THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Information Technology Development Limited, you should at once hand this circular to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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 AND CONNECTED TRANSACTION

Financial adviser to the Company

TANRICH
TANRICH CAPITAL LIMITED
敦沛融資有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

ALTUS CAPITAL LIMITED

A notice convening an extraordinary general meeting of China Information Technology Development Limited to be held at Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong on Friday, 11 January 2013 at 11:00 a.m. is set out on pages 37 to 38 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Whether or not you are able to attend the extraordinary general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

21 December 2012

CONTENTS

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

RESPONSIBILITY STATEMENT

This circular, 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:

1. the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and

2. there are no other matters the omission of which would make any statement in this circular or this document misleading.

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

"Astoria"	Astoria Innovations Limited, a company incorporated with limited liability in the British Virgin Islands and a 68% owned subsidiary of the Company. It is an investment holding company
"associate(s)"	has the meaning ascribed to it in the GEM Listing Rules
"Beijing Enterprises Group Company Limited"	Beijing Enterprises Group Company Limited（北京控股集團有限公司）, a company incorporated in the PRC and is wholly-owned by the Government of Beijing Municipality
"Board"	the board of Directors
"Business Day(s)"	a day (other than Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed 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 the Growth Enterprise Market of the Stock Exchange
"Completion"	completion of the Disposal in accordance with the terms and conditions of the S&P Agreement
"connected person(s)"	has the meaning ascribed to it in the GEM Listing Rules
"Directors"	directors of the Company
"Disposal"	the disposal of the 68% equity interests in Astoria as contemplated under the S&P Agreement
"EGM"	the extraordinary general meeting of the Company to be held to consider the ordinary resolution to be proposed to approve the Disposal and the transactions contemplated under the S&P Agreement
"GEM"	the Growth Enterprise Market of the Stock Exchange

"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent board committee, comprising all of the independent non-executive Directors, namely Mr. Ng Kwok Fai, Dr. Sun Guofu and Mr. Chen Zhongfa, formed to advise the Independent Shareholders in respect of the Disposal and the transactions contemplated under the S&P Agreement
"Independent Shareholders"	shareholders of the Company other than those who have been involved in or are interested in the Disposal and the transactions contemplated under the S&P Agreement
"Independent Financial Adviser"	Altus Capital Limited, a corporation licensed to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal and the transactions contemplated under the S&P Agreement
"Latest Practicable Date"	18 December 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"PRC"	the People's Republic of China
"QIFA"	QIFA Holding Limited, a company incorporated in British Virgin Islands with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"S&P Agreement"	the sale and purchase agreement dated 15 November 2012 entered into between the Company and QIFA relating to the Disposal

"Sale Share"	680 shares of US$1.00 of Astoria, representing 68% of the issued share capital of Astoria
"Sanxing"	Beijing Enterprises Sanxing Information Technology Co., Ltd.
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuer"	中環松德(北京)資產評估有限公司, an independent professional valuer
"%"	per cent.

For the purpose of this circular, the exchange rate of HK$1.00 = RMB0.8033 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and does not constitute representations that any amount in RMB in HK$ has been, could have been or may be converted at such rate.

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)

Executive Directors:
Mr. Hu Zhuoer *(Chief Executive Officer)*
Mr. Tse Chi Wai

Independent non-executive Directors:
Mr. Ng Kwok Fai
Dr. Sun Guofu
Mr. Chen Zhongfa

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KYI-1111
Cayman Islands

Principal place of business in Hong Kong:
Suite No. 5A, 9/F.,
Sino Plaza
255-257 Gloucester Road
Hong Kong

21 December 2012

To the Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 15 November 2012 in relation to the Disposal. It was announced that the Company entered into the S&P Agreement with QIFA, pursuant to which the Company has conditionally agreed to sell and QIFA has conditionally agreed to purchase the Sale Share, representing 68% of the issued share capital of Astoria, for a consideration of RMB50 million (equivalent to approximately HK$62.24 million).

The purpose of this circular is to provide with (i) further information on the Disposal and the transactions contemplated under the S&P Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM.

THE S&P AGREEMENT

Date 15 November 2012 (after the trading hours)

Parties the Company as the vendor; and

QIFA as the purchaser

Subject of the transaction

Subject to the fulfillment of conditions precedent and to the terms and conditions set out in the S&P Agreement, the Company will dispose and QIFA will acquire the Sale Share, being 68% of the issued share capital of Astoria held by the Company.

Consideration

The consideration for the Disposal was determined after arm's length negotiation between the Company and QIFA, The consideration is payable to the Company within ten Business Days after the date of Completion, is RMB50 million (equivalent to approximately HK$62.24 million) and will be satisfied entirely in cash.

The consideration for the Disposal was determined taking into account, among others,

(i) the unaudited consolidated net asset value of Astoria as at 30 September 2012 of approximately HK$61.12 million and the net asset attributable to the Sale Share amounted to approximately HK$41.56 million;

(ii) the asset value of Sanxing as at 30 September 2012 is valued of approximately RMB51.06 million and the Valuer considered the asset based approach to be adopted in the valuation report on the basis that there is an open risk that Sanxing may not obtain the relevant qualification by 31 December 2012 and Sanxing's business activities may be affected;

(iii) Astoria has a payable to the Company of approximately HK$3 million; and

(iv) certain management evaluations on the potential impact arising from the loss of Sanxing's one major customer in relation to the development, operation and maintenance of Beijing Mobile Population and Rental Housing Management Information Platform（北京市流動人口和出租房屋管理信息平台）as Sanxing would not be able to obtain "Confidential Computer Information System Integration Qualification Certificate"《涉及國家秘密的計算機信息系統集成資質證書》by 31 December 2012 in the view that Sanxing is currently a foreign-invested enterprise. For the years ended 31 December 2010 and 2011 and the nine months ended 30 September 2012, the revenue contributed by this relevant major customer amounted to approximately HK$32.85 million, HK$11.16 million, HK$10.03 million representing approximately 46.94%, 23.44% and 31.89% of the total revenue of Sanxing respectively. Relative to the Group's revenue, the contribution is also substantial where such revenue amounted to approximately 27.75%, 12.35% and 18.44% respectively during those periods. In terms of gross profit, the aforesaid platform contributed to approximately 43.89%, 41.72% and 56.38% of Sanxing's gross profit for the years ended 31 December 2010 and 2011 and nine months ended 30 September 2012 respectively.

Based on the asset valuation report on Sanxing as at 30 September 2012 prepared by the Valuer, the Valuer has adopted the asset based approach as the assessment of the valuation on the basis that there is an open risk that Sanxing may not obtain the relevant qualification by 31 December 2012 and Sanxing's business activities may be affected. The asset valuation of Sanxing is determined on the assumptions that (a) Sanxing will be able to continue its current business operations; (b) there will be no material change to Sanxing's existing business scope and strategy; (c) the assets under valuation will continue to be employed under the existing circumstances; and (d) there will be no material change in Sanxing's accounting policies.

Under the asset based approach, the Valuer has arrived at the fair value of Sanxing by deducting the fair value of liabilities of Sanxing from the fair value of various assets of Sanxing. The Valuer estimated the fair value based on the book value of assets/liabilities other than the fixed assets. The fixed assets comprise of equipments and vehicles. The Valuer considered a slight increase in the fair value of the vehicles than its book value as the market value of the vehicles in normal usage is higher than the book value of the vehicles after depreciation. The Valuer estimated a slight decrease in the fair value of the equipments as the life span of such equipments is short. Under the asset based approach, the fair value of the total assets and total liabilities of Sanxing is approximately RMB61.64 million and RMB10.58 million respectively and the fair value of Sanxing as at 30 September 2012 is valued at approximately RMB51.06 million.

Conditions Precedent

Completion will be conditional upon the fulfillment of the following conditions:

(i) the Company should, within twenty Business Days commencing from the date when the S&P Agreement is signed, to assist QIFA to complete assets count on Astoria and its subsidiary, Sanxing, and to obtain realistic results thereon;

(ii) the result of assets count should be in line with the unaudited financial statements of Astoria and Sanxing as at 30 September 2012; and

(iii) the obtaining of approval from the Independent Shareholders by way of poll at the EGM.

None of the above conditions precedent can be waived by either the Company or QIFA.

As at the Latest Practicable Date, conditions (i) and (ii) have been completely fulfilled.

Completion

Completion shall take place within four Business Days after the fulfillment of the conditions referred to above or such later date as may be agreed between the Company and QIFA and in any event no later than three months following the EGM (or such later date as the relevant parties may agree in writing).

INFORMATION ON ASTORIA

Astoria is an investment holding company incorporated in the British Virgin Islands with limited liability and has an authorised share capital of 50,000 shares of US$1.00 each, with 680 shares issued and beneficially owned by the Company and 320 shares issued and beneficially owned by certain management personnel of Sanxing. The underlying assets of Astoria are the 100% equity interests in Sanxing. Sanxing is a 68% indirectly owned subsidiary of the Company. Sanxing is a hardware developer and software service provider which its principal businesses include (i) the sale of hardware equipments; (ii) application software development; (iii) system integration; and (iv) system maintenance.

The unaudited consolidated financial information of Astoria for the years ended on 31 December 2011 and 2010 and the nine months ended 30 September 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards, are summarised as follows: –

	For the nine months ended 30 September 2012	**For the year ended 31 December 2011**	**For the year ended 31 December 2010**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	31,459	47,597	69,984
Profit/(loss) before tax	1,417	(2,504)	20,064
Profit/(loss) for the period/year	1,146	(4,446)	17,147

	As at 30 September 2012	**As at 31 December 2011**	**As at 31 December 2010**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Non-current assets	2,859	3,519	3,811
Current assets	78,691	92,546	83,472
Current liabilities	20,433	36,307	25,574
Net assets	61,117	59,758	61,709

INFORMATION ON THE GROUP

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.

The audited financial information of the Group for each of the two years ended 31 December 2011 and the unaudited financial results for the nine months ended 30 September 2012 are summarised as follows:

	For the nine months ended 30 September 2012	**For the year ended 31 December 2011**	**For the year ended 31 December 2010**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)
Revenue	54,402	90,337	118,374
Loss before tax	15,485	28,242	12,136
Loss for the period/year	16,473	2,822	26,531

	As at 31 December 2011	**As at 31 December 2010**
	HK$'000	*HK$'000*
	(audited)	(audited)
Non-current assets	43,818	48,700
Current assets	196,313	221,803
Current liabilities	132,382	76,432
Non-current liabilities	–	80,253
Net assets	107,749	113,818

INFORMATION ON QIFA

QIFA is an investment holding company incorporated in British Virgin Islands with limited liability. It is an indirectly controlled wholly-owned subsidiary of Beijing Enterprises Group Company Limited, a substantial Shareholder indirectly holding 21.10% interest of the Company, as at the Latest Practicable Date. Therefore, QIFA is a connected person under the definition of the relevant GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The wholly-owned subsidiary of Astoria, Sanxing is currently engaged in the development, operation and maintenance of Beijing Mobile Population and Rental Housing Management Information Platform which involved confidential information. This project contributes the majority of Sanxing's revenue and has been a major source of profits. Recently the PRC State Government has been imposing increasingly stricter requirements for the qualification management of confidential information projects, requiring that suppliers of such information system services must attain accreditation from the security work department and obtain a "Confidential Computer Information System Integration Qualification Certificate"《涉及國家秘密的計算機信息系統集成資質證書》in order to be engaged for businesses associated with confidential computer systems under the "Confidential Computer System Integration Qualification Management Approach"《涉密計算機系統集成資質管理辦法》. However, these qualifications are obtainable by domestic enterprises established in the PRC only. As a foreign-invested enterprise, Sanxing is not able to obtain such qualifications. If such issue remains unresolved, Sanxing's aforesaid principal activities may be interrupted, and its other business may shrink accordingly.

In July 2012, Sanxing was informed that Beijing Mobile Population and Rental Housing Management Information Platform will be transferred to become under the management of Beijing Municipal Public Security Bureau（北京市公安局）commencing 2013. In the event that Sanxing cannot obtain the relevant qualifications on or before 1 January 2013, the existing service contracts for the development, operation and maintenance of Beijing Mobile Population and Rental Housing Management Information Platform, which are not expired, would not be interrupted; however, no new contracts can be obtained from the relevant customer for the development, operation and maintenance of this platform in 2013. As the fixed costs of the operations of Sanxing will remain substantially the same, the loss of business of the aforesaid platform will adversely affect the profitability of Sanxing. Service provider to the Platform is then required to be a domestic enterprise established in the PRC so as to possess the required confidential information system integration qualification.

QIFA is an indirectly controlled wholly-owned subsidiary of Beijing Enterprises Group Company Limited. Upon completion of the Disposal, Sanxing will be transformed into a domestic enterprise and will apply for relevant qualifications in order to continue the aforesaid business. Those requirements have had no effect on the remaining operations of the Group subsequent to the Disposal. As Sanxing faces imminent risk of business interruption and shrinkage from a permanent loss of a major revenue and profit contributor, the Group may realize possible gain from the Disposal and avoid foreseeable worse outcome. In light of this, the Directors consider that the Disposal contemplated under the S&P Agreement is on normal commercial terms and the terms of the S&P Agreement, which are determined after arm's length negotiations between the Company and QIFA, are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE TRANSACTION

Based on the unaudited consolidated financial statements of Astroia for the nine months ended 30 September 2012, prepared in accordance with the Hong Kong Financial Reporting Standards, the consolidated net asset value of Astoria as at 30 September 2012 was approximately HK$61.12 million and the net asset attributable to the Sale Share was approximately HK$41.56 million. Upon Completion, it is estimated that an realised gain of approximately HK$1.34 million will be recorded. The estimated possible gain from the Disposal of approximately HK$1.34 million, which is calculated by reference to the difference between the consideration of the Disposal of approximately HK$62.24 million and the sum of (i) the net asset value attributable to the Sale Share of approximately HK$41.56 million; (ii) the goodwill derecorgnised on the Disposal of approximately HK$19 million; and (iii) the estimated transaction expenses of approximately HK$0.34 million. As both Astoria and Sanxing will cease to be subsidiaries of the Group upon Completion, the total assets and liabilities of these subsidiaries will be removed from the Group.

Assuming the Disposal has been completed on 30 September 2012, the assets and liabilities of the Group would decrease by approximately HK$37.21 million and HK$12.34 million respectively arising from the deconsolidation and the net proceeds from the Disposal. The Group's performance for the nine months ended 30 September 2012 would increase by approximately HK$0.19 million, which is mainly attributable to (a) the inclusion of estimated gain of approximately HK$1.34 million from the Disposal; and (b) the exclusion of the profit attributable from Astoria for the nine months ended 30 September 2012 of approximately HK$1.15 million, assuming the Disposal has been completed on 1 January 2012.

USE OF PROCEEDS

It is the intention of the Company that the net sale proceeds arising from the Disposal will be used to acquire new businesses, including but not limited to information technology business in the PRC and other business if and when suitable opportunities arise, and for general working capital purposes. As at the Latest Practicable Date, no potential acquisition or investment target has been identified by the management of the Group.

LISTING RULES IMPLICATIONS

QIFA is an indirectly controlled wholly-owned subsidiary of Beijing Enterprises Group Company Limited, a substantial Shareholder holding 21.10% interest of the Company as at the Latest Practicable Date and therefore QIFA is a connected person of the Company under the GEM Listing Rules. The applicable percentage ratios calculated in accordance with Rule 19.08 of the GEM Listing Rules are more than 25% but less than 75%. The Disposal constitutes a major transaction and a connected transaction for the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules. In accordance with the GEM Listing Rules, Beijing Enterprises Group Company Limited and its associates shall abstain from voting at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement. None of the Directors has a material interest in the Disposal and the transactions under the S&P Agreement or was required to abstain from voting on the Board resolutions for considering and approving the same.

EGM

Set out in this circular is a notice convening the EGM which will be held at Suite 5A, 9/F., 255-257 Gloucester Road, Hong Kong on Friday, 11 January 2013 at 11:00 a.m. at which resolution(s) will be proposed to approve, among other things, the Disposal and the transactions contemplated under the S&P Agreement.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

In accordance with the requirements of the GEM Listing Rules, the vote in respect of the ordinary resolutions to approve the Disposal and the transactions contemplated under the S&P Agreement at the EGM shall be conducted by way of poll. An announcement will be made by the Company following the conclusion of the EGM to inform you of the results of the EGM.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 14 to 15 of the circular and the letter from Independent Financial Adviser on pages 16 to 28 of this circular which contains their advice to the Independent Board Committee and the Independent Shareholders regarding the Disposal and the transactions contemplated under the S&P Agreement as well as the principal factors and reasons taken into consideration in arriving at their advice.

Having noted and considered the reasons stated under the section captioned "Reasons for and benefits of the Disposal", the Directors (including the independent non-executive Directors whose views have been set out in this circular on pages 14 to 15 after taking into account of the advice of the Independent Financial Adviser) considered that the Disposal and the transactions contemplated under the S&P Agreement are on normal commercial terms, and the terms of the S&P Agreement and the transactions contemplated thereunder, which were determined after arm's length negotiations between the Company and QIFA, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution to approve the Disposal and the transactions contemplated under the S&P Agreement.

GENERAL

Your attention is drawn to the additional information contained in the appendices to this circular and the notice of the EGM.

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

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)

21 December 2012

To the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to advise you in connection with the Disposal and the transactions contemplated under the S&P Agreement. Details of which are set out in the "Letter from the Board" contained in a circular dated 21 December 2012 to the Shareholders (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meaning as those defined in the Circular unless the context requires otherwise.

Altus Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the Disposal and the transactions contemplated under the S&P Agreement are on normal commercial terms; and (ii) the terms of the Disposal and the S&P Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 16 to 28 of the Circular.

Your attention is also drawn to the "Letter from the Board" set out on pages 4 to 13 of the Circular and the additional information set out in the appendices to the Circular.

Having considered the terms of the S&P Agreement and the advice of the Independent Financial Adviser, we are of the opinion that (i) the Disposal and the S&P Agreement are on normal commercial terms; and (ii) the terms of the Disposal and the S&P Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolution to be proposed at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement.

Yours faithfully,
For and on behalf of
Independent Board Committee of
China Information Technology Development Limited

Mr. NG Kwok Fai	**Dr. SUN Guofu**	**Mr. CHEN Zhongfa**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal which has been prepared for the purpose of incorporation in this circular.

ALTUS CAPITAL LIMITED
8/F Hong Kong Diamond Exchange Building
8 Duddell Street, Central
Hong Kong

21 December 2012

To the Independent Board Committee and the Independent Shareholders
China Information Technology Development Limited
Suite No. 5A, 9/F., Sino Plaza
255-257 Gloucester Road
Hong Kong

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the transactions contemplated under the S&P Agreement. Details of the transaction are set out in the "Letter from the Board" contained in the circular of the Company dated 21 December 2012 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meaning as those defined in the Circular unless the context requires otherwise.

On 15 November 2012, the Company announced that it had entered into the S&P Agreement with QIFA, pursuant to which the Company has conditionally agreed to dispose and QIFA has conditionally agreed to acquire the Sale Share, being 68% of the issued share capital of Astoria held by the Company, at a consideration of RMB50 million (equivalent to approximately HK$62.24 million).

QIFA is an indirectly controlled wholly-owned subsidiary of Beijing Enterprises Group Company Limited ("**Beijing Enterprises**"), which is a substantial Shareholder indirectly holding 21.10% interest of the Company as at the Latest Practicable Date. Therefore, QIFA is a connected person of the Company under Rule 20.11 of the GEM Listing Rules. The applicable percentage ratios calculated in accordance with Rule 19.08 of the GEM Listing Rules are more than 25% but less than 75%. Consequently, the Disposal, if materialised, would constitute a major and connected transaction for the Company and subject to the approval of Independent Shareholders at the EGM.

As at the Latest Practicable Date, QIFA did not hold any Shares. As QIFA is an indirectly controlled wholly-owned subsidiary of Beijing Enterprises, Beijing Enterprises is considered to be interested in the Disposal. Accordingly, Beijing Enterprises and its associates (holding 21.10% interest of the Company as at the Latest Practicable Date) shall abstain from voting on the resolution to approve the Disposal and the transactions contemplated under the S&P Agreement at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ng Kwok Fai, Dr. Sun Guofu and Mr. Chen Zhongfa, has been established to give advice and recommendation to the Independent Shareholders as to whether the Disposal is fair and reasonable so far as the Independent Shareholders are concerned, and whether it is in the interests of the Company and the Shareholders as a whole.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Disposal is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the S&P Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the proposed resolution relating to the Disposal and the transactions contemplated under the S&P Agreement at the EGM.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Disposal, we have taken into consideration the following principal factors:

1. Background information of the Group and Astoria

(a) The Group

(i) Principal business

The principal activity of the Company is investment holding. As at the Latest Practicable Date, 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.

(ii) Suspension and resumption of trading

Following the Company's request to suspend trading in the Shares on 29 January 2009, the Company announced on 6 February 2009 that the Group's auditors have identified an unusual transaction data recorded in the revenue recording systems of the Mingsuo Internet Platform in the course of auditing the consolidated financial statements of the Company for the year ended 31 December 2008 (the "**Matter**"). The Mingsuo Internet Platform was operated by Huayuan Run Tong (Beijing) Sci-Tech Co. Ltd ("**Run Tong**"), which was acquired by the Company on 29 May 2007.

A special committee consisting of only the then independent non-executive directors (the "**Special Committee**") was established on 29 January 2009, who in February 2009 engaged Ernst & Young Advisory Services Limited ("**EY**") to investigate into the Matter. In May 2009, EY reported its findings on the Matter to the Special Committee, details of which are set out in the Company's announcement dated 19 May 2009. The operation of the Mingsuo Internet Platform was suspended and eventually ceased in June 2009. EY was engaged from December 2009 onwards to review and assess the Company's corporate governance and internal control systems.

In May 2010, the Special Committee issued its report regarding the Matter to the Board, summary of the issues identified in such report are set out below:

(1) the unusual transactions and doubtful sales were attributable to the Mingsuo Internet Platform and certain software development business of Run Tong and its subsidiaries (the "**Run Tong Group**");

(2) irregularities of revenue-recognition method for Run Tong Group's income generated;

(3) ineffective financial reporting system of Run Tong Group; and

(4) deficiencies in the Group's corporate governance and internal control system.

The Special Committee concluded that the reasons which led to the Matter were mainly (i) the Group's deficiencies in its corporate governance and internal control systems; and (ii) the misconducts of certain former Directors and certain senior management of the Run Tong Group. The Group has since taken remedial actions to rectify the above issues, details of which are set out in the Company's announcement dated 15 March 2012.

On 15 March 2012, the Company announced that as at 8 March 2012, it has satisfied and fulfilled the following resumption conditions imposed by the Stock Exchange on 11 May 2009:

(1) Demonstrated that the market is properly informed of all material information related to the incident relating to the unusual transaction data including results of the investigation by the Special Committee, and its implications to the Group's operations and financial position.

(2) Taken remedial steps to address issues identified in the investigation by the Special Committee.

(3) Published all outstanding financial results required under the GEM Listing Rules and address any concerns that may be raised by the auditors through qualification of their audit report.

(4) Demonstrated that the Company has put in place adequate financial reporting system and internal control procedures to enable it to meet its obligations under the GEM Listing Rules.

Trading in the Shares has resumed since 19 March 2012.

(iii) Historical financial information

Set out below is a summary of the audited financial information of the Group for each of the two years ended 31 December 2010 and 2011 and the unaudited results for the six months ended 30 June 2011 and 2012 as extracted from the Group's respective annual and interim reports. For more details, please refer to the section headed "Financial information of the Group" set out in Appendix I to the Circular.

	For the year ended 31 December		**For the six months ended 30 June**	
	2010	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	118,374	90,337	34,249	28,246
Loss attributable to owners of the Company	29,189	1,284	11,902	14,510

	As at 31 December		**As at 30 June**	
	2010	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Cash and cash equivalents	134,826	133,821	109,810	143,269
Net assets	113,818	107,749	105,361	118,392
Gearing ratio *(Note)*	0.69	0.75	0.76	0.69

Source: Company's 2010 and 2011 annual reports and 2011 and 2012 interim reports.

Note: The gearing ratio was measured on the basis of total borrowings divided by total equity.

For the year ended 31 December 2011

As described in the table above, the Group recorded revenue from its continuing operations of approximately HK$90.3 million for the year ended 31 December 2011, representing a decrease of approximately 23.7% from the preceding financial year. According to the Company's annual report for the year ended 31 December 2011 ("**2011 Annual Report**"), the decrease in revenue was mainly due to the fact that there was a relatively large phase of a multi-year project executed in year 2010 which did not recur in year 2011. Nevertheless, loss attributable to owners of the Company amounted to approximately HK$1.3 million for the year ended 31 December 2011 as compared with that of approximately HK$29.2 million for the year ended 31 December 2010.

According to the 2011 Annual Report, the Group's aggregated borrowings amounted to approximately HK$81.1 million as at 31 December 2011, implying an increase of approximately 3.4% from the preceding financial year. The gearing ratio of the Group (measured on the basis of total borrowings divided by total equity) as stated in the 2011 annual report, increased from 0.69 as at 31 December 2010 to 0.75 as at 31 December 2011.

For the six months ended 30 June 2012

The table above shows that the Group recorded revenue of approximately HK$28.2 million for the six months ended 30 June 2012, a decrease of approximately 17.5% from the corresponding period in the preceding year. According to the Company's interim report for the six months ended 30 June 2012 ("**2012 Interim Report**"), such fall was mainly attributable to a decrease in revenue from provision of system integration projects and software development projects as well as a reduction in revenue from provision of maintenance services during the six months ended 30 June 2012. Loss attributable to owners of the Company amounted to approximately HK$14.5 million for the six months ended 30 June 2012 as compared with that of approximately HK$11.9 million for the corresponding period in 2011.

According to the 2012 Interim Report, the Group had outstanding long term loans amounted to approximately HK$82.3 million as at 30 June 2012. The gearing ratio of the Group as stated in the 2012 Interim Report, decreased from 0.76 as at 30 June 2011 to 0.69 as at 30 June 2012.

(b) Astoria

(i) Principal business

Astoria is principally engaged in investment holding, its underlying assets are the 100% equity interests in Sanxing. Sanxing is a hardware developer and software service provider which its principal businesses include (i) the sale of hardware equipment; (ii) application software development; (iii) system integration; and (iv) system maintenance.

(ii) Historical financial information

	For the year ended 31 December		**For the six months ended 30 June**	
	2010	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	69,984	47,597	9,464	13,791
Profit/(loss) for the year/period	17,147	(4,446)	6,946	(263)

	As at 31 December		**As at 30 June**	
	2010	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash and cash equivalents	48,157	62,497	37,305	57,967
Net assets	61,709	59,758	56,302	60,351

Source: Astoria's management accounts for the years ended 31 December 2010 and 2011 and for the six months ended 30 June 2011 and 2012.

As shown in the table above, Astoria is a key contributor to the Group's revenue contributing over 50% of the Group's revenue for the year ended 31 December 2011 and approximately 48.8% of its revenue for the six months ended 30 June 2012. In particular, one of its major revenue source is its engagement for the development, operation and maintenance of Beijing Human Resources Market Information Platform（北京市人力資源市場信息平台）and Beijing Mobile Population and Rental Housing Management Information Platform（北京市流動人口和出租房屋管理信息平台）. These two projects in aggregate accounted for approximately 46.94%, 35.93% and 75.71% of Astoria's revenue for the years ended 31 December 2010 and 2011 and nine months ended 30 September 2012 respectively.

2. Reasons for the Disposal

In July 2012, Sanxing (which is currently engaged in the development, operation and maintenance of Beijing Mobile Population and Rental Housing Management Information Platform, and such platform involved confidential information) was informed by the relevant authorities that the Beijing Mobile Population and Rental Housing Management Information Platform will be transferred under the management of Beijing Municipal Public Security Bureau（北京市公安局）commencing in 2013. As a result, such information platform will be classified as a confidential computer system and accordingly, be subject to the provisions set out in the "Confidential Computer System Integration Qualification Management Approach"（《涉密計算機系統集成資質管理辦法》）. Under the "Confidential Computer System Integration Qualification Management Approach", an entity must attain accreditation from the security work department and obtain a "Confidential Computer Information System Integration Qualification Certificate"（《涉及國家秘密的計算機信息系統集成資質證書》）in order to be engaged for businesses associated with confidential computer systems. Moreover, such certificate can only be obtained by PRC domestic companies with a provision explicitly prohibiting foreign-owned enterprises, joint ventures and Sino-foreign cooperative enterprises to be engaged for any businesses relating to confidential computer systems.

The Directors have advised us that in relation to the abovementioned transfer, the Company had communications with the relevant authorities over the past few months, who indicated that if Sanxing cannot obtain the relevant qualification on or before 1 January 2013, while the existing service contracts for the development, operation and maintenance of Beijing Mobile Population and Rental Housing Management Information Platform will not expire nor be interrupted; no new service contracts can however be undertaken thereafter. Such discontinuation of service contracts is regarded as a permanent loss of revenue and profit source for the Company. It is therefore in the interests of the Company and the Shareholders as a whole to dispose of Astoria before the existing service contracts expire in order to avoid the possibility of having to dispose of Astoria at a discounted value when the existing service contracts of Sanxing have expired. In view of this imminent threat of business interruption, the Company therefore needs to identify purchasers as soon as possible while the existing service contracts are ongoing. In this respect, the Company has proposed the Disposal, the completion of which would allow

Sanxing to be transformed from a wholly owned foreign enterprise to a PRC domestic enterprise and apply for the relevant qualification so as to continue providing the aforesaid services to the Beijing Municipal Government. The Directors has confirmed to us that the abovementioned qualification requirements will have no effect on the remaining operations of the Group subsequent to the Disposal.

As the Group will experience business shrinkage regardless of the Disposal, seeing that if Astoria and Sanxing remain within the Group, Sanxing will not be able to undertake any new service contracts to provide technical support services for the Beijing Mobile Population and Rental Housing Management Information Platform from 1 January 2013 onwards, the Directors believe that it is preferable to dispose of its interests in Astoria and Sanxing and employ the cash proceeds for acquisition of new businesses which may bring in future economic benefit or in the absence of suitable acquisition or investment target, serve as additional general working capital and thereby strengthen the Company's working capital position. As at the Latest Practicable Date, no potential acquisition or investment target has been identified by the management of the Group.

3. The S&P Agreement

To assess the fairness and reasonableness of the Disposal, we have considered the following key terms of the S&P Agreement, namely, the consideration, its basis of determination and payment method as well as the use of proceeds should the Disposal materialise.

The consideration of RMB50 million (equivalent to approximately HK$62.24 million) will be payable to the Company within 10 working days after the date of Completion. The consideration will be satisfied entirely in cash. The Directors have advised that the consideration for the disposal was determined after arm's length negotiations between the Company and QIFA.

In arriving at the consideration of RMB50 million (equivalent to approximately HK$62.24 million), the Directors have taken into account the unaudited consolidated net asset of Astoria of approximately HK$61.12 million from its management account as at 30 September 2012, of which inter-company liabilities amounted to approximately HK$3.14 million and undistributed retained profit amounted to approximately RMB33.18 million (equivalent to approximately HK$41.56 million).

Since Astoria encountered losses for the year ended 31 December 2011 and continued to record losses for the six months ended 30 June 2012, we believe referencing the consideration to net asset value of Astoria is fair and reasonable. Further, as the business that generates a substantial portion of its revenue cannot continue whether the Disposal materialise or not, we concur with the Directors' view that from the salvage point of view, using net asset value of Astoria as at 30 September 2012 as a basis in deriving the consideration is justifiable.

We understand that the Directors have also made reference to the independent valuation of Sanxing prepared by the Valuer. The valuation was determined by reference to the historical financial information of Sanxing (for example, cash position and ageing of accounts receivable as at 30 September 2012).

The fair value of Sanxing of approximately RMB51.06 million (the Company's share of 68% being approximately RMB34.72 million) (as described in the "Letter from the Board") is derived using the asset-based approach on the basis that there is an open risk that Sanxing may not obtain the relevant qualification by 31 December 2012 and Sanxing's business activities may be affected. We have discussed with the Valuer about its methodology and assumptions and given the abovementioned circumstances, we believe the assumptions made by the Valuer are fair and reasonable. As a reference, the consideration of RMB50 million is above the Valuer's asset-based approach (approximately RMB34.72 million). Despite the fact that the Directors have made reference to the valuation report provided by the Valuer, we have not relied on the valuation report in forming our recommendation.

The Directors, when arriving at the consideration, have also taken into account, (i) the limited time available to identify other potential purchasers; (ii) that the consideration will be settled entirely in cash, which can be deployed for other business and/or to strengthen its cash resources for repayment of its long term borrowings expect to due by 2015; and (iii) that QIFA will bear the risk of delay in the transfer of Sanxing from a wholly owned foreign enterprise to a PRC domestic enterprise and/or a delay in Sanxing obtaining the relevant qualification to beyond 31 December 2012. Based on the above, the Directors are of the view that the consideration is fair and reasonable on balance.

Given that the consideration of RMB50 million (equivalent to approximately HK$62.24 million) represents a premium to the net assets attributable to the Sale Share as at 30 September 2012 of approximately HK$41.56 million, we concur with the view of the Directors that the Disposal contemplated under the S&P Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

4. Possible financial effects

(a) Revenue and earnings

The Company has estimated that, upon Completion, a gain of approximately HK$1.34 million as a result of the Disposal will be recognised directly in assets and will not be recognised in the profit and loss accounts. Such a gain is estimated based on the difference between the consideration of approximately HK$62.24 million and the sum of (i) net asset value of the Sale Share as at 30 September 2012 of approximately HK$41.56 million; (ii) goodwill of approximately HK$19.00 million; and (iii) estimated transaction expenses of approximately HK$0.34 million. Upon Completion, both Astoria and Sanxing will cease to be subsidiaries of the Group and accordingly discontinue their revenue and profit contributions to the Group. As shown in the section headed "Background information of the Group and Astoria" above, Astoria contributed over 50% of the Group's revenue for the year ended 31 December 2011 and approximately 48.8% for the six months ended 30 June 2012. As such, upon Completion, revenue of the Group is likely to reduce substantially for the year ending 31 December 2012.

Nevertheless, should Astoria and Sanxing remain as part of the Group, their revenue contribution would also reduce significantly, as Sanxing will not be able to undertake any new service contracts to provide technical support services of the Beijing Mobile Population and Rental Housing Management Information Platform from 1 January 2013 onwards. Revenue of the aforesaid platform contributed to approximately 46.94%, 23.44% and 31.89% of Sanxing's revenue for the years ended 31 December 2010 and 2011 and nine months ended 30 September 2012 respectively. In terms of gross profit, the aforesaid platform contributed to approximately 43.89%, 41.72% and 56.38% of Sanxing's gross profit for the years ended 31 December 2010, 31 December 2011 and nine months ended 30 September 2012 respectively. As the fixed costs of the operations of Sanxing will remain substantially the same, the loss of business of the aforesaid platform will adversely affect the profitability of Sanxing.

Relative to the Group's revenue, the revenue contribution of the aforesaid platform is also substantial where such revenue amounted to approximately 27.75%, 12.35% and 18.44% respectively during those periods. Meanwhile, we understand that a like-for-like comparison of the gross profit contribution of the aforesaid platform to Sanxing and to the Group is not meaningful as the Group has other operating segments which have different cost components.

We are of the view that such percentage loss in revenue and profit contribution is significant to Sanxing, and since Sanxing through Astoria is one of the major subsidiaries of the Company, we are of the view that the percentage loss of revenue and profit contribution is significant to the Group. In particular, it is a permanent loss of revenue and profit contributor as the Group can no longer undertake contracts relating to the aforesaid platform or those of similar qualification requirements in the future. Unless another revenue contributor surfaces from 1 January 2013 onwards, future revenue and profit will likely reduce irrespective of the Disposal.

(b) Assets and liabilities

Based on the information set out in the section headed "Financial effect of the Transaction" in the "Letter from the Board", upon Completion, the assets and liabilities of the Group would decrease by approximately HK$37.21 million and HK$12.34 million respectively arising from the deconsolidation and the net proceeds from the Disposal. As both Astoria and Sanxing will cease to be subsidiaries of the Group upon Completion, the total assets and liabilities of these subsidiaries will be removed from the Group.

(c) Cash resources

As noted from the 2011 Annual Report, the Group had cash and cash equivalents of approximately HK$133.82 million as at 31 December 2011. According to the 2012 Interim Report, the Group had cash and cash equivalents of approximately HK$143.27 million as at 30 June 2012.

Net proceeds from the Disposal receivable by the Company is estimated at approximately HK$61.90 million. Meanwhile, the Disposal would also result in the deconsolidation and exclusion of Astoria and Sanxing's combined cash balance of approximately HK$57.97 million based on the management account of Astoria as at 30 June 2012. Therefore, upon Completion, the cash position of the Company is likely to improve by such net amount.

(d) Gearing ratio

According to the Company's 2011 Annual Report and 2012 Interim Report, the gearing ratio of the Company, calculated based on total borrowings divided by total equity, was approximately 0.75 and 0.69 respectively. Based on the enhanced cash position to be expected upon Completion, the Company's gearing ratio is likely to improve as a result of the Disposal. Should the Directors employ the proceeds from the Disposal for early repayment of the Group's existing interest-bearing long term loans of approximately HK$31.97 million, the gearing ratio may further improve.

In summary there will be a net gain of HK$1.34 million recognized directly in the Company's assets and the overall cash position of the Company will also improve. Therefore, we are of the view that the overall potential financial effects of the Disposal would potentially improve the financial position of the Company and is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the S&P Agreement are normal commercial terms and derived after arm's length negotiations between the Group and QIFA and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal, which is in the ordinary and usual course of business of the Company, is in the interests of the Company and the Shareholders as whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement.

Yours faithfully
For and on behalf of
Altus Capital Limited

Arnold Ip	**Chang Sean Pey**
Executive Director	*Executive Director*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2009, 2010 and 2011 are disclosed in the annual reports of the Company for the years ended 31 December 2009, 2010 and 2011 respectively. These annual reports are published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.chinainfotech.com.hk).

2. INDEBTEDNESS

At the close of business on 30 November 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$31.97 million which are unsecured and not guaranteed. As at 30 November 2012, the Group had no contingent liability.

Save as aforesaid or as otherwise disclosed herein, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantees at the close of business of 30 November 2012.

The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 30 November 2012.

3. MATERIAL ADVERSE CHANGE

The Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited accounts of the Company were made up to.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations and net proceeds from the Disposal, the Group will have sufficient working capital to satisfy its present requirements that is, for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon completion of the Disposal, the Group will continue to focus on the development of information technology related services in the PRC. The remaining operations of the Group mainly include Beijing Enterprises VST Software Technology Co. Ltd.("VST") and Shanghai Pantosoft Company Ltd.("Pantsoft").

VST, located in Zhongguancun Science and Technology Park in Beijing, is principally engaged in the provision of system integration and related services including system set up, system upgrading, and long-term maintenance to the systems in social insurance and land resources of the relevant authorities of the Beijing Municipal Government. For the years ended 31 December 2010 and 2011, and for the nine months ended 30 September 2012, VST contributed a revenue of approximately HK$28.29 million, HK$30.80 million and HK$17.73 million representing approximately 23.9%, 34.1% and 32.6% to the Group's total revenue, respectively. The revenue from key income drivers, namely, provision of integrated information services to Beijing social insurances and Beijing state owned land resources are currently expected to increase by fifteen percent year on year for 2013.

Pantosoft, located in Shanghai Pudong, is principally engaged in the development of educational software as well as digital education campus in the PRC. For the years ended 31 December 2010 and 2011, and for the nine months ended 30 September 2012, Pantosoft contributed a revenue of approximately HK$14.03 million, HK$10.56 million and HK$5.66 million representing approximately 11.9%, 11.7% and 10.4% to the Group's total revenue, respectively. Recently, Pantosoft has developed a new product, e-campus（數字化校園）, which will be launched in 2013 and is expected to increase the revenue contribution to the Group.

The Directors are aware that subsequent to the Disposal, total revenue of the Group may shrink in 2013. Nonetheless, the remaining operations of the Group will not be adversely affected by the Disposal and they are expected to grow organically and to maintain financially healthy. The Group will strive to expand its operation scale and proactively seek for investment opportunities to utilise the proceeds to acquire businesses with good potentials so as to strengthen the operations of the Group. Therefore, the Directors are of the opinion that the Disposal will not have a material adverse impact to the Group taken as a whole.

1. DISCLOSURE OF INTERESTS

(a) Interest of Directors and chief executives of the Company

Directors' interests and short positions in shares and underlying Shares

As at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified by the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, of each person, other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital:

Long positions in ordinary shares of the Company:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Beijing Development (Hong Kong) Limited	*(i)*	Through controlled corporations	189,551,344	21.10%
Beijing Enterprises Holdings Limited	*(ii)*	Through controlled corporations	189,551,344	21.10%
Beijing Enterprises Group Company Limited	*(iii)*	Through controlled corporations	189,551,344	21.10%
Carford Holdings Limited		Directly beneficially Owned	64,700,000	7.20%
Getwin Investment Limited		Directly beneficially Owned	10,156,000	1.13%
Mr. Xia Xiaoman	*(iv)*	Through controlled corporations	74,856,000	8.33%

Notes:

(i) Beijing Development (Hong Kong) Limited was deemed to be interested in the 189,551,344 shares by virtue of its controlling interests in its wholly owned subsidiaries, Prime Technology Group Limited and E-Tron Limited.

(ii) Beijing Enterprises Holdings Limited was deemed to be interested in the 189,551,344 shares by virtue of its controlling interests in Beijing Development (Hong Kong) Limited.

(iii) Beijing Enterprises Group Company Limited was deemed to be interested in the 189,551,344 shares by virtue of its controlling interests in Beijing Enterprises Investments Limited and Beijing Enterprises Holdings Limited.

(iv) Mr. Xia Xiaoman was deemed to be interested in the 74,856,000 shares by virtue of his controlling interests in Carford Holdings Limited and Getwin Investment Limited.

Save as disclosed above, as at the Latest Practicable Date, there was no other person so far as is known to the Directors and the chief executive of the Company, other than a Director or chief executive of the Company has an interest or a short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

2. MATERIAL LITIGATION

As at the Latest Practicable Date, so far as known to the Directors, there is no litigation, arbitration or claim of material importance in which the Company is engaged or pending or threatened against the Company.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

4. MATERIAL CONTRACTS

During the two years immediately preceding the date of this circular, the following contracts, not being contracts entered into in the ordinary course of business, have been entered by the Company and are or may be material:

(a) the sale and purchase agreement dated 30 June 2011 entered into between Proud Stars Limited, a wholly-owned subsidiary of the Company, and Ka Yip International Investment Limited, in respect of the disposal of the entire issued share capital of Full Trump International Limited for at a cash consideration of RMB100,000 and adjusted by certain contingent considerations and consolidated net operating result of Full Trump International Limited and its subsidiaries for the period from 1 January 2011 to the completion date of transaction;

(b) the placing agreement dated 8 June 2012 entered into between the Company and United Simsen Securities Limited, in respect of the placing of 1,000,000,000 new Shares at HK$0.027 per Share;

(c) the placing agreement dated 25 September 2012 entered into between the Company and Kingston Securities Limited, in respect of the placing of 149,000,000 new Shares at HK$0.18 per Share; and

(d) the S&P Agreement.

5. INTEREST IN ASSETS OR CONTRACTS

(a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company since 31 December 2011, being the date to which the latest published audited accounts of the Company were made up.

(b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Company.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interest in business which competed or were likely, either directly or indirectly, with the business of the Group.

7. MISCELLANEOUS

(a) The registered office of the Company is at Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KYI-1111 Cayman Islands.

(b) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited 17th Floor, Hopewell Centre183 Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Mr. Tse Chi Wai, who is a member of the Hong Kong Institute of Certified Public Accountants.

(d) The English Text of this circular shall prevail over the Chinese text in the case of inconsistency.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this circular:

Name	**Qualification**
Altus Capital Limited	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities under the SFO.

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

The letter and advice given by Altus Capital Limited is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Altus Capital Limited does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Altus Capital Limited does not have any direct or indirect interest in any assets which have been, since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rule. The duties of the audit committee include supervising the financial reporting procedure and reviewing the financial statements of the Group, examining and monitoring the internal control system adopted by the Group and reviewing the relevant work of the Group's external auditor. The audit committee comprises of three independent non-executive directors, namely Mr. Ng Kwok Fai (committee chairman), Dr. Sun Guofu and Mr. Chen Zhongfa. Further details of their qualification and experience are as follows:

Mr. Ng Kwok Fai, aged 40, has extensive experience in the financial market of Hong Kong and the PRC and is mainly responsible for providing advices to various types of clients including private and institutional investors, Hong Kong listed companies and PRC enterprises in a comprehensive approach. He has originated and handled numerous corporate transactions throughout the Asia-Pacific region, including securities dealing, investment portfolio management and accounting and financial advisory. Mr. Ng's insight in these areas, along with his substantial experience in international business development, assisted the management of the clients in its oversight of their companies' businesses. He also has in-depth knowledge in due diligence review and internal control advisory which provides him with expertise of corporate governance. Mr. Ng is a member of American Institute of Certified Public Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a member of The Hong Kong Institute of Chartered Secretaries, and a member of the Institute of Chartered Secretaries and Administrators. He is also an executive director and the chairman of Pacific Plywood Holdings Limited, a company listed on the Stock Exchange. Mr. Ng joined the Group on 13 May 2011.

Dr. SUN Guofu, aged 43, graduated from Shanxi Mining Institute（山西礦業學院）in 1991 and obtained a bachelor's degree in engineering. He obtained a master's degree in engineering from Beijing Institute of Technology in 1997 and a doctor's degree in engineering from Tsinghua University in 2001. He worked at Shanxi Mining Institute and Communication Equipment Company（通訊設備公司）and was vice president of Founder Technology Group Corp. He is currently the general manager of the technology management department of Peking University Founder Group Company Limited, vice chairman of the China Communications Industry Association, a standing member of the China Electronic Chamber of Commerce and a member of the China Computer Users Association. Dr. Sun has extensive experience in management and research & development.

Mr. Chen Zhongfa, aged 62, has extensive experience in enterprise management. During March 1995 to June 2001, Mr. Chen had been the vice general manager and general manager of Shanghai Tourism Investment and Development Group Company in the PRC. From July 2001 to March 2010, Mr. Chen served as the chief economist, CFO, a director and the vice general manager of China Landed Property Development Group Company in the PRC. Since April 2011, Mr. Chen is the vice chairman of the China Commerce Association for Senior Citizens. He is also currently a senior consultant to the Chinese Overseas Students Development Fund. Mr. Chen obtained a master degree in International Enterprise Management from the Post Graduate School of the Shanghai Finance and Economic University in 1999. Since February 2009, Mr. Chen is a Fellow Member, Chartered Financial Practitioner of the Asia Pacific Financial Services Association. He is also an independent non-executive director of Carry Wealth Holdings Limited, a company listed on the Stock Exchange. Mr. Chen joined the Group on 15 August 2011.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (Saturdays and public holidays excepted) at Suite No. 5A, 9/F., Sino Plaza, 255- 257 Gloucester Road, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Group for the years ended 31 December 2009, 2010 and 2011;

(c) the material contracts as referred to in the section headed "Material contracts" in this appendix;

(d) the letter from the Independent Board Committee as set out on pages 14 to 15 of this circular;

(e) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent shareholders as set out on pages 16 to 28 of this circular;

(f) the written consent as referred to in the section headed "Qualification and consent of expert" in this appendix; and

(g) this circular.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Information Technology Development (the "**Company**") will be held at Suite No. 5A, 9/F., Sino Plaza, 255- 257 Gloucester Road, Hong Kong on Friday, 11 January 2013 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution(s) with or without amendments as ordinary resolutions of the Company:

ORDINARY RESOLUTION

"THAT

(a) the sale and purchase agreement dated 15 November 2012 (the "S&P Agreement") entered into between the Company as vendor, and QIFA Holding Limited as purchaser in relation to the disposal of the 68% issued share capital of Astoria Innovations Limited at a consideration of RMB50 million and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

(b) the directors of the Company be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary, desirable or expedient to give effect to the execution of the S&P Agreement."

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

Hong Kong, 21 December 2012

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's principal place of business in Hong Kong at Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.

4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. The voting on the resolution will be conducted by way of poll.