THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Information Technology Development Limited (the "**Company**"), you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

中國信息科技發展有限公司
China Information Technology Development Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8178)

MAJOR TRANSACTION RELATING TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF JOYUNITED INVESTMENTS LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

KINGSTON CORPORATE FINANCE

A notice convening an extraordinary general meeting of the Company to be held at Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong on Thursday, 10 March 2016 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular, which is also published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company.

Whether or not you are able to attend the extraordinary general meeting, you are advised to read the notice and to complete and return the 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 Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time fixed for holding the extraordinary general 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 extraordinary general meeting or any adjournment thereof should you so wish.

23 February 2016

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

DEFINITIONS

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

"Acquisition"	the acquisition by the Purchaser of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Acquisition Agreement
"Acquisition Agreement"	the acquisition agreement dated 25 November 2015 entered into between the Vendors and the Purchaser in relation to the Acquisition
"Announcements"	the announcements of the Company dated 18 November 2015 and 25 November 2015 respectively in relation to the Acquisition
"ASEAN Countries"	any countries which are the members of the Association of Southeast Asia Nations
"associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day(s) (excluding a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Company"	China Information Technology Development Limited (中國信息科技發展有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
"Completion"	the completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
"Connected Person(s)"	has the meaning ascribed to it in the GEM Listing Rules
"Consideration"	the aggregate consideration for the Acquisition of RMB178,000,000 payable by the Purchaser to the Vendors in accordance with the terms of the Acquisition Agreement

"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held at Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong on Thursday, 10 March 2016 at 3:00 p.m. to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder
"Enlarged Group"	together the Group and the Target Group
"First Vendor" or "Mr. Yan"	Mr. Yan Wai Ping, an Independent Third Party
"Further Deposit"	RMB10,000,000, being the further deposit paid by the Purchaser to the Vendors for the Acquisition in accordance with the terms of the Acquisition Agreement
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	the independent third party who is, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and the Connected Person(s) of the Company
"Initial Deposit"	RMB20,000,000, being the initial deposit paid by the Purchaser to the Vendors for the Acquisition under the Memorandum
"Latest Practicable Date"	18 February 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for the inclusion in this circular

"Memorandum"	the memorandum of understanding dated 18 November 2015 and entered into between the Purchaser and the Vendors in relation to the Acquisition, details of which have been disclosed in the announcement of the Company dated 18 November 2015
"Mortgagee"	a bank in the PRC as mortgagee under a mortgage created by WFOE over the PRC Properties
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Legal Advisors"	Guangdong Jingda Law Firm, the legal advisors as to the PRC laws in relation to the Acquisition
"PRC Properties"	the eleven properties situated at No. 123 Lujing Road, Tianhe District, Guangzhou City, the PRC
"Purchaser"	Giant Prestige Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by the Company
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendors on or at any time prior to the Completion, which as at the Latest Practicable Date amounted to approximately RMB158,704,000
"Sale Shares"	10 issued and fully paid up or credited as fully paid up ordinary shares of US$1.00 each in the capital of the Target Company, representing 100% of the issued share capital of the Target Company
"Second Vendor" or "Mr. Tang"	Mr. Tang Chuen Pong, an Independent Third Party
"Shareholder(s)"	the shareholder(s) of the Company

"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Joyunited Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 60% by the First Vendor, as to 20% by the Second Vendor and as to 20% by the Third Vendor
"Target Group"	together the Target Company and WFOE
"Third Vendor" or "Mr. Zhang"	Mr. Zhang Rong, an Independent Third Party
"Vendors"	together the First Vendor, the Second Vendor and the Third Vendor
"WFOE"	廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited*), a wholly foreign owned enterprise established in the PRC by the Target Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollar(s), the lawful currency of the United States of America
"%"	per cent

* *for identification purpose only*

In this circular, amounts in RMB are translated into HK$ on the basis of RMB1 = HK$1.21. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK$ at such rate or at all.

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. Wong Kui Shing, Danny
(Chairman and Chief Executive Officer)
Mr. Tse Chi Wai
Ms. Wu Jingjing
Mr. Takashi Togo
Mr. Wong Chi Yung

Independent non-executive Directors:
Mr. Hung Hing Man
Mr. May Tai Keung, Nicholas
Dr. Chen Shengrong

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

23 February 2016

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
RELATING TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
JOYUNITED INVESTMENTS LIMITED**

INTRODUCTION

Reference is made to the Announcements.

The Board announced that on 25 November 2015 (after trading hours), the Purchaser (a wholly owned subsidiary of the Company) entered into the Acquisition Agreement with the Vendors pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the Sale Shares and the Sale Loan at the aggregate Consideration of RMB178,000,000 (equivalent to HK$215,380,000).

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are 25% or more but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition; (ii) an accountant's report of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; and (iv) the notice of EGM and other information as required under the GEM Listing Rules.

THE ACQUISITION AGREEMENT

Set out below are the principal terms of the Acquisition Agreement:

Date:	25 November 2015 (after trading hours)	
Parties:	(1)	Mr. Yan as first vendor;
	(2)	Mr. Tang as second vendor;
	(3)	Mr. Zhang as third vendor; and
	(4)	Giant Prestige Investments Limited (a wholly owned subsidiary of the Company) as purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Asset to be acquired

Pursuant to the Acquisition Agreement, the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Shares (representing the entire issued share capital of the Target Company) and the Sale Loan.

Consideration

The aggregate Consideration for the Sale Shares and the Sale Loan pursuant to the terms of the Acquisition Agreement shall be RMB178,000,000 (equivalent to HK$215,380,000), which shall be satisfied by the Purchaser in cash in the following manner:

(i) as to RMB20,000,000 (equivalent to HK$24,200,000) has already been paid by the Purchaser to the Vendors in proportion to the respective interests of the Vendors in the Target Company in cash as the Initial Deposit under the terms of the Memorandum and shall be applied to settle part of the Consideration at Completion;

(ii) as to RMB10,000,000 (equivalent to HK$12,100,000) shall be payable by the Purchaser to the Vendors in proportion to the respective interests of the Vendors in the Target Company in cash as the Further Deposit within 7 Business Days (or such later date as the parties thereto may agree) after the execution of the Acquisition Agreement and shall be applied to settle part of the Consideration at Completion; and

(iii) as to the remaining balance of RMB148,000,000 (equivalent to HK$179,080,000) shall be payable by the Purchaser to the Vendors in proportion to the respective interests of the Vendors in the Target Company in cash at Completion.

The Consideration was determined between the Purchaser and each of the Vendors, after arm's length negotiations, taking into account the preliminary market valuation of the PRC Properties of not less than RMB240,000,000 (equivalent to HK$290,400,000) less the outstanding amount of the mortgage loan over the PRC Properties of approximately RMB61,625,000 and the factors set out in the paragraph headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

As at the Latest Practicable Date, an aggregate of RMB30,000,000 has been paid to the Vendors to settle part of the Consideration in accordance with the terms of the Acquisition Agreement and the remaining balance of RMB148,000,000 shall be paid to the Vendors at Completion.

Conditions precedent

Completion is subject to the satisfactory fulfilment and/or waiver (as the case may be) of the following conditions precedent:

(i) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;

(ii) if necessary, the passing by the Shareholders at the EGM of the ordinary resolutions to approve the Acquisition Agreement and the transactions contemplated thereunder;

(iii) all necessary consents and approvals in relation to the Acquisition having been obtained by the Purchaser;

(iv) all necessary consents and approvals in relation to the Acquisition having been obtained by each of the Vendors;

(v) the warranties given by the Vendors remaining true, accurate and not misleading and that no events have occurred that would result in any breach of any of such warranties or other provisions of the Acquisition Agreement by the Vendors;

(vi) the obtaining of a PRC legal opinion (in the form and substance satisfactory to the Purchaser) issued by a PRC legal advisor appointed by the Purchaser on the transactions contemplated under the Acquisition Agreement including but not limited to the due incorporation and continuance of the WFOE;

(vii) the obtaining of a valuation report (in the form and substance satisfactory to the Purchaser) issued by an independent valuer appointed by the Purchaser showing that the market valuation of the PRC Properties is not less than RMB240,000,000; and

(viii) the obtaining of the consent and approval from the Mortgagee in relation to the Acquisition Agreement and the transactions contemplated thereunder.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions set out above (other than conditions (ii), (iii), (iv), (vii) and (viii) which may not be waived). If the conditions have not been satisfied on or before 30 June 2016 or such later date as the Vendors and the Purchaser may agree in writing, the Acquisition Agreement shall cease and determine save for provisions relating to confidentiality, notices, costs and expenses, legal effect, governing law and jurisdiction and joint and several liability, the Vendors shall refund the Initial Deposit and the Further Deposit in full (without interest) to the Purchaser within 10 Business Days after such date of termination. Thereafter, neither party shall have any obligations nor liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the conditions above have been fulfilled and the PRC Legal Advisors are in the process of finalising the PRC legal opinion in relation to the Acquisition.

Completion

Subject to the fulfillment or waiver (as the case may be) of all the above conditions precedent, Completion shall take place on the third Business Day after the last outstanding condition precedent above shall have been fulfilled or waived (or such later date as the Vendors and the Purchaser may agree in writing) on which Completion is to take place.

If for any causes (other than the default of the Purchaser) the parties shall fail to complete the Acquisition in accordance with the terms of the Acquisition Agreement after all the conditions precedent have been satisfied (or waived, as the case may be), the Vendors shall, within 7 days after receiving the written notice from the Purchaser to refund the Initial Deposit and the Further Deposit together with a payment of an additional sum equals to the aggregate amount of the Initial Deposit and the Further Deposit, refund such Initial Deposit and Further Deposit together with a payment of an additional sum equals to the aggregate amount of the Initial Deposit and the Further Deposit to the Purchaser as liquidated damages and the Purchaser shall then have no further claims including specific performance against the Vendors save for any antecedent breaches of the terms thereof.

If as a result of the default by the Purchaser, the parties shall fail to complete the Acquisition in accordance with the terms of the Acquisition Agreement after all the conditions precedent have been satisfied (or waived, as the case may be), the Purchaser shall forfeit the Initial Deposit and the Further Deposit as full and final settlement of any liabilities or obligations of the Purchaser towards the Vendors and the Vendors shall then have no further claims including specific performance against the Purchaser save for any antecedent breaches of the terms thereof.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial results of the Company.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 6 April 2005 and is owned as to 60% by the First Vendor, as to 20% by the Second Vendor and as to 20% by the Third Vendor. The principal activity of the Target Company is investment holding.

WFOE is a company established in the PRC with limited liability on 11 May 2005 with a registered and paid up capital of US$13,000,000 and is wholly owned by the Target Company. The business scope of WFOE is assets acquisition, management and consultancy services (other than those that are restricted or prohibited to operate by the State).

Set out below is the unaudited consolidated financial information of the Target Group for the years ended 31 December 2013 and 2014 and the eleven months ended 30 November 2015, which were prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2013	For the year ended 31 December 2014	For the eleven months ended 30 November 2015
	RMB'000	*RMB'000*	*RMB'000*
Turnover	2,273	2,290	–
Profit/(loss) before tax	17,310	12,597	(8,617)
Profit/(loss) after tax	11,575	8,291	(7,672)

	As at 31 December 2013	As at 31 December 2014	As at 30 November 2015
	RMB'000	*RMB'000*	*RMB'000*
Net assets	14,632	22,923	15,251

The Target Company is a holding company and has no business operations since its incorporation. Therefore, no turnover had been recorded since its incorporation.

The permitted use of the PRC Properties was primarily for commercial use. In or about October 2006, the first and second floor of the PRC Properties were let to an Independent Third Party in the PRC as restaurant. WFOE acquired the PRC Properties, together with the then existing tenancy agreement in relation to the first and second floor of the PRC Properties, in December 2012.

Upon expiry of the tenancy in relation to the first and second floor of the PRC Properties with the former tenant in or about November 2013, the first and second floor of the PRC Properties were subsequently let to another Independent Third Party in the PRC for office use. The ninth floor of the PRC Properties was also let to another Independent Third Party for office use in January 2014. The remaining floors of the PRC Properties remained vacant upon acquisition of the PRC Properties by WFOE. Thus. the turnover recorded for the years ended 31 December 2013 and 31 December 2014 mainly represent the revenue arising from leasing business and the rental income arising from letting the first, second and ninth floor of the PRC Properties to the aforesaid Independent Third Parties.

All the above tenancies were terminated in November 2014 and no further tenancy in respect of the PRC Properties has ever been created; and hence, no turnover was recorded for the eleven months ended 30 November 2015. All the units of the PRC Properties were left vacant and pending for refurbishment since November 2014 and up to the Latest Practicable Date.

The net profit after tax recorded by the Target Group for the years ended 31 December 2013 and 31 December 2014 was mainly due to the increase in fair value on the PRC Properties and after the charge of finance costs on bank loan.

The net assets of the Target Group for the year ended 31 December 2013 were approximately RMB14,632,000 and that for the year ended 31 December 2014 were approximately RMB22,923,000. The increase in net assets was mainly due to the increase in fair value on the PRC Properties and after the charge of finance costs on bank loan.

INFORMATION OF THE PRC PROPERTIES

WFOE owns the PRC Properties with an aggregate gross floor area of approximately 10,500 square meters.

The PRC Properties were mortgaged in favour of the Mortgagee pursuant to a mortgage created by WFOE to secure a loan facility granted to the Target Group. As at the date of the Latest Practicable Date, the outstanding amount of such loan is approximately RMB61,625,000.

The PRC Properties are located at the catchment area in Tianhe District, Guangzhou, the PRC. Based on the real estate title certificates for the PRC Properties, the structural plan of the PRC Properties is as follows:–

Unit no. of the PRC Properties	**Usage**	**Gross floor area** *(sq.m.)*
Unit 101	Commercial	920.34
Unit 102	Carpark	165.96
Unit 201	Commercial	1,623.25

Unit no. of the PRC Properties	Usage	Gross floor area *(sq.m.)*
Unit 202	Office	291.48
Unit 301	Office	1,274.04
Unit 401	Office	1,013.27
Unit 501	Office	1,047.84
Unit 601	Office	1,047.84
Unit 701	Office	1,047.84
Unit 801	Office	1,043.44
Unit 901	Office	1,043.44

For further details of the PRC Properties, please also refer to Appendix V – Valuation Report of this circular.

Upon Completion, the Group intends to refurbish the PRC Properties and occupy the same as the Group's future headquarters in the PRC. As advised by the PRC Legal Advisors, the owner of the PRC Properties is required to obtain the Construction Work Planning Permit to be issued by Guangzhou Urban Planning Bureau Yuexiu Branch and the Construction Work Commencing Permit to be issued by Guangzhou Yuexiu District Construction and Water Bureau before commencement of any refurbishment.

As at the Latest Practicable Date, WFOE has submitted application for the requisite permits for refurbishment and is pending for approval from the relevant government authorities in the PRC and no refurbishment has been carried out on the PRC Properties. As advised by the PRC Legal Advisors, there is no material legal impediment or restriction to obtain the requisite permits for refurbishment.

Within one to two years upon Completion, the Company will focus on refurbishment of the PRC Properties including but not limited to installing necessary facilities and structures to cater for the IT systems and installments to better support the existing business of the Company. By then, the Company will be able to set up a centralised server system and IT development base in the PRC Properties to further strengthen the existing IT business of the Company.

The Company is of the view that the growth of the IT market in the PRC is very rapid as there is a huge market spanning through the various provinces in the PRC and the market has a great interest and demand in information technologies. Accordingly, the Company considers it appropriate to acquire the PRC Properties for headquarters in the PRC to support the existing business of the Company, such as software development and system integration. By acquiring the PRC Properties as the headquarters of the Company, the Company would be able to easily connect and build networks with different PRC clients. In addition, the Company intends to provide comprehensive one-stop IT consultation services to those enterprises which are interested in entering into the IT field in the PRC. The Company can provide shared workspace inside the PRC Properties for these clients to start up their IT businesses. With the knowledge and technology that the Company possesses, the Company will also provide IT consultation and development support services to the clients when they request so.

The intended uses of each of the units of the PRC Properties are summarised below:

Unit no. of the PRC Properties	**Intended usage**
Unit 101	To be reserved for IT shared workspace
Unit 102	To be reserved for carpark or office use
Unit 201	To be reserved for IT shared workspace
Unit 202	To be reserved for office use
Unit 301	To be reserved for IT shared workspace
Unit 401	To be reserved for IT shared workspace
Unit 501	To be reserved for IT shared workspace
Unit 601	To be reserved as centralised server system and/or IT shared workspace
Unit 701	To be reserved as centralised server system
Unit 801	To be used as office of the Company
Unit 901	To be used as office of the Company

It is estimated that the total investment costs to be incurred will be approximately HK$39 million which comprise the refurbishment cost of approximately HK$35 million and the office furniture cost of approximately HK$4 million.

On the above basis, the Directors consider that upon Completion and completion of refurbishment of the PRC Properties, the well-equipped PRC Properties will be able to support the existing business of the Company to generate more revenue for the Enlarged Group as a whole.

The Company intends to settle the remaining balance of the Consideration of RMB148,000,000 by the internal resources of the Company. As disclosed in the announcements of the Company dated 8 December 2015 and 8 January 2016 respectively, the Company is in the course of conducting a placing (the "**Placing**") of new Shares under specific mandate to raise a total net proceeds of approximately HK$230 million. Upon Completion and the subsequent completion of the Placing, it is expected that approximately HK$73 million, representing approximately 31.7% of the net proceeds from the Placing would be used for the refurbishment of and operation of the business in the PRC Properties such as for the refurbishment of the PRC Properties, purchase of office furniture for the PRC Properties, repayment of bank loan and interest, and payment of operating expenses incurred in the PRC Properties in the coming 12 months.

POSSIBLE FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial results of the Company. The unaudited pro forma financial information of the Enlarged Group illustrating the financial effects of the Acquisition on the assets, earnings and liabilities of the Group is set out in Appendix IV to this circular.

Assets

The unaudited consolidated total assets of the Group as at 30 June 2015 were approximately HK$396,160,000. The unaudited pro forma consolidated total assets of the Enlarged Group (as set out in Appendix IV to this circular), assuming the Acquisition had been completed on 30 June 2015, would be increased to approximately HK$481,952,000.

Liabilities

The unaudited consolidated total liabilities of the Group as at 30 June 2015 were approximately HK$19,550,000. The unaudited pro forma consolidated total liabilities of the Enlarged Group (as set out in Appendix IV to this circular), assuming the Acquisition had been completed on 30 June 2015, would be increased to approximately HK$108,604,000.

Earnings

It is expected that the impact of the Acquisition on the Group's earning will be minimal in the short term. In view of the future prospects of the IT market in the PRC, it is anticipated that the Acquisition will improve the Enlarged Group's business prospects in IT consulting and development in the future and the Directors consider that the Acquisition will contribute to the revenue and earnings base of the Enlarged Group upon Completion.

It should be noted that the above financial effects of the Acquisition are for illustration purpose only. The exact financial effects are dependent on the consolidated net asset value of the Target Group on the Completion, and are subject to the review by the Company's auditors.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

To diversify the business of the Group and open up new income source, the Directors have been considering and exploring various opportunities for different investment projects and to broaden the scope of investments of the Group according to the market conditions. The Directors are of the view that the growth of the IT market in the PRC is very rapid as there is a huge market spanning through the various provinces in the PRC and the market has a great interest and demand in information technologies. There are huge potential markets in building intelligent cities, safe cities, government projects, real estates and other facilities. Accordingly, the Directors consider it appropriate to acquire office accommodation and premises for existing and future business development to cope with the Group's expansion.

Located at the center of Pearl River Delta with favorable foreign economic relations, Guangzhou, as a commercial hub, has relatively lower operating costs than other major cities of the PRC like Beijing and Shanghai and serves as a suitable strategic location to link up the Group with the various markets in the PRC, Hong Kong and other parts of the world, like Japan and the ASEAN Countries.

Even more, the PRC Properties are office properties with an aggregate gross floor area of approximately 10,500 square meters and are located at the catchment area in Tianhe District, Guangzhou, the PRC. Such catchment area is a high density commercial area with a steady stream of people and is easily accessible by other means of public transport. By entering into the Acquisition, the Group intends to refurbish the PRC Properties and occupy the same as the Group's future headquarters in the PRC to kick off for the new business opportunities and investment projects.

As announced by the Company on 13 November 2015, the Company has formed a joint venture with Nihon Unisys, Ltd. with a business objective to promoting and selling the Japanese products (such as groceries, cosmetics and electronic products) and its related business (such as advertising and consulting services and investments) in the PRC, Hong Kong and the ASEAN Countries.

The Board considers that the Acquisition will allow the Group to extend its business footprints into the asset acquisition, management and consultancy services industry in the PRC as well as to build business network in the PRC. The Acquisition allows the Company to have a place to tie up the existing and new businesses together and completes the whole strategic business development plan of the Group. In this nurturing ground where different businesses of the Group will be located, the resources and different knowledge gained from various businesses of the Group can be more efficiently utilised and shared. Together with the experience and knowledge of the Group in the IT field, the Board believes that the Acquisition can help further to equip the Group to further expand its existing and future businesses in the PRC and the ASEAN Countries.

The Company has no present intention to dispose of, or discontinue, any of the existing business of the Group and has not entered into any agreements, arrangements, understandings, intention or negotiation about any acquisition and/or disposal of assets or businesses, or termination and/or shrinking of any of the Company's existing business.

In consideration of the above, the Directors are of the view that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition and the transactions contemplated thereunder are in the interests of the Company and Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are 25% or more but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

EGM

The EGM will be convened and held at Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong on Thursday, 10 March 2016 at 3:00 p.m. for the Shareholders to approve the Acquisition Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM if you so wish.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Acquisition Agreement. As such, no Shareholder is required to abstain from voting under the GEM Listing Rules at the EGM on the resolution(s) to approval the Acquisition Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Board (including the independent non-executive Directors) is of the view that the Acquisition Agreement is on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

I. FINANCIAL SUMMARY

The financial information of the Group for (i) the year ended 31 December 2012 is disclosed in the annual report of the Company for the year ended 31 December 2012 published on 27 March 2013, from pages 25 to 106; (ii) for the year ended 31 December 2013 is disclosed in the annual report of the Company for the year ended 31 December 2013 published on 27 March 2014, from pages 25 to 111; (iii) the year ended 31 December 2014 is disclosed in the annual report of the Company for the year ended 31 December 2014 published on 30 March 2015, from page 25 to 93; and (iv) the six months ended 30 June 2015 is disclosed in the interim report of the Company for the six months ended 30 June 2015 published on 14 August 2015, from pages 7 to 29, all of which have been published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.chinainfotech.com.hk).

II. INDEBTEDNESS

As at the close of business on 31 December 2015, being the latest practicable date for the purpose this indebtedness statement, the indebtedness of the Enlarged Group was as follows:

(i) borrowings from a company controlled by general managers of a subsidiary of HK$478,000;

(ii) borrowing from a bank of HK$71,053,000; and

(iii) finance lease of HK$474,000

The Enlarged Group's bank borrowing and finance lease were secured by legal charges over the investment properties and property, plant and equipment with a carrying value of approximately HK$298,870,000 and HK$449,000 of the Enlarged Group respectively. Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities, the Enlarged Group did not have any outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 31 December 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular.

Save as aforesaid, the Directors are not aware of any material changes in the indebtedness, contingent liabilities and commitments of the Enlarged Group since 31 December 2015, the date to which the indebtedness statement is made and up to the Latest Practicable Date.

III. WORKING CAPITAL

As at the Latest Practicable Date, the Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Enlarged Group's financial resources, including internally generated funds and presently available credit facilities, the Enlarged Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest audited financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Target Group

The Target Company is a holding company and has no business operation since its corporation while the WFOE had acquired the PRC Properties in December 2012.

As disclosed in the paragraph headed "REASONS FOR AND BENEFITS OF THE ACQUISITION", the Directors consider that the Acquisition is in line with the Group's business strategy. With the management and the business plan as well as the investment of the Company in the Target Group, the PRC Properties and the other resources can be better integrated for the existing business of the Company and utilized to generate more revenue for the Target Group and for the Enlarged Group as a whole.

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 ever-evolving information technological development and the volatile macro-economic environment have made the Company to realize that it is necessary for the Group to diversify its business risk and open up new income source while maintaining if not strengthening the existing business of the Company in order to develop sustainably. The Directors have been persistently and pro-actively considering and exploring various opportunities for different investment projects and to broaden the scope of investments of the Group according to the market conditions.

The Directors are of the view that the growth of the IT market in the PRC is very rapid as there is a huge market spanning through the various provinces in the PRC and the market has a great interest and demand in information technologies. There are huge potential markets in building intelligent cities, safe cities, government projects, real estates and other facilities. Accordingly, the Directors consider it appropriate to acquire office accommodation and premises for existing and future business development to cope with the Group's expansion.

Not only does the Acquisition allow the Group to step into asset acquisition, management and consultancy services, more importantly, and it also provides the channel for the Company to tie in all the businesses of the Group so that the resources of various businesses can be more efficiently shared and the Company will be able to connect and build networks with different PRC clients more easily. The Directors expect that the Target Group would have a positive future outlook and will deliver encouraging results to Shareholders.

ACCOUNTANT'S REPORT ON THE TARGET GROUP

The following is the text of the accountant's report on the Target Group, prepared for the purpose of incorporation in this circular, received from the reporting accountants of the Target Group, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

中汇 ZHONGHUI

23 February 2016

The Board of Directors
China Information Technology Development Limited

Dear Sirs,

We set out below our report on the financial information relating to Joyunited Investments Limited (the "Target Company") and its subsidiary (hereinafter collectively referred to as the "Target Group"), which comprise the Target Group's consolidated statements of profit or loss and other comprehensive income, the consolidated statements of change in equity and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2012, 2013, 2014 and the eleven months ended 30 November 2015 (the "Relevant Periods") and the Target Group's consolidated statements of financial position as at 31 December 2012, 2013, 2014 and 30 November 2015 (the "Financial Information") for inclusion in a circular issued by China Information Technology Development Limited (the "Company") dated 23 February 2016 (the "Circular") in connection with the proposed acquisition of the entire equity interests of the Target Company (the "Acquisition").

The Target Company, which is engaged in investment holding, was incorporated in the British Virgin Islands on 6 April 2005. As at the date of this report, it has a wholly-owned subsidiary named 廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited* ("Guangzhou Xinfeng")), which was a wholly foreign owned enterprise established on 11 May 2005 in the PRC with limited liability and principally engaged in assets acquisition, management and consultancy services. As at 30 November 2015 and the date of this report, Guangzhou Xinfeng has paid-in capital of US$13,000,000.

The Target Group has adopted 31 December as its financial year end date. As at the date of this report, no statutory audited financial statements have been prepared for the Target Company since its date of incorporation as there are no statutory requirements under the relevant rules and regulations in its jurisdiction of incorporation. The statutory financial statements of Guangzhou Xinfeng have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC and were audited in accordance with Independent Auditing Standards for Chinese Certified Public Accountants by Da Gong Certified Public Accountants Limited registered in the PRC.

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("Underlying Financial Statements").

We have performed an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements for the Relevant Periods in accordance with Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA.

The Financial Information of the Target Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The preparation of the Underlying Financial Statements are the responsibility of the directors of the Target Company. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Target Group as at 31 December 2012, 2013, 2014 and 30 November 2015; and of the financial performance and cash flows of the Target Group for the Relevant Periods.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, the directors of the Target Company have prepared the comparative financial information of the Target Group for the eleven months ended 30 November 2014 in accordance with the HKFRSs (the "Comparative Financial Information"). We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. A review consists principally of making enquiries of the Target Company management and applying analytical procedures to the Comparative Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Financial Information.

Emphasis of Matters Relating to Going Concern Basis

Without qualifying our opinion, we draw attention to note 2 to the Financial Information which mentions that as at 31 December 2012, 2013, 2014 and 30 November 2015, the Target Group has net current liabilities of approximately RMB183,864,000, RMB189,380,000, RMB194,609,000 and RMB221,070,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. Details of the Target Group obtaining sufficient resources to satisfy its working capital needs are set out in note 2 to the Financial Information.

* *The English name is a translation of its Chinese name and included herein for identification purpose only*

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Eleven months ended 30 November	
		2012	2013	2014	2014	2015
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*8*	–	2,273	2,290	2,290	–
Other income	*9*	9	4	4	3	1
Administrative expenses		(3,138)	(1,938)	(1,577)	(1,542)	(435)
Fair value changes on investment properties		12,894	22,940	17,225	17,225	(3,795)
Operating loss		9,765	23,279	17,942	17,976	(4,229)
Finance costs	*10*	(68)	(5,969)	(5,345)	(4,073)	(4,388)
Profit/(loss) before tax		9,697	17,310	12,597	13,903	(8,617)
Income tax expenses	*12*	(3,223)	(5,735)	(4,306)	(4,306)	945
Profit/(loss) and total comprehensive income/(expenses) for the year/period	*13*	6,474	11,575	8,291	9,597	(7,672)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 November
		2012	2013	2014	2015
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	675	584	493	413
Investment properties	*16*	188,000	211,000	229,000	247,000
Prepaid lease payment	*17*	1,469	1,386	1,303	1,227
		190,144	212,970	230,796	248,640
CURRENT ASSETS					
Prepaid lease payment	*17*	83	83	83	83
Prepayment, deposit and other receivables		–	–	–	4
Amounts due from related companies	*19*	62,500	62,500	57,660	–
Cash and cash equivalents		571	1,749	118	174
		63,154	64,332	57,861	261
CURRENT LIABILITIES					
Accruals and other payables	*20*	5,002	5,191	17	1,002
Amounts due to shareholders	*21*	110,555	113,990	112,472	158,704
Amount due to a related party	*22*	–	–	11,000	–
Amounts due to related companies	*22*	46,461	58,031	60,981	–
Bank loan	*23*	85,000	76,500	68,000	61,625
		247,018	253,712	252,470	221,331
NET CURRENT LIABILITIES		(183,864)	(189,380)	(194,609)	(221,070)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,280	23,590	36,187	27,570
NON-CURRENT LIABILITY					
Deferred tax liabilities	*24*	3,223	8,958	13,264	12,319
NET ASSETS		3,057	14,632	22,923	15,251
CAPITAL AND RESERVE					
Share Capital	*25*	–	–	–	–
Reserve		3,057	14,632	22,923	15,251
TOTAL EQUITY		3,057	14,632	22,923	15,251

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2012	–	(3,417)	(3,417)
Profit and total comprehensive income for the year	–	6,474	6,474
At 31 December 2012 and 1 January 2013	–	3,057	3,057
Profit and total comprehensive income for the year	–	11,575	11,575
At 31 December 2013 and 1 January 2014	–	14,632	14,632
Profit and total comprehensive income for the year	–	8,291	8,291
At 31 December 2014	–	22,923	22,923
Loss and total comprehensive expenses for the period	–	(7,672)	(7,672)
At 30 November 2015	–	15,251	15,251
At 1 January 2014	–	14,632	14,632
Profit and total comprehensive income for the period (unaudited)	–	9,597	9,597
At 30 November 2014 (unaudited)	–	24,229	24,229

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Eleven months ended 30 November	
	2012	2013	2014	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cash flows from operating activities					
Profit/(loss) before tax	9,697	17,310	12,597	13,903	(8,617)
Adjustments for:					
Interest income	(9)	(4)	(4)	(3)	(1)
Depreciation	90	91	91	84	76
Amortisation of prepaid land lease payment	83	83	83	76	76
Loss on disposal of property, plant and equipment	–	–	–	–	4
Fair value changes on investment properties	(12,894)	(22,940)	(17,225)	(17,225)	3,795
Finance costs	68	5,969	5,345	4,073	4,388
Operating (loss)/profit before working capital changes	(2,965)	509	887	908	(279)
Change in prepayment, deposit and other receivables	–	–	–	–	(4)
Change in accruals and other payables	3,000	189	(5,174)	(5,174)	985
Cash generated from/(used in) operations	35	698	(4,287)	(4,267)	702
Income tax paid	–	–	–	–	–
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	35	698	(4,287)	(4,267)	702
Cash flows from investing activities					
Interest received	9	4	4	3	1
Addition to investment properties	(175,106)	(60)	(775)	(555)	(21,795)
Purchases of property, plant and equipment	(9)	–	–	–	–
NET CASH USED IN INVESTING ACTIVITIES	(175,106)	(56)	(771)	(552)	(21,794)

	Year ended 31 December			Eleven months ended 30 November	
	2012	2013	2014	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cash flows from financing activities					
Proceeds from new bank loan	85,000	–	–	–	–
Change in amounts due from related companies	31,667	–	4,840	2,481	57,660
Change in amounts due to shareholders	12,500	3,435	(1,518)	(1,518)	35,232
Change in amounts due to related companies	46,461	11,570	2,950	1,850	(60,981)
Change in amount due to a related party	–	–	11,000	11,000	–
Repayment of bank & other loans	–	(8,500)	(8,500)	(6,375)	(6,375)
Interest paid	(68)	(5,969)	(5,345)	(4,073)	(4,388)
NET CASH GENERATED FROM INVESTING ACTIVITIES	175,560	536	3,427	3,365	21,148
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	489	1,178	(1,631)	(1,454)	56
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	82	571	1,749	1,749	118
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD					
Bank and cash balances	571	1,749	118	296	174

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

Joyunited Investments Limited (the "Target Company") was incorporated in the British Virgin Islands with limited liability on 6 April 2005. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The address of its principal place of business is 2nd floor, Guangdong Tongjian Building, No. 3 Zhi Xin Nan Road, Yuexiu Qu, Guangzhou Shi, Guangdong, People's Republic of China (the "PRC").

The principal activity of the Target Company is investment holding. The subsidiary is principally engaged in assets acquisition, management and consultancy services in the PRC.

The Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the subsidiary.

2. BASIS OF PREPARATION

As at 31 December 2012, 2013, 2014 and 30 November 2015, the Target Group has net current liabilities of approximately RMB183,864,000, RMB189,380,000, RMB194,609,000 and RMB221,070,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder, at a level sufficient to finance the working capital requirements of the Target Group. The controlling shareholder has agreed to provide adequate funds for the Target Group to meet its liabilities as they fall due. The directors of the Target Company are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Target Group be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Target Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group had adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations.

The Target Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Target Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material effect on the results of operations and financial position of the Target Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by HKICPA and applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention modified by the revaluation of investment properties which are carried at their fair values. The significant accounting policies applied in the preparation of the Financial Information are set out below.

Consolidation

The Financial Information include the financial statements of the Target Company and its subsidiary made up to the Relevant Periods. Subsidiary is an entity over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiary is consolidated from the date on which control is transferred to the Target Group. It is de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Functional and presentation currency

Items included in the Financial Information of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in Renminbi ("RMB"), which is the Target Company's presentation currency and the functional currency of the sole operating subsidiary of the Target Group.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Motor Vehicle	10%
Furniture, fixtures and equipment	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are land and buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment properties are stated at their fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment properties are recognised in profit or loss for the period in which they arise.

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowances is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of revenue can be measured reliably.

a) Rental income is recognised on a straight-line basis over the lease term; and

b) Building management fee income is recognised when services are provided; and

c) Interest income is recognised on a time-proportion basis using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in a subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Target Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Target Group.

(A) A person or a close member of that person's family is related to the Target Group if that person:

 (i) has control or joint control over the Target Group;

 (ii) has significant influence over the Target Group; or

 (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(B) An entity is related to the Target Group if any of the following conditions applies:

 (i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

 (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

 (iii) Both entities are joint ventures of the same third party.

 (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

 (v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to a parent of the Target Company.

Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its assets except investment properties and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Target Company have made the following judgements that have the most significant effect on the amounts recognised in the Financial Information.

(a) Going concern basis

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder at a level sufficient to finance the working capital requirements of the Target Group. Details are explained in note 2 to the Financial Information.

(b) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Target Group's investment property portfolios and concluded that the Target Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Target Group's deferred tax for investment properties, the directors of the Target Company have determined that the presumption set out in HKAS12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fair values of investment properties

The Target Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

6. FINANCIAL RISK MANAGEMENT

The Target Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Credit risk

The carrying amounts of the bank and cash balances and trade and other receivables included in the consolidated statements of financial position represent the Target Group's maximum exposure to credit risk in relation to the Target Group's financial assets.

The Target Group has no significant concentrations of credit risk.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(b) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Target Group's financial liabilities is as follows:

	Less than 1 year	**Between 1 and 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2012				
Accruals and other payables	5,002	–	–	5,002
Amounts due to shareholders	110,555	–	–	110,555
Amounts due to related companies	46,461	–	–	46,461
Principal portion of borrowings	8,500	34,000	42,500	85,000
Interest portion of borrowings	5,969	17,470	8,150	31,589
	176,487	51,470	50,650	278,607
At 31 December 2013				
Accruals and other payables	5,191	–	–	5,191
Amounts due to shareholders	113,990	–	–	113,990
Amounts due to related companies	58,031	–	–	58,031
Principal portion of borrowings	8,500	34,000	34,000	76,500
Interest portion of borrowings	5,345	15,000	5,279	25,624
	191,057	49,000	39,279	279,336

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2014				
Accruals and other payables	17	–	–	17
Amounts due to shareholders	112,472	–	–	112,472
Amount due to a related party	11,000	–	–	11,000
Amounts due to related companies	60,981	–	–	60,981
Principal portion of borrowings	8,500	34,000	25,500	68,000
Interest portion of borrowings	4,508	12,738	3,028	20,274
	197,478	46,738	28,528	272,744
At 30 November 2015				
Accruals and other payables	1,002	–	–	1,002
Amounts due to shareholders	158,705	–	–	158,705
Principal portion of borrowings	8,500	34,000	19,125	61,625
Interest portion of borrowings	4,280	10,867	1,742	16,889
	172,487	44,867	20,867	238,221

(c) Foreign currency risk

Foreign currency risk means the risk of fluctuations in the fair value or future cash flows of financial instruments which arise from changes in exchange rates. The Target Group's business are mainly located in the PRC and are mainly transacted and settled in Renminbi, so the Target Group has minimal exposure to foreign currency risk.

(d) Interest rate risk

The Target Group's exposure to interest-rate risk arises from its bank deposits and bank borrowing. These deposits and borrowing bear interests at variable rates varied with the then prevailing market condition.

For the Relevant Periods, if interest rates had been 10 basis points higher/lower with all other variables held constant, profit after tax for the period would have been (decreased)/ increased mainly as a result of changes in interest expense on bank loans, as follows:

	At 31 December			At 30 November
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest rates				
– increase by 10 basis point	(85)	(77)	(68)	(62)
Interest rates				
– decrease by 10 basis point	85	77	68	62

(e) Categories of financial instruments

	At 31 December			At 30 November
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Loans and receivables:				
Financial assets included in prepayments, deposits and other receivables	–	–	–	4
Amounts due from related companies	62,500	62,500	57,660	–
Cash and cash equivalents	571	1,749	118	174
	125,571	126,749	115,438	178
Financial liabilities:				
Financial liabilities at amortised cost:				
Financial liabilities included in other payables and accruals	5,002	5,191	17	1,002
Amounts due to shareholders	110,555	113,990	112,472	158,705
Amount due to a related party	–	–	11,000	–
Amounts due to related companies	46,461	58,031	60,981	–
Borrowings	85,000	76,500	68,000	61,625
	247,018	253,712	252,470	221,332

(f) Fair values

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The fair value of the Group's investment properties was determined based on direct comparison approach making reference to comparable market observable transactions of similar locations and conditions and asking price as available in the relevant market. There has been no change from the valuation technique used during the Relevant Period.

(a) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of reporting period:

Level 2 fair value measurements

30 November 2015

Description	Valuation technique	Inputs	Fair value *RMB'000*
Investment properties – PRC	Market comparable approach	Price per square metre	247,000

31 December 2014

Description	Valuation technique	Inputs	Fair value
			RMB'000
Investment properties – PRC	Market comparable approach	Price per square metre	229,000

31 December 2013

Description	Valuation technique	Inputs	Fair value
			RMB'000
Investment properties – PRC	Market comparable approach	Price per square metre	211,000

31 December 2012

Description	Valuation technique	Inputs	Fair value
			RMB'000
Investment properties – PRC	Market comparable approach	Price per square metre	188,000

8. REVENUE

The Target Group's revenue for the Relevant Periods are as follows:

	Year ended 31 December			Eleven months ended 30 November	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Rental income	–	2,054	2,100	2,100	–
Building management fee income	–	219	190	190	–
	–	2,273	2,290	2,290	–

9. OTHER INCOME

	Year ended 31 December			Eleven months ended 30 November	
	2012	2013	2014	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bank interest income	9	4	4	3	1

10. FINANCE COST

	Year ended 31 December			Eleven months ended 30 November	
	2012	2013	2014	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bank loan interest	68	5,969	5,345	4,073	4,388

11. SEGMENT INFORMATION

The Target Group operating segment is assets acquisition, management and consultancy services. Since this is the only operating segment of the Target Group, no further analysis thereof is presented.

The Target Group's operations and operating assets are substantially located in the PRC. Accordingly, no geographical segment information is presented.

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out as below:

	Year ended 31 December			Eleven months ended 30 November	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A	–	1,875	–	–	–
Customer B	–	398	1,990	1,990	–
Customer C	–	–	300	300	–

12. INCOME TAX EXPENSES

	Year ended 31 December			Eleven months ended 30 November	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current tax – the PRC	–	–	–	–	–
Deferred tax *(Note 23)*	3,223	5,735	4,306	4,306	(945)
	3,223	5,735	4,306	4,306	(945)

Corporate Income Tax has been provided at a rate of 25% on the estimated assessable profit/loss for the Relevant Periods.

The reconciliation between the income tax expense and the profit/(loss) before tax is as follows:

	Year ended 31 December			Eleven months ended 30 November	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit/(loss) before tax	9,697	17,310	12,597	13,903	(8,617)
Tax at domestic income tax rate of 25%	2,424	4,328	3,149	3,476	(2,154)
Tax losses not recognised	799	1,407	1,157	830	1,209
Tax charge	3,223	5,735	4,306	4,306	(945)

13. PROFIT/(LOSS) FOR THE YEAR/PERIOD

The Target Group's profit/(loss) for the Relevant Periods is stated after charging the following:

	Year ended 31 December			Eleven months ended 30 November	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Directors' emoluments	–	–	–	–	–
Depreciation of property, plant and equipment	90	91	91	84	76
Loss on disposals of property, plant and equipment	–	–	–	–	4
Operating lease charges on building	9	14	12	12	14
Other staff costs	181	126	88	82	80

14. DIVIDENDS

The directors of the Target Company do not recommend the payment of any dividend in respect of the Relevant Periods.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	Motor Vehicle	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2012	97	750	847
Additions	9	–	9
At 31 December 2012, 31 December 2013, 31 December 2014	106	750	856
Disposal	(73)	–	(73)
At 30 November 2015	33	750	783
Accumulated depreciation			
At 1 January 2012	26	65	91
Charge for the year	19	71	90
At 31 December 2012	45	136	181
Charge for the year	20	71	91
At 31 December 2013	65	207	272
Charge for the year	20	71	91
At 31 December 2014	85	278	363
Charge for the period	10	66	76
Disposal	(69)	–	(69)
At 30 November 2015	26	344	370
Carrying amount			
At 31 December 2012	61	614	675
At 31 December 2013	41	543	584
At 31 December 2014	21	472	493
At 30 November 2015	7	406	413

16. INVESTMENT PROPERTIES

	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	–	188,000	211,000	229,000
Additions	175,106	60	775	21,795
Fair value changes	12,894	22,940	17,225	(3,795)
At the end of year/period	188,000	211,000	229,000	247,000

At the end of each reporting period, the investment properties were revalued by Roma Appraisal Limited, independent professional qualified valuers, on the market value basis using direct comparison approach.

At 30 November 2015, the carrying amount of investment properties pledged as security for the Group's bank loans amounted to approximately RMB247,000,000 (31 December 2014: approximately RMB229,000,000, 31 December 2013: RMB211,000,000, 31 December 2012: RMB188,000,000).

17. PREPAID LEASE PAYMENTS

	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	1,635	1,552	1,469	1,386
Amortisation	(83)	(83)	(83)	(76)
At end of year/period	1,552	1,469	1,386	1,310
Current portion	(83)	(83)	(83)	(83)
Non-current portion	1,469	1,386	1,303	1,227

18. SUBSIDIARY

Particulars of the subsidiary as at 30 November 2015 are as follows:

Name	Place of incorporation/ registration and operation	Paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited)	The People's Republic of China	USD13,000,000	100% (direct)	Assets acquisition, management and consultancy services

19. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies, of which the controlling shareholder also has control over the related companies, are unsecured, interest-free and repayable on demand.

20. ACCRUALS AND OTHER PAYABLES

	At 31 December			At 30 November
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	–	–	–	1,002
Tax payables	2	35	2	–
Rental deposit received	–	156	–	–
Other payables	5,000	5,000	15	–
	5,002	5,191	17	1,002

Other payables were unsecured, repayable on demand and non-interest bearing.

21. AMOUNTS DUE TO SHAREHOLDERS

The advances are unsecured, repayable on demand and non-interest bearing.

22. AMOUNTS DUE TO RELATED COMPANIES/A RELATED PARTY

The amounts due to related companies, of which the controlling thresholding also has control over the related companies, are unsecured, interest-free and repayable on demand.

The amount due to a related party is unsecured, repayable on demand and non-interest bearing.

23. BANK LOAN

	At 31 December			At 30 November
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loan – secured	85,000	76,500	68,000	61,625

The borrowings have terms of 10 years until 2022 with a repayable on demand clause exercisable by bank. The average interest rates were as follows:

Effective interest rate	7.3%	7.3%	7.3%	7.3%

The bank loan is secured by a charge over the Target Group's investment properties, and personal guarantee of three shareholders, Yan Wai Ping, Tang Chuen Pong and Zhang Rong.

24. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Target Group.

	Fair value change of investment properties	**Total**
	RMB'000	*RMB'000*
At 1 January 2012	–	–
Charged to profit or loss	3,223	3,223
At 31 December 2012 and 1 January 2013	3,223	3,223
Charged to profit or loss	5,735	5,735
At 31 December 2013 and 1 January 2014	8,958	8,958
Charged to profit or loss	4,306	4,306
At 31 December 2014	13,264	13,264
Credited to profit or loss	(945)	(945)
At 30 November 2015	12,319	12,319

As at 30 November 2015, the Group has unused tax loss of approximately RMB24,078,000 (31 December 2014: RMB19,941,000; 31 December 2013: RMB15,084,000; 31 December 2012: RMB6,202,000) available to offset future profits. No deferred tax assets has been recognised in respect of such losses for the Target Group due to the unpredictability of future profit streams.

25. SHARE CAPITAL

	Number of shares	Amount
		RMB'000
Authorised share capital:		
At 1 January 2012, 31 December 2012, 31 December 2013, 31 December 2014 and 30 November 2015		
– Ordinary shares of US$1 each	50,000	320
Issued and fully paid:		
At 1 January 2012, 31 December 2012, 31 December 2013, 31 December 2014 and 30 November 2015		
– Ordinary shares of US$1 each	10	–

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

26. OPERATING LEASE COMMITMENTS

(a) As lessor

At the end of each reporting period, the total future minimum lease income under non-cancellable operating leases of the Target Group are receivable as follows:

	At 31 December			At 30 November
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	2,160	–	–
In the second to fifth years inclusive	–	8,280	–	–
	–	10,440	–	–

27. CAPITAL COMMITMENTS

The Target Group's capital commitments at the end of each reporting period are as follows:

	At 31 December			At 30 November
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties				
Contracted but not provided for	–	240	593	3,294

28. CONTINGENT LIABILITIES

At the end of each reporting period, the Target Group did not have any significant contingent liabilities.

29. RELATED PARTY TRANSACTIONS

Other than the balances with related parties as disclosed elsewhere in the Financial Information, the Target Group had the following transactions with its related parties during the Relevant Periods.

	Year ended 31 December			Eleven months ended 30 November
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Rental income and building management fee income received from an related company	–	398	1,990	–

A director, Mr. Yan Wai Ping, has control over the related company.

Compensation to key management personnel

The directors of the Target Company consider that they are the only key management personnel of the Target Company. No emolument was paid or payable to the directors of the Target Company during the Relevant Periods.

30. MAJOR NON-CASH TRANSACTION

During the eleven months ended 30 November 2015, the director of the subsidiary has entered into the agreement to assign the balances of current accounts RMB11,000,000, as at 30 November 2015 to the shareholder of the Target Group.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2015.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084
Hong Kong, 23 February 2016

Set out below is the management discussion and analysis on the Target Group for the three years ended 31 December 2012, 2013 and 2014, and the eleven months ended 30 November 2015:

Unless stated otherwise, terms used herein shall have the same meanings as those defined in the circular.

BUSINESS AND FINANCIAL REVIEW

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is owned as to 60% by the First Vendor, as to 20% by the Second Vendor and as to 20% by the Third Vendor. The principal activity of the Target Company is investment holding.

WFOE is a company established in the PRC with limited liability with a registered and paid up capital of US$13,000,000 and is wholly owned by the Target Company. The business scope of WFOE is assets acquisition, management and consultancy services (other than those that are restricted or prohibited to operate by the State).

WFOE owns the PRC Properties with an aggregate gross floor area of approximately 10,500 square meters for commercial uses.

The PRC Properties were mortgaged in favour of the Mortgagee pursuant to a mortgage created by WFOE to secure a loan facility granted to the Target Group. As at the date of this report, the outstanding amount of such loan is approximately RMB61,625,000.

Prior to the Acquisition, the operating business was principally conducted by the WFOE.

i. The Target Company

No revenue was recorded for the period from 6 April 2005 (date of incorporation) to 30 November 2015.

ii. The WFOE

For the year ended 31 December 2012

Since the PRC properties were acquired by WFOE in December 2012, and no operation and also no revenue in 2012. The net profit after tax of the WFOE of approximately RMB6,474,000 mainly represented the fair value gain on the PRC Properties of approximately RMB12,894,000.

For the year ended 31 December 2013

The revenue of the WFOE was approximately RMB2,273,000 for the year ended 31 December 2013.

For the year ended 31 December 2013, the fair value gain on the PRC Properties in WFOE was approximately RMB22,940,000 which increased 12.2% of the PRC Properties compared in 2012.

The net profit after tax of the WFOE was approximately RMB11,575,000 for the year ended 31 December 2013.

For the year ended 31 December 2014

The revenue of the WFOE increased from approximately RMB2,273,000 for the year ended 31 December 2013 to approximately RMB2,290,000 for the year ended 31 December 2014. The revenue in 2014 is similar to that in 2013. The revenue represents the rental income from letting the first, second and ninth floor of the PRC Properties to tenants.

For the year ended 31 December 2014, the WFOE recorded fair value gain on the PRC Properties of approximately RMB17,225,000, representing an increase in 8.2% of the PRC Properties in 2014.

The net profit after tax of the WFOE was approximately RMB8,291,000 for the year ended 31 December 2014, which represented a decrease of approximately 28.4% from approximately RMB11,575,000 for the corresponding period in 2013. Such decrease in net profit was mainly attributable to the decrease in fair value gain on the PRC Properties in 2014.

For the eleven months ended 30 November 2015

There is no revenue of the WFOE for the eleven months ended 30 November 2015 as the PRC Properties are idle for refurbishment; whereas, the revenue of the WFOE for the eleven months ended 30 November 2014 was approximately RMB2,290,000 which represents the rental income for letting the first, second and ninth floor of the PRC Properties.

During the eleven months ended 30 November 2015, there was a fair value loss on the PRC Properties of approximately RMB3,795,000 which is an opposite direction with the eleven months ended 30 November 2014 of which the fair value gain on the PRC Properties was approximately RMB17,225,000.

The net loss after tax of the WFOE was approximately RMB7,672,000 for the eleven months ended 30 November 2015, which represented a decrease in 179.9% from approximately RMB9,597,000 net profit after tax for the corresponding period in 2014. Such decrease was mainly attributable to the decrease in the fair value of the PRC Properties.

LIQUIDITY AND FINANCIAL RESOURCES

(i) The Target Company

As at 30 November 2015, the Target Company recorded no net current assets, cash and cash equivalents, trade receivables or other payables and accruals.

(ii) The WFOE

As at 31 December 2012, 2013 and 2014, and 30 November 2015, the WFOE had net current liabilities of approximately RMB183,864,000, RMB189,380,000, RMB194,609,000 and RMB221,070,000 respectively. The increase in net current liabilities for the eleven months ended 30 November 2015 was mainly attributable to the fund injection by the shareholders for repayment of mortgage loan and loan interests, and administrative expenses.

As at 31 December 2012, 2013 and 2014 and 30 November 2015, the WFOE had cash and cash equivalents of approximately RMB571,000, RMB1,749,000, RMB118,000, and RMB174,000 respectively.

CAPITAL STRUCTURE

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Group may adjust dividend payments to its shareholders or issue new shares. The Target Group is not subject to any externally imposed capital requirement.

(i) The Target Company

As at 30 November 2015, the issued share capital of the Target Company was US$10 (equivalent to HK$78) comprised of 10 issued and fully paid ordinary shares of US$1 each. There was no material change in capital structure of the Target Company.

(ii) The WFOE

As at 30 November 2015, the issued share capital of the Target Company was US$13 million (equivalent to HK$101.4 million). There was no material change in the capital structure of the WFOE.

ADMINISTRATIVE COST

The administrative cost primarily consists of staff salary, rent and rates, depreciation charges and other administrative costs.

FINANCE COST

The finance cost mainly represents the interest on the mortgage loan.

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment represents the furniture and equipment, and motor vehicle.

INVESTMENT PROPERTIES

The investment properties represent the PRC Properties.

CASH AND BANK BALANCES

The cash and bank balances of the Target Group denominated in Renminbi which is the functional and presentation currency of the Target Group.

CHARGE ON COMPANY ASSETS

The PRC Properties were mortgaged in favour of the Mortgagee pursuant to a mortgage created by WFOE to secure a loan facility granted to the Target Group. As at the date of this report, the outstanding amount of such loan is approximately RMB61,625,000.

CONTINGENT LIABILITIES

The Target Group did not have any significant contingent liability.

CAPITAL COMMITMENTS

As at 30 November 2015, the Target Group did not have any significant capital commitment.

AMOUNTS DUE TO SHAREHOLDERS

The amounts due are unsecured, repayable on demand and non-interest bearing. The amounts due mainly represents the fund injection by the shareholders for acquiring the PRC Properties, and settling the administrative expenses and bank borrowing and interests.

RELATED PARTY TRANSACTION

For the years ended 31 December 2013 and 2014, rental income and management fee income received from a related company were approximately RMB398,000 and RMB1,990,000 respectively. For the eleven months ended 30 November 2015, the related transaction is RMB nil.

FOREIGN EXCHANGE EXPOSURE

Since the Target Group's recognized assets and liabilities were substantially denominated in Renminbi, the board of Directors considers that potential foreign exchange exposure of the Target Group is minimal.

GEARING RATIO

(i) The Target Company

As at 30 November 2015, the Target Company's gearing ratio (being ratio of total liabilities to total assets) was 1.00.

(ii) The WFOE

As at 30 November 2015, the WFOE's gearing ratio (being ratio of total liabilities to total assets) was 0.94.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

As at 30 November 2015, the fair value of the PRC Properties held as investment property by the Target Company amounted to approximately RMB247,000,000. Details of the fair value of the Properties as at 30 November 2015 are set out in Appendix V to this Circular. The Target Company did not have any other material acquisition and disposal of subsidiaries and associated companies during the period from the date of incorporation to 30 November 2015. As at 30 November 2015, save as the PRC Properties held, the Target Company did not hold any significant investments or plan for material investments or capital assets in future period.

EMPLOYEES AND REMUNERATION POLICY

During the period from the date of incorporation to 30 November 2015, the Target did not employ any employees and hence the Target Company did not incur any staff costs nor does it adopt any remuneration policies, bonus and share option schemes and training schemes.

As at three years ended 31 December 2012, 2013 and 2014; and as at 30 November 2015, Target Group had employed 1 employee.

The total staff cost of the Target Group for the years ended 31 December 2012, 2013, 2014 and the period ended 30 November 2015 were approximately RMB181,000, RMB126,000, RMB88,000 and RMB80,000 respectively.

The total staff cost of Target Group for the eleven months ended 30 November 2015 was approximately RMB80,000. The Target Group would launch remuneration policy in line with the prevailing market practice including discretionary bonus and remunerates based on its employees performance and contribution.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

中汇 ZHONGHUI

23 February 2016

The Board of Directors
China Information Technology Development Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Information Technology Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2015 and related notes (the "Pro Forma Financial Information") as set out in Appendix IV-5 to IV-9 of the circular issued by the Company dated 23 February 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are set out in Appendix IV-5 of the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of the entire equity interest (the "Acquisition") of Joyunited Investments Limited (the "Target Company") and its subsidiary, 廣州信豐投資諮詢有限公司 (Guangzhou Xinfeng Investment Consultancy Company Limited) on the Group's financial position as at 30 June 2015 as if the Acquisition had taken place on 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements as included in the interim report for the six months ended 30 June 2015, on which no audit or review report has been published. Information about the Target Group financial position as at 30 November 2015 has been extracted by the Directors from the accountants' report of the Target Company as set out in Appendix II to the Circular.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 31(7) of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition as at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the Acquisition in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084

Hong Kong, 23 February 2016

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Capitalised terms used herein shall have the same meanings as those defined in this Circular, unless the context requires otherwise.

The accompanying unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "Pro Forma Financial Information") has been prepared by the Directors of the Company to illustrate the effect of the Acquisition.

The Pro Forma Financial Information is prepared based on the condensed consolidated statement of financial position of the Group as at 30 June 2015 as extracted from the interim report of the Group for the six months ended 30 June 2015 and the audited consolidated statement of financial position of the Target Company as at 30 November 2015 as extracted from the accountants' report as set out in Appendix II of this Circular after making certain proforma adjustments resulting from the Acquisition.

The Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 30 June 2015. Furthermore, the Pro Forma Financial Information does not purport to predict the Group's future financial position.

The Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of this Circular, the financial information of the Target Company as set out in Appendix II of this Circular and other financial information included elsewhere in this Circular.

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as at 30 June 2015	The Target Group as at 30 November 2015	The Target Group as at 30 November 2015		Pro forma adjustments			The Enlarged Group
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(Audited)	(Audited)					
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 3a)*	*(Note 3b)*	*(Note 3c)*	*(Note 3d)*	
Non-current assets								
Property, plant and equipment	2,464	413	500	–	–	–	–	2,964
Investment in associates	164,790	–	–	–	–	–	–	164,790
Investment in a join venture	15,594	–	–	–	–	–	–	15,594
Investment properties	–	247,000	298,870	–	–	6,518	(6,518)	298,870
Prepaid land lease payments	–	1,228	1,486	–	–	–	–	1,486
Available-for-sale financial asset	15,632	–	–	–	–	–	–	15,632
	198,480	248,641	300,856	–	–	6,518	(6,518)	499,336
Current assets								
Inventories	747	–	–	–	–	–	–	747
Prepaid lease payments	–	83	100	–	–	–	–	100
Trade and other receivables	5,618	–	–	–	–	–	–	5,618
Prepayments, deposits and other receivables	3,777	4	5	–	–	–	–	3,782
Financial assets at fair value through profit or loss	35,485	–	–	–	–	–	–	35,485
Cash and cash equivalents	152,053	174	211	(215,380)	–	–	–	(63,116)
	197,680	261	316	(215,380)	–	–	–	(17,384)
Current liabilities								
Trade and other payables	4,549	–	–	–	–	–	–	4,549
Other payables and accruals	5,519	1,002	1,212	–	–	–	–	6,731
Amounts due to shareholders	–	158,705	192,033	–	(192,033)	–	–	–
Tax payable	8,850	–	–	–	–	–	–	8,850
Finance lease payable	253	–	–	–	–	–	–	253
Borrowings	–	61,625	74,566	–	–	1,626	(1,626)	74,566
	19,171	221,332	267,811	–	(192,033)	1,626	(1,626)	94,949
Net current assets/(liabilities)	178,509	(221,071)	(267,495)	(215,380)	192,033	(1,626)	1,626	(112,333)
Total assets less current liabilities	376,989	27,570	33,361	(215,380)	192,033	4,892	(4,892)	387,003
Non-current liabilities								
Long term deposits received	379	–	–	–	–	–	–	379
Deferred tax liabilities	–	12,319	14,906	–	–	–	(1,630)	13,276
	379	12,319	14,906	–	–	–	(1,630)	13,655
Net assets	376,610	15,251	18,455	(215,380)	192,033	4,892	(3,262)	373,348

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) Figures are extracted from the condensed consolidated financial statements of the Group as set out in the interim report of the Company for the six months ended 30 June 2015.

(2) Figures are extracted from the Target Group's consolidated statement of financial position as at 30 November 2015 included in the accountants' report of the Target Company as set out in Appendix II to the Circular and converted to the presentation currency of the Group. The conversion of RMB into HK$ for the consolidated statement of financial position of the Target Company is based on the exchange rate of RMB1 translated to HK$1.21. No representation is made that RMB amounts have been, could have been or could be converted into HK$, or vice versa, at that rate or at any other rates or at all.

(3) On 25 November 2015, the Company entered into a sales and purchase agreement dated 25 November 2015 with the owners of 100% equity interest of the Target Group (the "Vendor"), in relation to the Acquisition (the "Sales and Purchase Agreement"), to acquire all the equity interest of the Target Group and the shareholders' loan due by Target Company to the Vendor (the "Target Shareholder's Loan"). The consideration for the Acquisition is RMB178,000,000.

Prior to the Acquisition, the Target Group only holds the tangible properties and does not constitute a business, the acquisition is accounted for as acquisition of assets.

(a) Pursuant to the terms of Sales and Purchase Agreement entered into by the Company with the Vendor, the aggregate consideration for the Acquisition is RMB178,000,000 (approximately HK$215,380,000) which will be satisfied by the Company at completion.

It is assumed that Group will have sufficient bank balances and cash on completion date to provide funding in order to cover the shortfall. On 13 October 2015, the Group had completed a placement of new shares with net proceeds of approximately HK$62.8 million, details of which are set out in the announcement of the Company dated 13 October 2015. As per the Company's announcement dated 8 December 2015, the Company has entered into a Placing Agreement whereby the Company agreed to place, through the Placing Agent, up to 1,830,792,000 new Shares to not less than six independent Placees at the Placing Price of HK$0.13 per Placing Share. The net proceeds from this placement is estimated to be approximately HK$230 million. The directors of the Company expect part of the proceeds will be used to finance this Acquisition. Up to the date the unaudited pro forma financial information of the Enlarged Group is authorised to be issued, the Group has not yet completed this share placement.

(b) Upon completion of the Acquisition, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the outstanding amount of the shareholders' loan of the Target Company will be due by the Target Company to the Group. Pursuant to the terms of Sales and Purchase Agreement, the shareholder's loan will be determined on completion date of the acquisition. For the purpose of preparation of this unaudited pro forma financial information, the balance of shareholders' loan was approximately RMB158,705,000 (approximately HK$192,033,000) as at 30 November 2015.

(c) On consolidation of the Target Group by the Company, the excess of investment cost in the Target Group over the net assets of the Target Group is RMB4,044,000 (approximately HK$4,892,000).

According to paragraph 2(b) of HKFRS 3 (revised), HKFRS 3 (revised) applies to a transaction or other event that meets the definition of a business combination. This HKFRS does not apply to the acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost of the acquisition shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

For the purpose of preparation of this unaudited pro forma financial information, HK$4,892,000 was allocated in proportion to the fair value of significant assets and liabilities which were investment properties and bank borrowings as at 30 June 2015, the date assuming that the acquisition had been taken place. There was no other significant assets and liabilities of the Target Group except investment properties and bank borrowing. Accordingly, investment properties and bank borrowings were increased by approximately HK$6,518,000 and approximately HK$1,626,000 respectively.

(d) According to the Group's accounting policy, investment properties are stated at their fair value and bank borrowing are recognized initially at fair value. For the purpose of preparation of this unaudited pro forma consolidated statement of assets and liabilities, the fair value of investment properties and bank borrowings were approximately HK$298,870,000 and approximately HK$74,566,000 respectively. As a result, fair value loss of approximately HK$6,518,000 and fair value gain of approximately HK$1,626,000 were recognised for investment properties and bank borrowings respectively. Deferred tax liabilities were decreased by approximately HK$1,630,000 as a result of fair value change of investment properties.

(e) The completion of the Acquisition is subject to the conditions as set out in the section of "Letter from the Board" to this circular. For the purpose of preparation of the Pro Forma Financial Information, it is assumed that the Group would obtain control over the Target Group pursuant to the Agreement.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 30 November 2015 of the property.

ROMA

Unit 3806, 38/F, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

23 February 2016

China Information Technology Development Limited
Suite No.5A, 9/F
Sino Plaza
255-257 Gloucester Road
Causeway Bay
Hong Kong

Dear Sir/Madam,

Re: Valuation of a composite building situated in No.123 Lujing Road, Tianhe District, Guangzhou City, Guangdong Province, The People's Republic of China

In accordance with your instruction for us to value the property intended to be acquired by China Information Technology Development Limited (the "Company") and/or its subsidiaries (together with the Company referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 November 2015 for the purpose of incorporation in the circular of the Company dated 23 February 2016.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have assumed that it will be renovated and completed in accordance with the latest renovation proposal provided to us by the Group. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable transactions and asking price evidence as available in the relevant market and have taken into account the renovation costs that will be expended to complete the renovation.

3. TITLE INVESTIGATION

For the property in the PRC, we have been provided with copies of extracts of various title documents relating to the property in the PRC. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group and the Group's PRC legal advisor, Jian Da Law Firm（廣東景達律師事務所）regarding the title of the property in the PRC. All documents have been used for reference only.

In valuing the property, we have relied on the advice given by the Group and its PRC legal advisor that the Group has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/ purchase consideration payable have been fully settled.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in compliance with the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by the Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi ("RMB").

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Dr. Alan W K Lee	**Frank F Wong**
BCom (Property) MFin PhD (BA)	*BA (Business Admin) MSc (Real Estate)*
MHKIS RPS (GP) AAPI CPV CPV (Business)	*MRICS Registered Valuer*
Associate Director	*Associate Director*

Note: *Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 12 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.*

Note: *Mr. Frank F Wong is a Chartered Surveyor and Registered Valuer who has 17 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 9 years' experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.*

VALUATION CERTIFICATE

Property intended to be acquired by the Group for future owner-occupation/investment purposes in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2015
A composite building situated in No.123 Lujing Road, Tianhe District, Guangzhou City, Guangdong Province, The PRC 中國廣東省廣州市天河區麓景路123號之一幢綜合樓宇	The property comprises a 9-storey commercial/office composite building with a site area of approximately 1,777.21 sq.m. where the building erected thereon which was completed in about 1986. The building has a total gross floor area of approximately 10,518.74 sq.m.. The land use rights have been granted for a term of 40 years commencing on 12 October 2012 for commercial use and 50 years commencing on 12 October 2012 for carpark and office uses.	As advised, the property is under renovation.	RMB247,000,000.

Notes:

1. Pursuant to 11 Real Estate Title Certificates issued by Guangzhou Municipal Land Resources and Housing Administrative Bureau dated 26 December 2012 and 27 December 2012, the land use rights of the property with a site area of approximately 1,777.21 sq.m. and a building with a total gross floor area of approximately 10,518.74 sq.m. has been granted to Guangzhou Xinfeng Investment Consultancy Company Limited (廣州信豐投資諮詢有限公司) ("Guangzhou Xinfeng") for commercial, carpark and office uses. The details of which are as follows:

Real Estate Title Certificate	Usage	Commencing Date	Tenure *(years)*	Gross Floor Area *(sq.m.)*
Yue Fang Di Quan Zheng Sui Zi No.0150163097	Commercial	12 Oct 2012	40	920.34
Yue Fang Di Quan Zheng Sui Zi No.0150163196	Carpark	12 Oct 2012	50	165.96
Yue Fang Di Quan Zheng Sui Zi No.0150163194	Commercial	12 Oct 2012	40	1,623.25
Yue Fang Di Quan Zheng Sui Zi No.0150163100	Office	12 Oct 2012	50	291.48
Yue Fang Di Quan Zheng Sui Zi No.0150163113	Office	12 Oct 2012	50	1,274.04
Yue Fang Di Quan Zheng Sui Zi No.0150163114	Office	12 Oct 2012	50	1,013.27
Yue Fang Di Quan Zheng Sui Zi No.0150163115	Office	12 Oct 2012	50	1,047.84
Yue Fang Di Quan Zheng Sui Zi No.0150163171	Office	12 Oct 2012	50	1,047.84
Yue Fang Di Quan Zheng Sui Zi No.0150163179	Office	12 Oct 2012	50	1,047.84
Yue Fang Di Quan Zheng Sui Zi No.0150163183	Office	12 Oct 2012	50	1,043.44
Yue Fang Di Quan Zheng Sui Zi No.0150163191	Office	12 Oct 2012	50	1,043.44
			Total:	10,518.74

2. Pursuant to the Acknowledgement Receipt of Proposed Application by Guangzhou City Urban Planning Bureau Yuexiu Branch (廣州市規劃局越秀分局立案申請回執) No.20150100007727 dated 1 September 2015 issued by Guangzhou City Planning Bureau (廣州市規劃局), the property is under application of Construction Work Amendment 《Construction Work Planning Permit》 with attached plan 《including the amendment of part of the structural features》 (調整建設工程《建設工程許可証》及附圖附件《含建築功能部份調整》).

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Real Estate Title Certificates	Yes
Construction Work Planning Permit for Construction Amendment	Under Application

4. Pursuant to the Mortgage Contracts of Maximum Amounts No. GDY477640120120123, the property with a total gross floor area of approximately 10,518.74 sq.m are subject to a mortgage in favour of Bank of China Limited Guangzhou Haizhu Branch (中國銀行股份有限公司廣州海珠支行), as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB170,000,000 with the security term from 11 December 2012 to 10 December 2013.

5. As advised by the Group, the proposed renovation is scheduled to be completed by the end of 2016, the estimated total costs for renovation are approximately RMB28,690,000 (including demolition of existing partitions and installation of new curtain wall cost), no payment has been made as at the Date of Valuation.

6. Our inspection was performed by Mr. Frank F. Wong in November 2015.

7. We have been provided with a legal opinion on the title to the property issued by the Group's legal advisor, which contains, inter alia, the following information:

   a. Guangzhou Xinfeng is the legal owner of the property and has right to occupy, use, lease, transfer, and mortgage or otherwise dispose of the property with legal protection under the PRC law;

   b. Except for aforesaid mortgage, the property is not subject to mortgage or other material encumbrances;

   c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   d. Guangzhou Xinfeng has submitted application properly. Upon approval, Guangzhou City Urban Planning Bureau Yuexiu Branch (廣州市規劃局越秀分局) will issue the Construction Work Planning Permit (建設工程規劃許可證) and Guangzhou City Yuexiu District Construction and Water Bureau (廣州市越秀區建設和水務局) will issue the Construction Work Commencing Permit (建築工程施工許可證). The renovation and construction works on curtain wall of the building can be commenced legally. There is no legal impediment in proposed renovation project.

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) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	*Note*	**Capacity and nature of interest**	**Number of ordinary Shares held**	**Percentage of the Company's issued Share capital**
Wong Kui Shing, Danny	*(a)*	Through controlled corporation	388,131,449	Approx. 10.00%

(a) As at the Latest Practicable Date, Mr. Wong Kui Shing, Danny, the executive Director of the Company is deemed to be interested in 388,131,449 ordinary Shares of the Company (approx. 10.00% of the issued Share capital of the Company) which are held by Discover Wide Investments Limited, a company incorporated in the BVI with limited liability, the entire issued share capital of which is beneficially owned by Mr. Wong Kui Shing, Danny.

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' and chief executives' interests and short positions in Shares, underlying shares" above, had registered an interest or short position in the Shares or underlying shares and debentures of the Company that was required to be recorded pursuant to Section 352 of the SFO or otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests in Shares and underlying shares

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 were as follows:

Name	*Note*	Capacity and nature of interest	Number of ordinary Shares held	Percentage of the Company's issued Share capital
Discover Wide Investments Limited	*(i)*	Beneficial owners	388,131,449	Approx. 10.00%

(i) As at the Latest Practicable Date, Discover Wide Investments Limited is wholly-owned by Mr. Wong Kui Shing, Danny, the executive Director of the Company.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. MATERIAL LITIGATION

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

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Enlarged Group which is not determinable by such member of the Enlarged Group within one year without payment of compensation, other than statutory compensation.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

(i) the sale and purchase agreement dated 28 May 2014 entered into between the Company and Favour Time Investments Limited in respect of the acquisition of the 60% equity interest in China Luck International Limited at a consideration of US$1,248,150 (equivalent to approximately HK$9,711,000);

(ii) the agreement dated 5 June 2014 entered into between the Company, Rui Hung Partnership and Gaojiu in relation to the termination of the purchase of 7.5% equity interest in Gaojiu and the acquisition of 4,438 tonnes of base wine from Gaojiu at a consideration of approximately RMB155.33 million;

(iii) 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 the 24% partnership interest in Rui Hung Partnership (supplemented by supplemental agreement dated 28 August 2014) at a consideration of RMB28 million (equivalent to approximately HK$34.80 million);

(iv) the sale and purchase agreement dated 10 July 2014 entered into between the Company and Beijing Enterprises Group Information Limited in respect of the disposal of 100% issued share capital of Wisdom Elite Holdings Limited at a consideration of RMB71.91 million (equivalent to approximately HK$89.26 million);

(v) the memorandum of understanding dated 2 April 2015 entered into between China Luck International Limited (a wholly-owned subsidiary of the Company) and Mr. Cheng Shing Tak in respect of the possible acquisition of not more than 50% of the issued share capital of Faithful Asia Group Limited;

(vi) the sale and purchase agreement dated 20 April 2015 entered into between Rosy Depot Limited (a wholly-owned subsidiary of the Company) and Mr. Cheng Shing Tak in respect of the acquisition of 40% of the issued share capital of Faithful Asia Group Limited at a consideration of HK$80,000,000;

(vii) the sale and purchase agreement dated 7 May 2015 entered into between Rosy Faith Investments Limited (a wholly-owned subsidiary of the Company) and IWT Group Limited in respect of the acquisition of 25% of the issued share capital of Wise Visual Holdings Limited at a consideration of HK$80,000,000;

(viii) the joint venture agreement dated 13 November 2015 entered into among the Company, Mr. Wong Kui Shing, Danny and Nihon Unisys, Ltd. in relation to the formation of China Information Technology Development Japan株式會社 (China Information Technology Development Japan Limited);

(ix) the Memorandum;

(x) the Acquisition Agreement; and

(xi) The placing agreement dated 8 December 2015 entered between the Company and Kingston Securities Limited in respect of placing of a maximum of 1,830,792,000 new Shares to not less than six independent placees at the placing price of HK$0.13 per placing Share under specific mandate subject to approval from Shareholders at extraordinary general meeting.

6. INTEREST IN ASSETS OR CONTRACTS

(a) As at the Latest Practicable Date, no Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

(b) As at the Latest Practicable Date, no Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Target Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Target Group were made up.

(c) As the Latest Practicable Date, save for Mr. Wong Kui Shing, Danny's interest in the joint venture agreement dated 13 November 2015 in relation to the formation of China Information Technology Development Japan株式會社, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Enlarged Group.

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 Enlarged Group.

8. EXPERTS

The following are the qualifications of the experts who have given an opinion or advice contained in this circular:

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified public accountants
Jian Da Law Firm	Legal advisers as to PRC law
Roma Appraisals Limited	Independent valuer

As at the Latest Practicable Date, each of the above experts did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Enlarged Group were made up.

As at the Latest Practicable Date, each of the above experts was not interested beneficially or non-beneficially in any Shares in any member of the Enlarged Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and/or reference to its name in the form and context in which it respectively appears.

9. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in Hong Kong is at Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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 case of any inconsistency.

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. HUNG Hing Man, Mr. MAY Tai Keung, Nicholas and Dr. CHEN Shengrong. Mr. HUNG Hing Man, is the chairman of the Audit Committee.

The primary duties of the audit committee are mainly to review the Company's financial information and reporting process, internal control procedures, risk management system, audit plan, relationship with external auditors and to review arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Biographical information of each member of the Audit Committee is set out below:

MR. HUNG HING MAN

Experience

Mr. Hung Hing Man, aged 45, holds a master's degree in Business Administration from the University of Western Sydney. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong and a member of the Society of Chinese Accountants and Auditors. Mr. Hung is currently a proprietor of a certified public accountants firm. He has over 17 years of working experience in corporate finance, accounting, auditing and taxation sectors. Mr. Hung was an independent non-executive director of Madex International (Holdings) Limited (Stock Code: 231) from 23 September 2009 to 17 November 2015 and REX Global Entertainment Holdings Limited (Stock Code: 164) 7 January 2009 to 22 September 2015, all of which are listed companies on the Main Board of the Stock Exchange.

Length of service

Pursuant to the service contract between Mr. Hung and the Company, Mr. Hung has no fixed length of service with the Company, but is subject to retirement by rotation and reelection at annual general meeting in accordance with the Articles of Association.

Relationships

Other than the relationship arising from his being an independent non-executive director, the chairman of the nomination committee and the chairman of the audit committee, Mr. Hung is independent of any Directors, senior management, substantial Shareholders, management Shareholders or controlling Shareholders of the Company.

Interests in Shares

Mr. Hung does not have any interest in Shares.

Directorships

Saved as disclosed above, Mr. Hung does not have any directorship in other listed company in the last three years.

MR. MAY TAI KEUNG, NICHOLAS

Experience

Mr. May Tai Keung, Nicholas, aged 53, holds a Bachelor of Arts degree in Economics from Macquarie University and a master's degree in Commerce from University of New South Wales. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of accounting, finance and general management experience. Currently, Mr. May is a consultant in accounting, tax, internal control and finance.

Mr. May had worked at the audit department of Deloitte Touche Tohmatsu. After leaving Deloitte Touche Tohmatsu, he had worked at senior management level in a number of sizeable private enterprises and listed groups including Hopewell Holdings Limited (Stock Code: 0054) as group financial controller and Hopewell Highway Infrastructure Limited (Stock Code: 0737) as alternate director, the shares of those two companies are listed on the Main Board of the Stock Exchange; and China Resources Property Limited as chief financial officer and internal audit director. He was also an independent non-executive director of Wealth Glory Holdings Limited (stock code: 8269) from September 2013 to July 2014, the shares of which are listed on the GEM of The Stock Exchange.

Length of service

Pursuant to the service contract between Mr. May and the Company, Mr. May has no fixed length of service with the Company, but is subject to retirement by rotation and reelection at annual general meeting in accordance with the Articles of Association.

Relationships

Other than the relationship arising from his being an independent non-executive director and the chairman of the remuneration committee, Mr. May is independent of any Directors, senior management, substantial Shareholders, management Shareholders or controlling Shareholders of the Company.

Interests in Shares

Mr. May does not have any interest in Shares.

Directorships

Saved as disclosed above, Mr. May does not have any directorship in other listed company in the last three years.

DR. CHEN SHENGRONG

Experience

Dr. Chen Shengrong, aged 33, obtained a master degree in Electronic Engineering Studies from the Ruhr-University Bochum of Germany in 2006 and a doctorate degree in Business Administration from the Pacific States University of the USA in 2011. She was an audit manager with Baker Tilly China Certified Public Accountants and had been the vice general manager of New Times Securities Company Limited in charge of risk control. Since August 2014, Dr. Chen serves as the vice president of finance of Skyslink New Energy Asset Management Limited. Dr. Chen has extensive experience in internal control of enterprises, risk control in investment businesses, project risk evaluation and assets restructuring management.

Length of service

Pursuant to the service contract between Dr. Chen and the Company, Dr. Chen has no fixed length of service with the Company, but is subject to retirement by rotation and reelection at annual general meeting in accordance with the Articles of Association.

Relationships

Other than the relationship arising from his being an independent non-executive director, Dr. Chen is independent of any Directors, senior management, substantial Shareholders, management Shareholders or controlling Shareholders of the Company.

Interests in Shares

Dr. Chen does not have any interest in Shares.

Directorships

Saved as disclosed above, Dr. Chen does not have any directorship in other listed company in the last three years.

11. DOCUMENTS 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 material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(c) the written consents referred to in the paragraph headed "Experts" in this Appendix;

(d) the annual reports of the Company for the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014;

(e) the interim report of the Company for the six months ended 30 June 2015;

(f) the accountants' report on the Target Group as set out in Appendix IV to this circular;

(g) the report on the unaudited pro forma financial information of the Target Group as set out in Appendix IV to this circular;

(h) the valuation report issued by Roma in respect of the PRC Properties as set out in Appendix V to this circular; and

(i) 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 "**Meeting**") of China Information Technology Development Limited (the "**Company**") will be held at Suite No. 5A, 9/F., Sino Plaza, 255-257 Gloucester Road, Hong Kong on Thursday, 10 March 2016 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional sale and purchase agreement dated 25 November 2015 (the "**Agreement**") and entered into between Giant Prestige Investments Limited, a wholly owned subsidiary of the Company, as purchaser (the "**Purchaser**") and Mr. Yan Wai Ping, Mr. Tang Chuen Pong and Mr. Zhang Rong as vendors (the "**Vendors**"), pursuant to which, among other things, the Vendors shall sell and the Purchaser shall acquire the entire issued share capital of, and the shareholders' loan in, Joyunited Investments Limited at a consideration of Renminbi 178,000,000 (a copy of which has been produced to the Meeting marked "A" and initialed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) any of the director of the Company (the "**Director**") be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents, instruments and agreements (whether under common seal or not) and to take all steps and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Agreement and the transactions contemplated thereunder as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the

Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole."

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

Hong Kong, 23 February 2016

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

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 branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a 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. As of the Latest Practicable Date, the Board comprises (i) five executive Directors, namely Mr. Wong Kui Shing, Danny, Mr. Tse Chi Wai, Ms. Wu Jingjing, Mr. Takashi Togo and Mr. Wong Chi Yung; and (ii) three independent non-executive Directors, namely Mr. Hung Hing Man, Mr. May Tai Keung, Nicholas and Dr. Chen Shengrong.