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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made by China E-Information Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) of The Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The Board (the “**Board**”) of Directors (the “**Directors**”) of the Company is pleased to announce that after trading hours of the Stock Exchange on 8 December 2020, the Company entered into a memorandum of understanding (the “**MOU**”) with five vendors (the “**Vendors**”), including Shanghai Kunyi Investment Management Co., Ltd.* (上海坤翼投資管理有限公司), Shenzhen Longhui Fund Management Co., Ltd.* (深圳隆徽基金管理有限公司), Suzhou Huaxin Sunda Lichuang Investment Enterprise (L.P.)* (蘇州華信善達力創投資企業(有限合伙)), Ningbo Meishan Free Trade Port Zone Jiayi Equity Investment Fund Partnership Enterprise (L.P.)* (寧波梅山保稅港區佳益股權投資基金合伙企業(有限合伙)) and Wuhu Huarong Purun Investment Center (L.P.)* (蕪湖華融普潤投資中心(有限合伙)). Pursuant to the MOU, the Company intends to acquire, and the Vendors intend to dispose part or all of the issued share capital of a company incorporated in the PRC (the “**Target Company**”) (the “**Possible Acquisition**”). The Target Company is principally engaged in meeting the application needs of government transparency, government services and smart cities through major cooperation with various local broadcasting medium, and developing official platforms for various government-led supports and promotion work in the PRC.

Principal Terms of the MOU

Date: 8 December 2020 (after trading hours)

Parties

- (i) The Company; and
- (ii) the Vendors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Consideration

The number of share equity and consideration for the Possible Acquisition and the manner of payment shall be further negotiated between the Company and the Vendors and be determined in the Formal Agreement (as defined below).

Due diligence review

Pursuant to the MOU, the Company may conduct due diligence review on, including but without limitation, the financial, legal evaluation and other aspects of the Target Company upon signing of the MOU. The Vendors are obliged to use their best endeavours to procure the Target Company and its agent to provide such assistance and information as is necessary for the Company to complete its due diligence review on the Target Company.

Exclusivity

During a 120 days period after the date of execution of the MOU (the "**Exclusivity Period**"), the Company will have exclusive right to negotiate with the Vendors in relation to the terms of the Proposed Acquisition. During the Exclusivity Period, the Vendors shall not directly or indirectly negotiate or agree with any other party with respect to the disposal of the Target Company or any of its businesses.

Formal Agreement

The Company and the Vendors shall use their best endeavours to procure a legally binding formal agreement in relation to the Possible Acquisition (the "**Formal Agreement**") within the Exclusivity Period. The Company has the right to nominate one of its subsidiaries as the purchaser to enter into the Formal Agreement.

Termination

The MOU will be terminated at the earlier of:

- (i) the expiry of the Exclusivity Period; or
- (ii) the date of execution of the Formal Agreement; or
- (iii) the termination of negotiation proposed by the Company to the Vendors in writing.

Binding effect

Save for the provisions relating to exclusivity, confidentiality, binding effect, governing law and jurisdiction, the MOU does not constitute a legally binding agreement on the parties to the MOU.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

The Group is principally engaged in the provision of a broader internet platform for e-learning. The Company has decided to enter into the Memorandum of Cooperation with the Vendors with a view to maximizing return to the Company and its shareholders in the long run. The Possible Acquisition, when materialized, will expand the Group's e-learning coverage and strengthen the positive cash flow and earnings for the Group in the long run.

GENERAL

As at the date of this announcement, the terms and conditions of the Possible Acquisition are still being negotiated and no legally binding agreement has been entered into. The Possible Acquisition, if materialised, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.

Shareholders and other investors of the Company should note that the Possible Acquisition may or may not proceed and are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 8 December 2020

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Yuan Wei, Ms. Zhang Jianxin, Mr. Zheng Zhijing, Ms. Lin Yan, Ms. Wong Hiu Pui and Mr. Lin Ruiping; 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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 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.