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 IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF WISDOM ELITE HOLDLINGS LIMITED

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

Nuada Limited
Corporate Finance Advisory

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, 19 September 2014 at 11:00 a.m. is set out on pages 36 to 37 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.

28 August 2014

CONTENTS

Page

CHARACTERISTICS OF GEM

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.

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

"associate(s)"	has the meaning ascribed to it in the GEM Listing Rules
"BEGCL"	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
"BEGIL"	Beijing Enterprises Group Information Limited (北控集團信息有限公司), a company incorporated in the British Virgin Islands with limited liability
"Board"	the board of Directors
"Business Day(s)"	a day (other than a 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"	the 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"	the directors of the Company
"Disposal"	the disposal of the 100% entire issued share capital of Wisdom Elite 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 S&P Agreement and the transactions contemplated under therein
"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 BEGIL (including its ultimate beneficial owner), Mr. Yan Qing and their respective associates
"Independent Financial Adviser"	Nuada Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity 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"	25 August 2014, 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
"RMB"	Renminbi, the lawful currency of the PRC
"S&P Agreement"	the sale and purchase agreement dated 10 July 2014 entered into between the Company and BEGIL relating to the Disposal

"Sale Share"	100 shares of US$1.00 each of Wisdom Elite, representing 100% of the entire issued share capital of Wisdom Elite
"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)"	person(s) whose name(s) appear in the register of member(s) of the Company as the holder(s) of the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"VST"	Beijing Enterprises VST Software Technology Co., Limited (北京北控偉仕軟件工程技術有限公司), a company registered with limited liability in the PRC and a 100% owned subsidiary of Wisdom Elite
"Wisdom Elite"	Wisdom Elite Holdings Limited, a company incorporated with limited liability in the British Virgin Islands and a 100% owned subsidiary of the Company
"%"	per cent

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

For the purpose of this circular, the exchange rate of HK$1.00 = RMB0.791 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and does not constitute representations that any amount in RMB in HK$ 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

28 August 2014

To the Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF WISDOM ELITE HOLDINGS LIMITED

INTRODUCTION

Reference is made to the announcement of the Company dated 10 July 2014 in relation to the Disposal. It was announced that the Company entered into the S&P Agreement with BEGIL, pursuant to which the Company has conditionally agreed to sell and BEGIL has conditionally agreed to purchase the Sale Share, representing 100% of the issued share capital of Wisdom Elite, for a consideration of RMB71.91 million (equivalent to approximately HK$89.26 million).

The purpose of this circular is to provide with (i) further information of 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 10 July 2014 (after the trading hours)

Parties the Company as the vendor; and

BEGIL 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 BEGIL will acquire the Sale Share, being 100% of the issued share capital of Wisdom Elite held by the Company.

Consideration

The consideration for the Disposal comprises a cash element of RMB69 million (equivalent to HK$85.65 million) and a gain from waiver of loan balances amounted to approximately HK$3.61 million (equivalent to RMB2.91 million). Hence the total consideration is RMB71.91 million (equivalent to HK$89.26 million). The cash element will be payable to the Company within ten Business Days after the date of Completion. The gain from waiver of loan balances will be booked upon Completion.

The Consideration was determined after arm's length negotiation between the Company and BEGIL, with reference to the following factors:

(i) the unaudited consolidated net asset value of Wisdom Elite of approximately HK$77 million as at 31 May 2014;

(ii) the attributable goodwill of approximately HK$12 million;

(iii) the historical financial position and performance of Wisdom Elite for the year ended 31 December 2012, 31 December 2013 and the five months ended 31 May 2014, which indicated that its revenue was in a decreasing trend and its consolidated net loss reported for the five months ended 31 May 2014; and

(iv) the future prospects of VST was adversely affected by the requirement set by the PRC Government which stipulated that information technology service providers to government authorities have to be domestic enterprises.

Having considered the factors described in the paragraph headed "REASONS FOR AND BENEFITS OF THE DISPOSAL", the Directors (other than the members of the Independent Board Committee who will express their view in the circular issued by the Company after having received advice from the Independent Financial Adviser) are of the view that the terms of the S&P Agreement including the amount and payment term of the consideration are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

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

(a) BEGIL being reasonably satisfied with the results of the financial due diligence review on the assets of Wisdom Elite and VST, which is to be conducted within twenty Business Days commencing from the signing of the S&P Agreement;

(b) the results of the financial due diligence review on the assets of Wisdom Elite and VST should be in line with the unaudited financial statements of Wisdom Elite and VST as at 30 June 2014; and

(c) the obtaining of approval from the Independent Shareholders for the S&P Agreement and the transactions contemplated thereunder by way of poll at the EGM.

None of the above listed conditions are waivable.

As at the Latest Practicable Date, the above conditions (a) and (b) had been fulfilled.

Completion

Completion shall take place on a day within ten Business Days after the fulfillment or waiver of the conditions referred (or such later date as the relevant parties may agree in writing).

INFORMATION ON WISDOM ELITE

Wisdom Elite is an investment holding company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company. Wisdom Elite directly holds the entire registered capital of VST. VST is engaged in the development, operation and maintenance of e-government systems of 北京市人力資源和社會保障局 (Beijing Human Resources and Social Security Bureau[#]) and 北京市國土資源局 (Beijing Municipal Bureau of Land and Resources[#]).

The unaudited consolidated financial information of Wisdom Elite for the two years ended 31 December 2013 and 2012 and the six months ended 30 June 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards, are summarised as follows: –

	For the six months ended 30 June 2014	**For the year ended 31 December 2013**	**For the year ended 31 December 2012**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	5,673	41,589	42,774
(Loss)/profit before tax	(5,038)	4,510	7,725
(Loss)/profit for the period/year	(5,038)	4,393	6,566

	As at 30 June 2014	**As at 31 December 2013**	**As at 31 December 2012**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Non-current assets	1,185	1,309	1,514
Current assets	77,141	91,653	85,426
Current liabilities	5,672	9,089	9,777
Net assets	72,654	83,873	77,163

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 2013 and 2012 and the unaudited financial information for the six months ended 30 June 2014 are summarised as follows:

	For the six months ended 30 June 2014	**For the year ended 31 December 2013**	**For the year ended 31 December 2012**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)
Revenue from continuing operations	12,729	59,923	56,414
Loss before tax	13,329	18,835	6,692
Loss for the period/year from continuing operations	13,329	18,953	7,852

	As at 30 June 2014	**As at 31 December 2013**	**As at 31 December 2012**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(audited)	(audited)
Non-current assets	63,372	23,692	43,291
Current assets	257,784	119,974	194,539
Current liabilities	20,400	24,104	63,717
Non-current liabilities	–	–	21,312
Net assets	300,756	119,562	152,801

INFORMATION ON BEGIL

As stated in this letter, BEGIL is an investment holding company incorporated in the British Virgin Islands with limited liability. It is an indirectly wholly-owned subsidiary of BEGCL, a Shareholder indirectly holding 7.03% interest of the Company as at the date of the S&P Agreement. A director of BEGIL, Mr. Yan Qing, is also a director of VST and had been a director of Beijing Development (Hong Kong) Limited ("**Beijing Development**"), an intermediate shareholder of the Company, in the past twelve months immediately before the date of the S&P Agreement. Therefore, BEGIL is a connected person under the definition of the relevant GEM Listing Rules. BEGCL held shares through Beijing Development's wholly-owned subsidiaries. On 18 August 2014, Beijing Development's wholly-owned subsidiaries disposed all of their equity interest in the Company to a third party independent to both BEGCL and Beijing Development. As at the Latest Practicable Date, BEGCL ceased to have any equity interest in the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

VST, the wholly-owned subsidiary of Wisdom Elite, is currently engaged in the development, operation and maintenance of e-government systems of 北京市人力資源和社會保障局 (Beijing Human Resources and Social Security Bureau#) and 北京市國土資源局 (Beijing Municipal Bureau of Land and Resources#). Service income from those two government bodies contributes the majority of VST's revenue. Recently the PRC State Government has been imposing increasingly stricter requirements for the qualification management of information projects, requiring that suppliers of such information system services to possess certain security qualifications such as confidential information system integration qualification. As the aforesaid government authorities request the information technology service provider to provide the relevant 電腦資訊系統集成資質證書 (Certificate of Qualification on Information Technology System#) (the "**Certificate**") according to《涉及國家秘密的電腦資訊系統集成資質管理辦法》(Regulations on Qualification Management of Information Technology System in relation to State Secret#) first issued on 1 July 2005 by 國家保密局 (State Secrecy Bureau#). However, the Certificate is only obtainable by domestic enterprises established in the PRC.

Over the years, VST has been able to provide information technology service to government authorities under the Beijing Municipal Government as it was part of the investment of BEGCL, which is a company owned by the Beijing Municipal Government. BEGCL held Shares and hence VST via Beijing Development's wholly-owned subsidiaries. Subsequent to completion of the Company's open offer of 1,796,981,272 offer Shares in March 2014, BEGCL's indirect interest in VST was significantly diluted as the equity interest holding by Beijing Development in the Company was diluted from 21.19% to 7.03%. On 18 August 2014, Beijing Development's wholly-owned subsidiaries disposed all of their equity interest in the Company to a third party independent to both BEGCL and Beijing Development. As at the Latest Practicable Date, BEGCL ceased to have any equity interest in both the Company and VST. Besides, since August 2013, the aforementioned regulation had been imposed more strictly according to the《涉密信息系統集成資質管理辦法》(Regulations on Qualification Management of Information System in relation to Secret Information#) issued. VST's principal customers have been demanding VST to provide the Certificate as a requirement to continue the business engagements. As a foreign-invested enterprise, VST cannot obtain the said Certificate. If such issue remains unresolved, VST's aforesaid principal activities may be interrupted, and its other business may also shrink.

Upon completion of the Disposal, BEGIL will transform VST into a domestic enterprise through internal restructuring and VST will then apply for relevant qualifications in order to continue the aforesaid business. As VST faces imminent risk of business interruption and shrinkage, the Group may realize investment gain from the Disposal and avoid foreseeable worse outcome as a result of the Disposal.

In light of the above, the Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser) 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 BEGIL, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

No Director has material interest in the Disposal and is required to abstain from voting at the relevant Board meeting in relation to the Disposal.

It is the intention of the Company that the estimated net proceeds of approximately HK$84.39 million (after deducting the transaction expenses related to the Disposal of approximately HK$1.26 million) arising from the Disposal will be used to acquire new businesses and for general working capital purposes.

FINANCIAL EFFECT OF THE TRANSACTION

According to the unaudited management accounts of Wisdom Elite, it has an unaudited consolidated net asset value of approximately HK$72.65 million as at 30 June 2014. The Company will record a gain of approximately HK$16.84 million from the Disposal, which is calculated on the basis of the sum of the cash consideration of the Disposal of approximately HK$85.65 million, the gain from waiver of loan balances amounted to approximately HK$3.61 million and the exchange reserve of approximately HK$13.49 million to be released upon completion of the Disposal, deducted by (i) the unaudited consolidated net asset value of Wisdom Elite as at 30 June 2014 of approximately HK$72.65 million; (ii) the goodwill derecorgnised on the Disposal of approximately HK$12 million; and (iii) the estimated transaction expenses in relation to the Disposal of approximately HK$1.26 million.

Upon Completion, Wisdom Elite will cease to be a subsidiary of the Company and the financial results, assets and liabilities and cash flows of Wisdom Elite will no longer be consolidated into the Group's financial statements.

Assuming the Disposal has been completed on 30 June 2014, the assets and liabilities of the Group would be decreased by approximately HK$2.33 million and HK$5.67 million respectively arising from the deconsolidation and the net proceeds from the Disposal. The Group's performance for the six months ended 30 June 2014 would be increased by approximately HK$16.84 million, which is mainly attributable to the inclusion of estimated gain of approximately HK$16.84 million from the Disposal, assuming the Disposal has been completed on 30 June 2014.

USE OF PROCEEDS

It is the intention of the Company that the estimated net sale proceeds of approximately HK$84.39 million (after deducting the transaction expenses related to the Disposal of approximately HK$1.26 million) arising from the Disposal, of which approximately HK$29 million 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, approximately HK$35 million will be applied to expand the Group's e-education business included and not limited to that of Shanghai Pantosoft Company Limited ("**Pantosoft**") and the remaining balance of approximately HK$20 million will be applied for the Group's general working capital purposes.

Reference is made to the Company's announcement dated 15 July 2014, which stated that the Group had HK$144 million reserved for expansion purpose. Together with the estimated net proceeds from the Disposal of approximately HK$84 million, the Group will have HK$228 million for future expansion purpose. The intended utilization of those funds is summarized in below.

	Actual and intended usage of cash on hand and proceeds from the Disposal *(HK$'million)*	**Status**
Investment in 上海瑞鴻九坊投資合夥企業 (Shanghai Rui Hung Jiu Fang Investment Partnership Enterprise#) ("**Jiu Fang**")	35	On 6 June 2014, the Company entered into a transfer agreement, pursuant to which the Company has conditionally agreed to further purchase 24% of the partnership interest in Jiu Fang at a consideration of RMB28 million (equivalent to approximately HK$34.80 million). The said transaction is expected to be completed in September 2014.
Investment in other potential investment projects	12	The Company is currently reviewing candidate projects and will short list targets for due diligence in the fourth quarter of 2014.
Automated control and monitoring system for new steel refining technology	37	Negotiation in progress though no contract is signed as at the Latest Practicable Date.
Medical related information technology system	32	Negotiation in progress though no contract is signed as at the Latest Practicable Date.
Medium to small size projects in the areas of electronic business platforms	23	The Company is currently reviewing candidate projects and will short list targets for due diligence in the fourth quarter of 2014.
Expansion of e-education business for Pantosoft	35	The Company will evaluate as to whether to grow Pantosoft organically and to enable it to provide a more comprehensive list of e-education solution products; or to acquire medium size existing operators in the area of e-education business in the PRC.

	Actual and intended usage of cash on hand and proceeds from the Disposal *(HK$'million)*	Status
Investment into information technology business in the PRC	29	The Company is currently reviewing candidate projects and will short list targets for due diligence in the fourth quarter of 2014.
General working capital	25	N/A
	228	

GEM LISTING RULES IMPLICATIONS

BEGIL is an indirectly wholly-owned subsidiary of BEGCL, a Shareholder indirectly holding 7.03% interest of the Company as at the date of the S&P Agreement. Mr. Yan Qing is a director of BEGIL, who is also a director of VST and had been a director of Beijing Development, an intermediate shareholder of the Company, in the past twelve months immediately before the date of the S&P Agreement. BEGIL is regarded as a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction for the Company.

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, if it is materialized, also constitutes a major transaction for the Company so it has to subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

As at the Latest Practicable Date, BEGCL no longer held any Shares. Mr. Yan Qing and his associates (where applicable) will abstain from voting on the resolution(s) to approve the S&P Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder other than Mr. Yan Qing and his associates are required to abstain from voting for the resolution(s) to approve the S&P Agreement and the transactions contemplated thereunder at the EGM.

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, 19 September 2014 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 15 to 16 of the circular and the letter from Independent Financial Adviser on pages 17 to 27 of this circular which contains their advices 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 advices.

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 15 to 16 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 BEGIL, 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(s) 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)

28 August 2014

To the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF WISDOM ELITE HOLDINGS LIMITED

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 28 August 2014 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.

Nuada 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 17 to 27 of the Circular.

Your attention is also drawn to the "Letter from the Board" set out on pages 4 to 14 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 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. We therefore recommend that you vote in favour of the resolution(s) 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 full text of the letter of advice to the Independent Board Committee and Independent Shareholders from the Independent Financial Adviser dated 28 August 2014 prepared for incorporation in this circular.

Nuada Limited
Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

28 August 2014

To the Independent Board Committee
and the Independent Shareholders
of China Information Technology Development Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF WISDOM ELITE HOLDINGS LIMITED

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the S&P Agreement, details of which are set out in the letter from the Board (the "**Letter**") contained in the circular to the Shareholders dated 28 August 2014 (the "**Circular**"), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 10 July 2014 (after the trading hours), the Company entered into the S&P Agreement with BEGIL, pursuant to which the Company has conditionally agreed to sell, and BEGIL conditionally agreed to purchase the Sale Shares, being the 100% issued share capital of Wisdom Elite, at a consideration of RMB71.91 million (equivalent to approximately HK$89.26 million).

BEGIL is an indirectly wholly-owned subsidiary of BEGCL, a Shareholder indirectly holding 7.03% interest of the Company as at the date of the S&P Agreement. Mr. Yan Qing is a director of BEGIL, who is also a director of VST and had been a director of Beijing Development (Hong Kong) Limited ("**Beijing Development**"), an intermediate shareholder of the Company, in the past twelve months immediately before the date of the S&P Agreement. BEGIL is regarded as a connected person of the Company under the definition of the relevant GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company. On 18 August 2014, Beijing Development's wholly-owned subsidiaries disposed all of their equity interest in the Company to a third party independent to both BEGCL and Beijing Development (Hong Kong) Limited. As at the Latest Practicable Date, BEGCL ceased to have any equity interest in both the Company and VST.

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, if it is materialized, also constitutes a major transaction for the Company so it has to subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

The EGM will be convened by the Company at which resolutions will be proposed to seek approval from the Independent Shareholders of the S&P Agreement and the transactions contemplated thereunder and the vote will be taken by poll. As at the Latest Practicable Date, BEGCL no longer holds any Shares Mr. Yan Qing and his associates (where applicable) will abstain from voting on the resolution(s) to approve the S&P Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder other than Mr. Yan Qing and his associates are required to abstain from voting for the resolution(s) to approve the Disposal and the transactions contemplated under the S&P Agreement at the EGM.

Dr. Sun Guofu, Mr. Ng Kwok Fai and Mr. Chen Zhongfa, being the independent non-executive Directors, have been appointed by the Board to form the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the relevant ordinary resolution(s) regarding the Disposal and the transactions contemplated under the S&P Agreement.

We, Nuada Limited, have been appointed by the Independent Board Committee as the Independent Financial Adviser to give our independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Disposal and the transactions contemplated under the S&P Agreement are on normal commercial terms; (ii) whether 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; and (iii) how the Independent Shareholders should vote on the relevant resolution(s) to approve the Disposal and the transactions contemplated under the S&P Agreement at the EGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the management of the Company and the Directors. We have assumed that all information, opinions and representations contained or referred to in the Circular and all information, opinions and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the Latest Practicable Date. Should there be any subsequent material changes which occurred during the period from the date of Circular up to the date of the EGM and would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular and provided to us by the Company and the Directors, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we relied on the Company that it has provided us with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such information and opinions but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Disposal and the terms of the S&P Agreement, we have considered the following principal factors and reasons.

1. Reasons for and benefits of the Disposal

a. Background information of the Group

According to the Letter, 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 table below tabulates the financial results of the Group for each of the two years ended 31 December 2013 as extracted from the Group's annual report for the financial year ended 31 December 2013 (the "**Annual Report**") and the result announcement for the six months period ended 30 June 2014.

	For the year ended 31 December		**For the six months ended 30 June**	
	2013	2012	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue for continuing operations	**59,923**	56,414	**12,729**	17,252
Loss for the year/period from continuing operations	**(18,953)**	(7,852)	**(13,329)**	(1,102)

According to the Annual Report, the Company disposed its equity interests in Astoria Innovations Limited and hence Beijing Enterprises Sanxing Information Technology Co., Limited at a consideration of RMB50 million (equivalent to approximately HK$62.24 million) in January 2013. The Group's revenue from continuing operations for financial year ended 31 December 2013 ("**FY2013**") amounted to approximately HK$59.92 million, a slight increase of approximately 6.2% from approximately HK$56.41 million for the financial year ended 31 December 2012 ("**FY2012**"). The gross profit for FY2013 was approximately HK$26.79 million, a decrease of approximately 9.4% compared with approximately HK$29.58 million for FY2012. Loss for the year for FY2013 increased by approximately HK$1.73 million to approximately HK$9.71 million from approximately HK$7.98 million for FY2012. The increase in the Group's revenue was contributed by the increase in the revenue from e-education administration business that provided by Shanghai Pantosoft Company Limited ("**Shanghai Pantosoft**") from approximately HK$13.68 million for FY2012 to approximately HK$18.33 million for FY2013 and offset by the decrease in revenue contributed by Wisdom Elite from approximately HK$42.77 million for FY2012 to approximately HK$41.59 million for FY2013.

According to the information provided by the management of the Company, the revenue of Wisdom Elite decreased from approximately HK$11.23 million for the six month ended 30 June 2013 to approximately HK$5.67 million for the same period in 2014 which represent a decrease of approximately 49.51% over the aforesaid period, whereas the revenue of Shanghai Pantosoft increased from approximately HK$6.02 million for the six months ended 30 June 2013 to approximately HK$7.06 million for the same period in 2014 which represent an increase of approximately 17.27% over the aforesaid period.

According to the information provided by the management of the Company and the Annual Report, we noted that the Group's revenue for FY2013 and the three months period ended 31 March 2014 was contributed by two operating arms of the Group, i.e. (i) Wisdom Elite and (ii) Shanghai Pantosoft.

Wisdom Elite

According to the management of the Company, Wisdom Elite is an investment holding company incorporated in the British Virgin Islands with limited liability and it is a wholly owned subsidiaries of the Company. Wisdom Elite directly holds the entire issued capital of VST and other than that, Wisdom Elite do not have any other business. VST is currently engaged in the development, operation and maintenance of e-government systems of the Beijing Human Resources and Social Security Bureau ("北京市人力資源和社會保障局") and Beijing Municipality Bureau of Land and Resources ("北京市國土資源局") and the contribution from the aforesaid relevant government authorities was approximately HK$39.34 million for FY2013 and was approximately HK$2.82 million for the 1st half of 2014.

Shanghai Pantosoft

According to the management of the Company and the Annual Report, Shanghai Pantosoft is principally engaged in the development of educational software as well as digital education campus in the PRC and it launched a new product, e-campus (數字化校園) in FY2013 and is gradually gaining acceptance by the market which can be demonstrated by the increase in the revenue of Shanghai Pantosoft from approximately HK$13.68 million in FY2012 to approximately HK$18.33 million in FY2013.

Set out below are the breakdown of the Group's revenue for FY2013 and for the six months period ended 30 June 2014 by subsidiaries:

	For the year ended 31 December				For the six months ended 30 June			
	2013	**Approximately percentage to the Group's revenue**	2012	Approximately percentage to the Group's revenue	**2014**	**Approximately percentage to the Group's revenue**	2013	Approximately percentage to the Group's revenue
	HK$'000		*HK$'000*	*%*	***HK$'000***	***%***	*HK$'000*	*%*
Wisdom Elite	**41,590**	**69.40**	42,308	75.00	**5,673**	**44.57**	11,230	65.09
Shanghai Pantosoft	**18,333**	**30.60**	13,681	24.25	**7,056**	**55.43**	6,022	34.91
Sub-total	**59,923**	**100.00**	55,989	99.25	**12,729**	**100**	17,252	100
The Group	**59,923**		56,414		**12,729**		17,252	

As shown from the table above, we noted that the contribution from Wisdom Elite to the Group's revenue has diminished steadily (from approximately 75.00% of the Group's revenue for FY2012 to that of approximately 69.40% for FY2013 and further decreased to approximately 44.57% for the 1st half of 2014), while that from Shanghai Pantosoft has increased steadily (from approximately 24.25% of the Group's revenue for FY2012 to that of approximately 30.60% for FY2013 and further increased to approximately 55.43% for the 1st half of 2014).

According to the management of the Company, the decrease of contribution from Wisdom Elite to the Group's revenue as stated above was mainly due to the expire of existing contracts and loss of new contract from its major customers, i.e. Beijing Human Resources and Social Security Bureau ("北京市人力資源和社會保障局") and Beijing Municipality Bureau of Land and Resources ("北京市國土資源局") as the aforesaid government authorities has adopted a stricter requirement for the qualification management of information technology project. As the aforesaid government authorities require the information technology service provider has the relevant certificate of qualification《資質證書》(the "**Certificate**") according to the《涉及國家秘密的計算機信息系統集成資質管理辦法》("Implementation of the law regarding the qualification requirement of information technology of national Secrets") issued by State Secrecy Bureau ("國家保密局"). According to the aforesaid law, one of the requirements to obtain the Certificate is the applicant must be a domestic company. However, as VST is a foreign-invested enterprise, VST is not able to obtain such Certificate.

Based on the above analysis, we are of the view and concur with the view of the Directors that the business of VST would be affected.

b. Reasons for and benefits in relation to the Disposal

As stated in the section headed "a. Background information of the Group" above, the business of VST was adversely affected since the end of FY2013. In addition, most of revenue of VST in FY2013 are contributed from PRC government authorities, the financial performance of VST heavily relies on government authorities. However, according to the management of the Company, since VST cannot obtain the Certificate given its foreign-invested enterprise nature, it will not be able to undertake any new service contracts from relevant government authorities to provide information technology support services to them, the outlook of the performance of VST is not positive.

Based on the above, we are of the view and concur with the view of the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

c. Consideration and use of proceeds

According to the Letter, the consideration (the "**Consideration**") for the Disposal comprised a cash element of RMB69 million (equivalent to HK$85.65 million) and a gain from waiver of loan balances amounted to approximately HK$3.61 million (equivalent to RMB2.91 million). Hence the total consideration is RMB71.91 million (equivalent to HK$89.26 million). The cash element will be payable to the Company within ten Business Days after the date of Completion. The gain from waiver of loan balances will be booked upon Completion.

According to the management account of Wisdom Elite provided by the management of the Company, the unaudited net asset value of Wisdom Elite was approximately HK$72.65 million as at 30 June 2014, the Consideration represent approximately 22.86% premium.

In order to assess the fairness of the Consideration and provide one addition reference for Independent Shareholders, we compare the Consideration to that of other similar transactions of other listed companies in the GEM that announced recently with (i) similar business of the Group i.e. principally engaged in information technology; and (ii) disposal transactions classified as notifiable transaction as defined in GEM Listing Rule in relation to dispose of operating subsidiary engaged in provision of supporting services that announced within three months immediately prior the date of the S&P Agreement i.e. from 10 April 2014 to 10 July 2014. Based on the aforesaid selection criteria, we have identified 29 GEM listed companies with similar business to the Group and have identified 2 similar transactions ("**Industrial Comparables**") announced by the aforesaid companies within the aforesaid period. The table set out below demonstrate the detail of the aforesaid transactions and the list are exhaustive.

No.	Company name (Stock Code)	Business	Date of relevant announcements	Nature of transaction	Premium of consideration to the net asset value of the subjected matter as indicated in the relevant announcements (%)
1.	Jiangsu Nandasoft Technology Company Limited (8045)	Sales of computer hardware and software products, trading of IT related products & equipment and mobile phones, provision of IT training services, provides systems integration services, research & develop medicine & medical equipment	15 April 2014	Discloseable and connected transaction – disposal of subsidiary	12.84
2.	DX.com Holdings Limited (8086)	Provision of professional information technology contract and maintenance services and E-commerce and provision of online sales platform	10 June 2014	Discloseable transaction – disposal of 100% interest in E-perfect	Zero
			Maximum		12.84
			Minimum		0
			Mean		6.42
	The Company				22.86

Source: The website of the Stock Exchange

According to the Letter, since Wisdom Elite is loss marking for the six month ended 30 June 2014, it is impracticable to use the price to earnings ratio analysis to assess the fairness of the Consideration. Therefore, we compare the percentage of the premium of Consideration over the net asset value of Wisdom Elite to that of the Industrial Comparables. As indicated in the above table, the percentage of the premium of consideration over the value of the subjected matter of the Industrial Comparables range from zero to approximately 12.84% whereas that for the Disposal is approximately 22.86%.

As the Consideration represent a premium of approximately 22.86% to the unaudited net asset value of Wisdom Elite as at 30 June 2014 and the percentage of the premium of Consideration over the unaudited net asset value of Wisdom Elite is above the mean and the maximum range of the Industrial Comparables, we are of the view and concur with the view of the Directors that the Consideration is fair and reasonable to the Company and the Shareholders as a whole.

According to the management of the Company, the estimated proceeds arising from the Disposal is approximately HK$84.39 million and will be used to further develop the Group's existing business in relation to educational software as well as digital education campus in the PRC and for general working capital purposes and information technology business in the PRC and other business if and when suitable opportunities arise.

According to the《2014年教育信息化工作要點》("Focus on the work of education informatization") issued by Ministry of Education of the People's Republic of China ("中華人民共和國教育部"), the PRC government encourage the development of education informatization such as (i) the development of infrastructure for broadband network building with target to link up 850,000 primary and secondary school and (ii) development of education software with target cover of over 10 million students. In addition, according to《關於加快發展現代職業教育的決定》("Decision in relation to speed up the development of the vocation education sector") issued by The State Council of the People's Republic of China ("中華人民共和國國務院"), it is the PRC government's policy to further development the vocation education sector in the PRC and target to provide up to 38.3 million school place in aggregate by the ended of 2020.

Based on the aforesaid government policies, we are of the view that the outlook of the business in relation to the development of educational software as well as digital education campus in the PRC is positive.

d. Possible financial effect of the Disposal

1. Revenue

The Company has estimated that, upon Completion, a gain of approximately HK$16.84 million as a result of the Disposal will be recognized. Upon Completion, both Wisdom Elite and VST would cease to be subsidiaries of the Group and accordingly discontinue revenue contributions to the Group. As shown in section headed "a. Background information of the Group" above, Wisdom Elite accounted for approximately 69.40% of the Group's revenue for FY2013, but that for the 1st quarter of 2014 decreased to approximately 44.57% and the decrease of the revenue contributed from Wisdom Elite was partially offset by the increase of the revenue contributed from Pantosoft. However, Shareholders shall note that the revenue of the Group is likely to reduce for the year ending 31 December 2014 if the loss of revenue from the disposal of Wisdom Elite cannot offset by other business of the Group.

2. Assets

Assuming the Disposal has been completed on 30 June 2014, the assets and liabilities of the Group would decrease by approximately HK$2.33 million and HK$5.67 million respectively arising from the deconsolidation and the net proceeds from the Disposal. As both Wisdom Elite and VST will cease to be subsidiaries of the Group upon Completion, the total assets and liabilities of these subsidiaries will be removed from the Group.

3. Cash resources

Net proceeds from the Disposal receivable by the Company is estimated at approximately HK$84.39 million. Meanwhile, according to the management of the Company, the Disposal would also result in the deconsolidation and exclusion of Wisdom Elite and VST's combined cash balance of approximately HK$39.28 million based on the management account of Wisdom Elite as at 30 June 2014. Therefore, upon Completion, the cash position of the Company is likely to improve by such net amount.

In summary there will be a net gain of approximately HK$16.84 million and the cash position of the Company will also improve upon the Completion. 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

Given that (i) the revenue contributed from Wisdom Elite has diminished steadily; (ii) VST is not able to obtain the Certificate to undertake new service contracts from relevant government authorities; (iii) the Consideration represents a premium to the net asset value of Wisdom Elite; and (iv) the financial effect, we are of the opinion that (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. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the relevant resolutions at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement.

Yours faithfully,
For and on behalf of
Nuada Limited

Kevin Wong
Vice President

Mr. Kevin Wong is a person licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Nuada Limited and has over 11 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013 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

As at the close of business on 30 June 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK$378,000, comprising amounts due to a deputy general manager of and a manager of a subsidiary of approximately HK$252,000 and HK$126,000 respectively.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30 June 2014, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

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 2013, being the date to which the latest published audited accounts of the Group 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, the present facilities available and also the effect of 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 the completion of the Disposal, the Group will continue to focus on the development of IT related services in the PRC through Shanghai Pantosoft Company Ltd ("**Pantosoft**"). In July 2014, the Company has injected HK$6 million in Pantosoft for the development and expansion of the electronic educational business of Pantosoft by (i) strengthening its product development capabilities; and (ii) expanding its marketing outlets in Eastern China and Southern China. It is expected that in the second half of the year 2014, the IT industry will continue to evolve with high competition.

In view of this, the Company is minded to diversify its business by (i) the acquisition of 7.254% equity interest in Sterile Doctor LLC, a company specialising in the development and sales of environmental friendly sterilization technology products; (ii) the increase in its investment in 上海瑞鴻九坊投資合夥企業 (Shanghai Rui Hung Jin Fang Investment Partnership Enterprise#) with a view to develop an electronic business platform to sell white wines; (iii) the setting-up of a joint venture company specializing in research and development of automated control and monitoring system to support new steel refining technology; (iv) the investment in enterprises focusing on the development of a medical related information technology system; and (v) the investment on projects in the area of electronic business platforms.

1. 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. 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 and 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 Securities and Futures Ordinance (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 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 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified by the Company and the Stock Exchange.

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 provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 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
Novel Rainbow Limited		Directly beneficially owned	1,037,067,449	38.47%
Mr. Wei Gao	*(a)*	Through controlled corporations	1,037,067,449	38.47%
Farco Holdings Limited		Directly beneficially owned	264,551,344	9.81%
Mr. Dong Yu	*(b)*	Through controlled corporations	264,551,344	9.81%

Notes:

(a) Mr. Wei Gao was deemed to be interested in 1,037,067,449 Shares by virtue of his controlling interests in Novel Rainbow Limited.

(b) Mr. Dong Yu was deemed to be interested in the 264,551,344 Shares by virtue of his controlling interests in Farco Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying Shares" above, had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

3. 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.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. 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 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;

(b) 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;

(c) the sale and purchase agreement dated 15 November 2012 entered into between the Company and QIFA Holdings Limited in respect of the disposal of 68% issued share capital of Astoria Innovations Limited at a consideration of RMB50 million (equivalent to approximately HK$62.24 million);

(d) the agreement dated 6 September 2013 entered into between the Company, Bloom Faith Holdings Limited and 深圳市乾惕投資有限公司 (Shenzhen Qian Ti Investment Limited") in respect of the acquisition of the 21.45% partnership interest in the Jiu Fong at a consideration of RMB25 million (equivalent to approximately HK$31.52 million) (as supplemented by supplemental agreements dated 30 December 2013 and 28 March 2014);

(e) the Underwriting Agreement (as supplemented by the Side Letter) dated 28 November 2013 entered into between the Company and Novel Rainbow Limited in respect of the open offer of 1,796,981,272 new Shares at HK$0.11 per offer Share; and

(f) the transfer agreement dated 6 June 2014 entered into between the Company, Bloom Faith Holdings Limited and 深圳市乾惕投資有限公司 (Shenzhen Qian Ti Investment Limited#) in relation to the acquisition of further 24% partnership interest in 上海瑞鴻九坊投資合夥企業 (Shanghai Rui Hung Jin Fang Investment Partnership Enterprise#); and

(g) the S&P agreement.

6. 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 2013, 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.

7. 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.

8. 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 and compliance officer 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.

9. 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
Nuada Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

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

As at the Latest Practicable Date, Nuada 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, Nuada Limited does not have any direct or indirect interest in any assets which have been, since 31 December 2013, 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.

10. AUDIT COMMITTEE

An audit committee of the Company ("**Audit Committee**") was established with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3. The Audit Committee must consist of a minimum of three members, all of whom must be Non-executive Directors, at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising the three Independent Non-executive Directors, namely Mr. Ng Kwok Fai, Dr. Sun Guofu and Mr. Chen Zhongfa. Mr. Ng Kwok Fai is the chairman of the Audit Committee.

The primary duties of the audit committee are mainly to supervise the financial reporting procedure, to review the financial statements of the Group, to examine and monitor the internal control system adopted by the Group and to review the work of the Group's external auditor. Biographical information of each member of the Audit Committee is set out below:

Mr. Ng Kwok Fai, aged 42, 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. Mr. Ng had been the chairman and executive director of Pacific Plywood Holdings Limited, a company listed on the Stock Exchange until 16 July 2013. Since 22 April 2014, he is also the deputy chairman and an executive director of Landing International Development Limited, a company listed on the Stock Exchange. Mr. Ng joined the Group on 13 May 2011.

Dr. Sun Guofu, aged 45, graduated from Shanxi Mining Institute 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 and was a vice president of Founder Technology Group Corp. Also he was the member of the Expert Committee of the National Electronic Document, 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. He is currently the managing partner of Beijing FHYC Investment & Management Center (LLP), the director and general manager of Founder Sec Technologies Limited, Dr. Sun has extensive experience in management and research & development. Dr. Sun joined the Group on 25 August 2009.

Mr. Chen Zhongfa, aged 64, 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 of the 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.

11. 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 of association and bye-laws of the Company;

(b) the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013;

(c) the written consents referred to the section headed "QUALIFICATION AND CONSENT OF EXPERT" in this circular;

(d) the material contracts as referred to in the section headed "MATERIAL CONTRACTS" in this appendix;

(e) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 15 to 16 of this circular;

(f) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 27 of this circular; 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, 19 September 2014 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 10 July 2014 (the "S&P Agreement") entered into between the Company as vendor, and Beijing Enterprises Group Information Limited as purchaser in relation to the disposal of the 100% issued share capital of Wisdom Elite Limited at a consideration of RMB71.91 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, 28 August 2014

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.