POSSIBLE ACQUISITION OF
NOT MORE THAN 51% OF ISSUED SHARE CAPITAL OF
POLAR IMAGINATION LIMITED**

This announcement is made by the Board pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

The Board announces that on 29 November 2017 (after trading hours), the Company, as purchaser, entered into the non-legally binding MOU with the Vendor in relation to the Possible Acquisition.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company. Moreover, the Possible Acquisition will be subject to certain conditions precedent which may not be able to be fulfilled or waived. 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 the event that any Formal Agreement has been signed.

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The Board announces that on 29 November 2017 (after trading hours), the Company, as purchaser, entered into the non-legally binding MOU with the Vendor in relation to the Possible Acquisition.

Date: 29 November 2017 (after trading hours)

Parties:

The Purchaser: The Company, as the proposed purchaser

The Vendor: Digital Avatar Holdings Limited

Mr. Wong Ka Ching (“**Mr. Wong**”), the ultimate beneficial owner of the Vendor, is a business consultant of the Company. As at the date of this announcement, Mr. Wong (i) was beneficially interested in 121,105,000 Shares (representing approximately 2.12% of the total issued share capital of the Company); and (ii) held 30,000,000 share options (the “**Options**”) under the share option scheme adopted by the Company pursuant to the approval by an ordinary resolution passed by the shareholders of the Company on 2 August 2012, which are convertible into 30,000,000 Shares upon its full conversion. Thus, Mr. Wong was interested in, in aggregate, 151,105,000 Shares assuming the Options are exercised in full (representing approximately 2.63% of the total issued share capital of the Company as enlarged by the full conversion of the 30,000,000 Options).

Save as disclosed above, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Major terms of the MOU

Assets to be acquired

Under the MOU, the Company intends to acquire and the Vendor intends to dispose of the Sale Shares, representing not more than 51% of the issued share capital of the Target Company as at the date of this announcement.

The Target Company and its subsidiaries are principally engaged in operation of the online tournament platform for eSport, including the domain and website and/or trademark namely MTGamer and game advertising.

Consideration

The consideration for the Possible Acquisition will be subject to further negotiation between the parties to the MOU and is expected to be satisfied by the Company in cash.

In the event that the Formal Agreement is not entered into among the Company (or its other subsidiary designated by the Company) and the Vendor within three months from the date of the MOU or such other date as the parties may agree, the MOU shall lapse and none of the parties shall have any obligations towards each other (save for any antecedent breach).

Exclusivity and binding effect

It is also agreed that the Vendor shall not within three months from the date of the MOU (or such later date as the parties shall agree) negotiate with any party (other than the Company) for the Possible Acquisition.

Save for the provisions relating to the exclusive negotiation right, cost, confidentiality and governing laws and jurisdiction, the MOU does not have any legal binding effect and the MOU does not constitute any legally-binding commitment in respect of the Possible Acquisition. The consummation of the Possible Acquisition is subject to the execution and completion of the Formal Agreement.

Due diligence review

After the signing of the MOU, the Company (and its agents and/or advisers) shall be entitled to access and review the matters (including but not limited to legal, financial and technical group) of the Target Group and on the Sale Shares (the “**Due Diligence Review**”). The Vendor shall, and shall procure its agents to, provide reasonable assistance in this respect.

Conditions precedent

It is intended that the Possible Acquisition will be conditional upon, including but not limited to, the satisfaction of the following conditions precedent:

- (i) the Company being satisfied with the results of the Due Diligence Review;
- (ii) if necessary, the passing by the Shareholders at the extraordinary general meeting of the Company to be convened and held of an ordinary resolution to approve the Formal Agreement and the transactions contemplated thereunder;
- (iii) the warranties given by the Vendor under the Formal Agreement remaining true, accurate and complete in all material respect and not misleading, and there does not exist any matter, fact or circumstance which constitutes, or may constitute a breach thereof or affect the status of the Vendor or, the Target Company;
- (iv) the Company being satisfied that there is no material adverse change on the financial or trading position, business or property, results of the operations of any members of the Target Group from the date of the Formal Agreement; and
- (v) all necessary consents and approvals required to be obtained on the part of the Company and the Vendor in respect of the transactions contemplated under the Formal Agreement having been obtained.

Detailed terms and conditions of the Possible Acquisition will be subject to further negotiation between the parties thereto and the entering into of the Formal Agreement.

Formal agreement

The Company and the Vendor shall proceed to the negotiation for a legally-binding Formal Agreement on or before the date falling within three months from the date of the MOU (or such later date as the parties thereto shall agree), failing which the MOU shall lapse.

If the Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules as and when appropriate.

REASONS FOR THE POSSIBLE ACQUISITION

The principal business of the Group comprises (i) development and sale of computer software and hardware; (ii) the provision of system integration and related support services; (iii) provision of IT infrastructure solutions and maintenance services; and (iv) money lending and securities trading.

With the brand name of MTGamer (“**MTGamer**”), the Target Group principally engages in the provision and operation of online tournament platform for eSports, as well as the domain and social media (including Wechat and Facebook etc.) providing latest information relating to eSports and game advertising. MTGamer is one of the pioneers in the eSports industry in Hong Kong. It has the first professional eSports stadium of over 3,000 sq. ft., located at the center of east Kowloon and equipped with world-class sound insulation rooms and professional effects specialized for eSports scenarios. More than that, MTGamer is the leading eSports host and organizer in Hong Kong and Macau which has hosted the most tournaments in both places. It had been the organizer of eSports campaigns for various renowned and most-played eSports games including League of Legends and Hearthstones and attracted flocks of online and offline participants and viewers in these events. MTGamer also operates social media platforms including Facebook and Wechat grabbing hold of the visitors not only in Hong Kong but reaches a vast number of users in China and even in other parts of the world.

eSports will be an official medal sports at the 2022 Asian Games which convinces the Board of its rising popularity and recognition in the world. As a matter of fact, global number of eSports enthusiasts has rocketed from 89 million in 2014 to 145 million in 2017. The eSports revenue growth continues to accelerate more than double from US\$194 million in 2014 to US\$465 million in 2017. Together with the pledge of support from the Hong Kong government who organized the eSports & Music Festival in August 2017, the Directors are of the view that the Possible Acquisition can allow the Company to step into this emerging business and grab hold of the valuable opportunities to utilize its knowledge and technologies in its existing business for upstream and downstream development in its eSports industrial chain, creating synergy effect to the development of the existing business of the Company. With abundant of excellent players using the platform of MTGamer, we can utilize the big data and other technologies and knowledge from the existing business of the Company, and understand the consumption patterns and latest trends in the eSports industry better so that MTGamer can continue to have a competitive edge and to pioneer the eSports industry in Hong Kong by catering to palate of the players with the latest news and games. The existing businesses, on the other hand, can benefit by keeping itself update with market trend. The Directors believe that the Possible Acquisition shall provide opportunities to the Company to broaden its business portfolio so as to improve the Group’s financial status in the long term.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may constitute a notifiable transaction on the part of the Company. Moreover, the Possible Acquisition will be subject to certain conditions precedent which may not be able to be fulfilled or waived. 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 the event that any Formal Agreement has been signed.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Information Technology Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM (stock code: 8178)
“connected person”	has the meanings as ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“GEM”	the Growth Enterprise Market
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	parties independent of the connected persons of the Company and their associates

“MOU”	the memorandum of understanding dated 29 November 2017 entered into between the Company and the Vendor setting out preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Company of the Sale Shares from the Vendors
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	such number of ordinary shares in the share capital of the Target Company, representing not more than 51% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Polar Imagination Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Digital Avatar Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Wong
“%”	per cent.

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

Hong Kong, 29 November 2017

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. Wong King Shiu, Daniel, Mr. Chan Kai Leung, Ms. Wu Jingjing and Mr. Takashi Togo as executive Directors; Mr. Wong Chi Yung as non-executive Director; Mr. Hung Hing Man, Mr. Wong Hoi Kuen, 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.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.