
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 stock broker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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中國信息科技發展有限公司
China Information Technology Development Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8178)

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
100% EQUITY INTEREST IN TARGET COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A notice convening the EGM to be held at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong, on Thursday, 17 October 2019, at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular, which is also published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.citd.com.hk>).

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than Tuesday, 15 October 2019, at 10:30 a.m. (Hong Kong Time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

28 September 2019

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — PROPERTY VALUATION REPORT	II-1
APPENDIX III — GENERAL INFORMATION	III-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Agreement”	the sale and purchase agreement dated 2 August 2019 entered into between the Vendor, the Purchaser and the Purchaser’s Guarantor relating to the sale and purchase of the entire issued share capital of the Target Company and the Sale Loan
“Board”	the board of Directors of the Company
“Bank Borrowing”	the bank borrowing owed by the WFOE to the Mortgagee Bank secured by the Mortgage granted by the WFOE in favour of the Mortgagee Bank which amounted to RMB29,750,000 (equivalent to approximately HK\$33,855,000) as of 30 June 2019
“business day”	a day (not being a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks are open for general banking business in Hong Kong
“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, the Shares of which are listed on the GEM
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Date”	the third business day following the fulfillment of the Conditions Precedent (or such other date as the Parties to the Agreement may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration in the sum of RMB260,000,000 (equivalent to approximately HK\$295,874,000) payable by the Purchaser to the Vendor for the Disposal under the Agreement
“DataCube”	DataCube Research Centre Limited, a subsidiary of the Company

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan pursuant to the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong, on Thursday, 17 October 2019, at 10:30 a.m. for, among others, considering and, if thought fit, approving, the Agreement and the transactions contemplated thereunder
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Guangzhou Dehuang”	廣州市德煌投資有限公司 (Guangzhou Dehuang Investment Company Limited*), a company incorporated in the PRC with limited liability
“Guangzhou Deyong”	廣州市德永科技投資有限公司 (Guangzhou Deyong Technology Investment Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Guaranteed Obligations”	the respective obligations, undertakings, warranties and indemnities of the Purchaser under or pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	25 September 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Long Stop Date”	31 October 2019 or such later date as the Vendor and the Purchaser may agree
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Macro China”	Macro China Holding Limited, a non wholly-owned subsidiary of the Company
“Macro Group”	Macro China and its subsidiaries
“Mortgage”	the legal charge granted by the WFOE on the PRC Properties in favour of the Mortgage Bank to secure the Bank Borrowing
“Mortgagee Bank”	Bank of China Limited, Guangzhou Hai Zhu Branch
“Mr. Cao”	Mr. Cao Jian (曹健), shareholder and director of the Purchaser
“Mr. Cheng”	Mr. Cheng Jianguo (程建國), shareholder and director of the Purchaser
“Mr. Long”	Mr. Long Zongyan (隆宗龔), shareholder and director of the Purchaser
“Original Vendors”	Mr. Zhang Rong, Mr. Tang Chuen Pong and Mr. Yan Wai Ping, vendors of the Target Company under the Previous Acquisition
“Parties”	the Vendor, the Purchaser and the Purchaser’s Guarantor
“PRC”	the People’s Republic of China
“PRC Properties”	the eleven properties situated at No. 123 Lujing Road, Tianhe District, Guangzhou City, the PRC
“Previous Acquisition”	acquisition of 100% interest in the Target Company by the Group pursuant to the acquisition agreement dated 25 November 2015 entered into between the Original Vendors and the Vendor details of which were disclosed in the Company’s circular dated 23 February 2016

DEFINITIONS

“Promissory Note”	the promissory note issued on 3 September 2019 by Guangzhou Deyong for the acquisition of 19% equity interest in Guangzhou Dehuang
“Purchaser”	Winner Sino Corporate Development Limited (中勝企業發展有限公司), a company incorporated in the British Virgin Islands with limited liability
“Purchaser’s Guarantor”	廣州麓湖錦城置業管理有限公司 (Guangzhou Luhu Jincheng Properties Management Limited*), a company incorporated in PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	any obligation or liabilities incurred or may be incurred or due or which would fall due by the Target Company to the Vendor on or at any time prior to Completion of the Disposal
“Sale Shares”	10 ordinary shares of US\$1.00 each in the share capital of the Target Company, representing 100% of the entire issued share capital of the Target Company
“SFC”	The Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	shareholders 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
“Target Group”	the Target Company and its subsidiaries

DEFINITIONS

“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Giant Prestige Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of the Company
“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 and wholly-owned by the Target Company
“%”	per cent

* *The English transliteration of the Chinese names in this circular, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

For the purposes of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of HK\$1:RMB0.878752. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

LETTER FROM THE BOARD



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. WONG King Shiu, Daniel

Mr. CHAN Kai Leung

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Independent Non-Executive Directors

Mr. HUNG Hing Man

Dr. CHEN Shengrong

Mr. WONG Hoi Kuen

Principal place of business in

Hong Kong:

Unit 3308, 33/F.

Millennium City 6

392 Kwun Tong Road

Kwun Tong, Hong Kong

28 September 2019

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
100% EQUITY INTEREST IN TARGET COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 2 August 2019 in relation to the Disposal. On 2 August 2019 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, the Purchaser and the Purchaser's Guarantor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% of the issued share capital of the Target Company and the Sale Loan at the Consideration of RMB260,000,000 (equivalent to approximately HK\$295,874,000) in cash.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Disposal; (ii) a notice convening the EGM; and (iii) other information as required to be disclosed under the GEM Listing Rules.

2. THE AGREEMENT

The principal terms of the Agreement are set out below:

Date: 2 August 2019 (after trading hours)

Parties:

Vendor: Giant Prestige Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of the Company

Purchaser: Winner Sino Corporate Development Limited (中勝企業發展有限公司), a company incorporated in the British Virgin Islands with limited liability

Purchaser's Guarantor: 廣州麓湖錦城置業管理有限公司 (Guangzhou Luhuh Jincheng Properties Management Limited*), a company incorporated in PRC with limited liability

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and the Purchaser's Guarantor and their respective ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell:

- (i) the Sale Shares, representing 100% of the entire issued share capital in Target Company; and
- (ii) the Sale Loan.

LETTER FROM THE BOARD

The Sale Shares and the Sale Loan shall be acquired by the Purchaser free from all encumbrances as at the Completion Date together with all rights attached thereto including all dividends and distributions declared, made or paid after the execution of the Agreement. As at 30 June 2019, based on the unaudited account of the Target Company, the Sale Loan amounted to RMB126,710,000 (equivalent to approximately HK\$144,194,000). After execution of the Agreement, the Target Company has not declared any dividends or other distributions, and it is expected that no dividends and other distributions will be declared or made by the Target Company prior to Completion.

Consideration

Pursuant to the terms of the Agreement, the Consideration of RMB260,000,000 (equivalent to approximately HK\$295,874,000) shall be payable by the Purchaser to the Vendor or its nominees in cash in the following manner:

- (1) a deposit in the sum of RMB13,000,000 (equivalent to approximately HK\$14,794,000) (the “**Deposit**”) had been paid by the Purchaser to the Vendor upon the signing of the Agreement. The Deposit shall be treated as part of the Consideration at Completion; and
- (2) a sum of RMB247,000,000 (equivalent to approximately HK\$281,080,000) shall be paid by the Purchaser to the Vendor upon the Completion Date.

The Consideration was determined after arm’s length negotiations between the Parties, with reference to (i) the financial position of the Target Group, (ii) valuation of the PRC Properties with a valuation date at 30 June 2019 as appraised by an independent property valuer, and (iii) the information set out under the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS” below. The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Conditions Precedent

Completion shall be conditional upon and subject to the fulfilment and satisfaction of the following conditions precedent:

- (1) the Purchaser being reasonably satisfied with the results of the due diligence on the assets, liabilities, operation and business aspects of the Target Group;
- (2) the passing by the Shareholders at the EGM to be convened and held of ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules and the applicable laws and regulations;

LETTER FROM THE BOARD

- (3) all necessary consents and approvals in relation to the Disposal having been obtained by the Vendor;
- (4) all necessary consents and approvals in relation to the Disposal having been obtained by the Purchaser; and
- (5) the warranties given by the Vendor remaining true, accurate and not misleading and that no events that would result in any breach of any of such warranties or other provisions of the Agreement by the Vendor having occurred.

The Vendor shall use its best endeavors to procure the fulfillment of conditions (1), (2), (3) and (5). The Purchaser shall use its best endeavors to procure the fulfillment of condition (4). In relation to condition (1), the Vendor shall use its best endeavours to provide information in relation to the Target Group as requested by the Purchaser and collaborate with the Purchaser in the due diligence so that the Purchaser may conduct the due diligence on the assets, liabilities, operation and business aspects of the Target Group. The Vendor shall procure to provide or submit the documents and information to the Purchaser, the Stock Exchange and the SFC or other relevant regulatory authorities under the requirements of the GEM Listing Rules, the Takeover Code or other applicable rules, code or law, whether or not in relation to the Disposal and other announcement, circular or other documents.

The Purchaser may waive conditions (1) and (5) at any time before the Long Stop Date by notice in writing to the Vendor, such waiver can be given by the Purchaser on the basis of any condition. Conditions (2), (3) and (4) are not waivable. If the above conditions precedent have not been fulfilled on or before the Long Stop Date, the Agreement shall be terminated (other than clauses relating to confidentiality, notice, legal validity, governing law and jurisdiction and process agent) and the Vendor shall thereby within 10 business days refund the Deposit in full to the Purchaser without interest. Save in respect of any antecedent breaches, the Parties shall not be responsible for any liabilities and obligations.

Guarantee

The Purchaser's Guarantor has agreed to guarantee to the Vendor the due and punctual performance by the Purchaser of the Guaranteed Obligations. In the event that the Purchaser defaults in the performance of any Guaranteed Obligation, the Purchaser's Guarantor has agreed to perform (or to procure the performance of) and satisfy (or procure the satisfaction of) such Guaranteed Obligations so that the same benefits are conferred on the Vendor as it would have received if such Guaranteed Obligation had been duly performed and satisfied by the Purchaser.

LETTER FROM THE BOARD

The Guaranteed Obligations of the Purchaser's Guarantor shall be of a continuing nature and shall not be released or waived, as long as the Purchaser has not fully discharged any of the Guaranteed Obligations.

Completion

Upon fulfilment or waiver (as the case may be) of all the conditions set out in the subsection headed "Conditions Precedent" above, Completion shall take place at or before 4:00 p.m. on the Completion Date.

If as a result of the default by the Vendor, the parties shall fail to complete the Disposal in accordance with the terms of the Agreement after all the conditions precedent have been satisfied (or waived, as the case may be), the Vendor shall, within 7 days after receiving the written notice from the Purchaser for the refund of the Deposit, refund the Deposit to the Purchaser as liquidated damages and the Purchaser shall then have no further claims including specific performance against the Vendor 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 Disposal in accordance with the terms of the Agreement after all the conditions precedent have been satisfied (or waived, as the case may be), the Vendor shall be entitled to forfeit the Deposit in full and final settlement of any liabilities or obligations of the Purchaser towards the Vendor and the Vendor shall then have no further claims including specific performance against the Purchaser save for any antecedent breaches of the terms thereof.

If as a result of any force majeure event(s) or any reasons other than the default by either of the Purchaser or the Vendor, the Parties shall fail to complete the Disposal in accordance with the terms of the Agreement after all the conditions precedent have been satisfied (or waived, as the case may be), the Vendor shall, within 7 days after receiving the written notice from the Purchaser for the refund of the Deposit, refund the Deposit to the Purchaser and the Purchaser and the Vendor shall then have no further claims including specific performance against each other save for any antecedent breaches of the terms thereof.

Upon Completion, the Vendor shall deliver or cause to be delivered to the Purchaser, amongst other closing deliverables, a confirmation letter from the Mortgagee Bank that the Bank Borrowing has been fully repaid and the Mortgage been discharged on or before the Completion Date.

LETTER FROM THE BOARD

3. INFORMATION ON THE TARGET GROUP

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands in which the Company owns 100% interest through the Vendor. The Target Company is an investment holding company and its principal asset is a 100% equity interest in WFOE.

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 which 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 PRC). The principal asset of WFOE is the PRC Properties which comprise eleven units located at No. 123 Lujing Road, Tianhe District, Guangzhou City, the PRC with an aggregate gross floor area of 10,518.74 square meters.

4. FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited consolidated financial information of the Target Company as prepared in accordance with Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December 2018 HK\$'000 Approximately (unaudited)	For the year ended 31 December 2017 HK\$'000 Approximately (unaudited)
Revenue	—	—
(Loss)/profit before tax	(48,146)	1,319
(Loss)/profit after tax	(48,146)	1,319

The adjusted unaudited consolidated net asset value of the Target Group as at 30 June 2019 amounted to approximately HK\$259,010,000 on exclusion of the balance of the Sale Loan as at 30 June 2019 as a liability of the Target Group and the construction cost payable by the Target Group to be taken up by the Group before Completion in the amount of approximately RMB18,000,000 (equivalent to approximately HK\$20,484,000). Without the foregoing adjustments, the unadjusted

LETTER FROM THE BOARD

unaudited consolidated net asset value of the Target Group as at 30 June 2019 amounted to approximately HK\$114,816,000. The entire balance of the Sale Loan as of Completion will be assigned to the Purchaser upon Completion.

5. INFORMATION ON THE PARTIES

The Group is principally engaged in the provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, money lending and securities trading. The Company is continuing to streamline its business structure by disposing the business with less prospects.

The Vendor is wholly-owned by the Company and is an investment holding company. The Target Company is owned as to 100% by the Vendor as at the Latest Practicable Date.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Purchaser is owned as to 60% by Mr. Cheng, as to 30% by Mr. Cao and as to 10% by Mr. Long.

The Purchaser's Guarantor is a company incorporated in PRC with limited liability and is principally engaged in investment in properties. The Purchaser's Guarantor is effectively owned, through two PRC companies, as to 63% by Mr. Cao, 21% by Mr. Cheng, 9% by Mr. Long and 7% by Ms. Zou Yaoyao (鄒瑤瑤). Mr. Cheng is the legal representative of the Purchaser's Guarantor.

Mr. Cheng, Mr. Cao and Mr. Long are PRC residents. According to the understanding of the Company, Mr. Cheng, Mr. Cao and Mr. Long have strong financial capability and extensive investment experience in property development and healthcare. Their investments in the PRC cover the areas of new retailing technology, new media, healthcare (chain Haemodialysis centres and hair implant centres), property development and aged care.

The Purchaser and the Purchaser's Guarantor and their ultimate beneficial owners were introduced to the Company by a veteran PRC banker who used to work in a number of PRC commercial banks and was the joint venture partner of a renowned PRC property developer in a real estate development project in Guangzhou and has extensive commercial connection in Guangzhou, the PRC. To the best of the Directors' knowledge, information and belief,

- (i) there are no relationship and arrangements (i.e. existing or prior, expressed or implied) between (a) the Original Vendors, and (b) the Purchaser and the Purchaser's Guarantor (and their ultimate beneficial owners); and

LETTER FROM THE BOARD

- (ii) there are no relationship and arrangements (i.e. existing or prior, expressed or implied) between (a) the Original Vendors, and (b) Guangzhou Dehuang (and its ultimate beneficial owners).

6. FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will no longer hold any equity interest in the Target Company and the Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

Assets and liabilities

Having taken into account the Consideration and the unaudited net asset value of the Target Group as at 30 June 2019, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK\$44,366,000. The total liabilities of Group will decrease by approximately HK\$46,340,000. It is estimated that the net assets of the Group will have an increase of approximately HK\$1,974,000, being the difference between the decrease in total assets and total liabilities of the Group.

Earnings

After deducting the estimated expenses attributable to the Disposal of approximately HK\$1,035,000, it is estimated that the Group will record a gain of approximately HK\$1,974,000 from the Disposal, being the difference between (i) the net proceeds of RMB259,090,000 (equivalent to approximately HK\$294,839,000); (ii) the adjusted unaudited consolidated net asset value of the Target Group as at 30 June 2019 (i.e. approximately HK\$259,010,000) on excluding the Sale Loan as a liability of the Target Group and the construction costs payable by the Target Group to be taken up by the Group before Completion in the amount of approximately RMB18,000,000 (equivalent to approximately HK\$20,484,000); and (iii) settlement of the Bank Borrowing of RMB29,750,000 (equivalent to approximately HK\$33,855,000). Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Company depends on the consolidated net asset/net liability value of the Target Group as at the date of Completion and therefore may be different from the amount mentioned above.

LETTER FROM THE BOARD

7. REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

It has always been the Company's business strategy to make appropriate business decisions and adjustments according to the market conditions to create greater value for the Group and the Shareholders.

The development and the urge for Smart Cities has been on an upsurge in the PRC in recent years. According to a research report entitled "Super Smart Cities: Happier Society with Higher Quality" issued by an international audit firm, in 2018 there were about 1,000 established or establishing Smart Cities in the world. PRC, having approximately 500 of them, ranked first in the number of Smart Cities, outnumbering the other places in the world. With the increasing urban population in China, it demands more efficient ways to manage the city, same to the management of corporate businesses, and intelligence technology provides a solution to it. As a matter of fact, according to the research report, Guangdong province is one of the core Smart Cities development areas in terms of smart technology penetration and innovation, with the support of outstanding technological capacities of Shenzhen and the smart strategy of Guangzhou.

The general economic landscape is changing with the high penetration of technology and Internet of Things. In view of the supportive PRC government policies to the development of Smart Cities, together with the popularity of artificial intelligence ("AI") and business intelligence ("BI") in China, there exists a huge potential in the development and exploration in this area and contribution to the building of Smart Cities in China and in Hong Kong. In 2018, the Group started to transform from a system integrator to a Marketing AI integrated solution provider, providing full services of AI and BI reporting tools to our clients in the PRC and Hong Kong. In anticipation to the potential of Smart Cities development, AI and BI comprise data gathering, storage and knowledge management. It will not be possible if any one of these factors is lacking. The Group has demonstrated a seamless and complete system of AI and BI reporting tools for all three elements of data gathering, storage and knowledge management.

With the evolving trend of big data, envisioning the importance of data storage, in 2018 the Group made three important moves to implement its business strategy to tap on the business opportunities arising from the trend. Firstly, it acquired a total of 10% equity interests of a company incorporated in PRC which is principally engaged in operation of data center in the strategic position of Guangdong, PRC. Secondly, the Group had made enormous efforts through its subsidiary, DataCube and built the Group as an integrated AI and BI solution provider, with a full system and services for data gathering, storage and knowledge management. Thirdly, the Company disposed of the entire share capital of a subsidiary which owns a property situated in Hong Kong so that it could liquidate more resources for the development of our IT business.

LETTER FROM THE BOARD

After implementation of the foregoing business strategies, we now provide full services of AI and BI reporting tools to our clients in the PRC and Hong Kong. The services are mainly provided by our subsidiaries, Macro Group and DataCube. The development and provision of AI and BI technology and services shall be the main focus of our business.

The Disposal is in the furtherance and implementation of the foregoing long-term business strategy of the Company. The Target Group was acquired by the Company in April 2016. The Group originally intended to refurbish the PRC Properties and occupy the same as the Group's headquarters in the PRC at the time of the acquisition of Target Group. The reconstruction plan of the PRC Properties was first submitted to the Guangzhou Municipal Planning Bureau (廣州市規劃局) for approval in October 2015. The Construction Engineering Planning Permit (建設工程規劃許可證) and Commencement of Construction Work Permit (建築工程施工許可證) in respect of the reconstruction works were granted in April and August 2016, respectively. The reconstruction works took 730 days. The external part of the PRC Properties and the reconstruction works were completed in July 2018 and were then subjected to the inspection and acceptance by the planning bureau. After some rectification works, the reconstruction works passed the quality acceptance test and were granted the Opinion on Inspection of Construction Planning Condition (建設工程規劃條件核實意見書) in February 2019. However, due to change of the business focus of the Group, the internal renovation of the PRC Properties has been put on hold since then. As such, the Target Group recorded no revenue but interest expenses attributable to the Bank Borrowing during the two financial years ended 31 December 2017 and 2018 as disclosed in the subsection headed "Financial Information of the Target Group" above. Since completion of the Previous Acquisition the Group has spent approximately (i) RMB822,000 on the design of the PRC Properties; (ii) RMB94,642,000 on construction works including reinforcement of the foundation and structure and electrical and engineering work for the building; (iii) RMB591,000 on direct labour costs; and (iv) RMB1,745,000 on miscellaneous works.

The Group originally planned to set up incubation centres and house new technology startups at its headquarters. However, over the past few years, the Group has shifted its business focus to providing data modelling, big data analysis as well as AI and Business Intelligence technology to clients through Macro China and DataCube. Without the need to set up incubation centres, the PRC Properties, which has a gross floor area approximately 10,518.74 sq.m., is too big for the Company to use as its headquarters. As disclosed in the circular of the Company dated 25 November 2016, the Group acquired an 84% equity interest in Macro China. Macro China has a subsidiary located in Guangzhou, namely Guangzhou Yinxing Computing Service Co. Ltd.* (廣州市銀興計算機服務有限公司) ("**GZ Yinxing**"). The Group intends to set up its headquarters at GZ Yinxing's office premises and share office with GZ Yinxing in order to better utilise resources and save the administrative costs.

LETTER FROM THE BOARD

The office of GZ Yinxing is located at Yaozhong Square, 3-15 Linhe West Road, Tianhe District, Guangzhou. The office size is 169.8 sq. m. and there are currently 13 staff working there. Apart from a team of six staff under GZ Yinxing, the Group also set up an operating and development team of seven staff under DataCube who will be responsible for managing projects undertaken by DataCube in China. The head of the office shall report the operations to the management regularly and Mr. Wong King Shiu, Daniel and Mr. Chan Kai Leung, executive directors of the Company, will visit the office monthly to oversee the general operation of the office and have meetings with the staff to understand more of the Group's development in the PRC and discuss the overall business strategy of the Group.

The PRC Properties is located in the city centre of Guangzhou with convenient access to the Guangzhou mass transit railway. It has a scenic view and is next to a golf course. The Purchaser intends to convert the PRC Properties into a high-end aged home. Such use will command higher economic value than use as data centres which are normally situate more distant from city centres to control rental costs. The Directors therefore consider the Disposal presents an opportunity to the Company to optimize the use of its assets.

The Group acquired the Target Group at a consideration of RMB178 million in 2016 from the Original Vendors through the Previous Acquisition and has spent a total of approximately RMB97.8 million on refurbishing the PRC Properties since the Previous Acquisition as mentioned above. However, the PRC property market has been sluggish over the past two years. As a consequence, impairments on fair value the PRC Properties were made in the year ended 31 December 2018 and the six months ended 30 June 2019. With the intensifying trade war between the PRC and the United States, the global economy will become even more challenging. In making the decision to dispose the Target Company, the Board does not consider the historical costs for acquisition of the Target Company and the subsequent refurbishment costs spent on the PRC Properties relevant because those are sunk costs. The Board considers the Consideration fair and reasonable and in the interest of the Company and its shareholders as a whole based on the current fair value of the PRC Properties and the net assets value of the Target Group. The Board is concerned that if the current economic environment does not improve, the fair value of the PRC Properties will even drop further. In addition, as shown in the Company's latest interim report, the Group had a cash and bank balance of approximately HK\$4.9 million only. The Disposal will much strengthen the Group's cash and liquidity position and makes it invulnerable to economic downturns.

After implementation of the foregoing business strategies, we now provide full services of AI and BI reporting tools to our clients in the PRC and Hong Kong. The services are mainly provided by our subsidiaries, Macro Group and DataCube. The development and provision of AI and BI technology and services shall be the main focus of our business.

LETTER FROM THE BOARD

Macro Group has been providing a variety of IT services to a spectrum of customers, including but not limited to public transportation companies and globally renowned investment banks and property developers in Hong Kong. Macro Group was engaged by a top 10 investment bank in the world to deploy new virtual desktop infrastructure in Hyper Converged Infrastructure design. The virtual desktop infrastructure solutions help separate internal network and core systems from the internet, helping the client to enhance the security of confidential business data. Macro Group provides an environment for the bank with high scalability and helps expand resource group when more virtual desktops are required. Macro also provides advanced core system in hyper converged infrastructure for a listed company providing apparel retailer across China, which enables the client to easily manage virtual machines and resources assigned to different business units.

Meanwhile, the services provided by Macro Group are by no means limited to Hong Kong. Macro Group is engaged by a multinational manufacturer from Japan to provide consultation and implementation services in server and network infrastructure revamp. The scope of services covers up to wired and wireless network, server infrastructure consolidation with centralized management capability. Macro Group is also engaged by one of the largest bank in Taiwan to provide consultation and implementation services to their customers in server and network security and traffic management solutions enhancement and updated and competitive technology to their uses and customers, helping the bank to retain its market leading position in Taiwan.

In 2017, a showroom of more than 2,000 square feet was established. The showroom provides meeting venue for Macro's China team to meet with its clients and provides the most appropriate big data solution to our clients. It also offers a showroom to showcase the latest hardware platform.

Meanwhile, DataCube also focuses on assisting local enterprises in the adoption of big data applications and inviting veteran data scientists to share and enhance related platforms for academic exchanges and other related projects.

Currently, Macro China, in collaboration with DataCube, has started the research and development to originate our very own software for AI statistical analysis platform to provide the customized and suitable software and solutions for our clients in Hong Kong and the PRC. We have developed the AI Book and BI Canvas of which AI book provides an exclusive end-to-end automatic platform with deep learning and machine learning technique equipped and helps clients in processing data collection, filtering and analytics through four stages. It expedites iterative approach improves prediction accuracy and model robustness, making it an automatic procedure. Meanwhile, the result of data analytics will be showed on tailored-made BI Canvas platform. Macro China and DataCube have already engaged in a few tenders to provide big data and AI

LETTER FROM THE BOARD

services to various corporations in Hong Kong and the PRC including public transportation companies, financial institutions, property developers, education institutions in Hong Kong and hospital in Guangzhou, etc.

As a result of pursuit of the aforementioned business strategy, the IT solutions and maintenance segment, which is operated by Macro Group, has become the main revenue contributor to the Group over the past few years as depicted below.

	Six months ended		Year ended		Year ended		Year ended	
	30.6.2019		31.12.2018		31.12.2017		31.12.2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
IT solutions and maintenance	25,292	83.3	36,948	71.5	34,385	70.4	—	—
Software development & system integration	—	—	685	1.3	4,543	9.3	12,153	85.5
Money lending	5,073	16.7	14,033	27.1	9,889	20.2	2,068	14.5
Total revenue	<u>30,365</u>	<u>100.0</u>	<u>51,666</u>	<u>100.0</u>	<u>48,817</u>	<u>100.0</u>	<u>14,221</u>	<u>100.0</u>

As the Group shall put more emphasis on the development of big data and AI technologies, we have been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance Shareholders' value.

As part of the Group's strategy to dispose of non-core assets and to pursue the foregoing new business strategy, apart from the Disposal, on 19 August 2019, Guangzhou Deyong as vendor, entered into a disposal agreement, pursuant to which 科華恒盛股份有限公司 (Kehua Hengsheng Co., Ltd.*), as purchaser, conditionally agreed to acquire and the vendor has conditionally agreed to sell 10% equity interest of 廣州德昇雲計算科技有限公司 (Desheng Cloud Computing Technology Co. Ltd.*) ("**Desheng Cloud Computing**") at the consideration of RMB20,000,000 (equivalent to approximately HK\$22,260,000) in cash. Desheng Cloud Computing was acquired by the Group in February 2018 at the acquisition cost of HK\$12,385,000. Considering the volatile global economic situation and the negative impact on the economy brought by the recent social unrest in Hong Kong, the Company believes that the Disposal may allow the Company to realise the investment in the Desheng Cloud Computing with an estimated gain of approximately HK\$8,572,000 and further liquidate its resources for maintaining our existing businesses while seeking for new business opportunities. With the development of Guangdong-Hong Kong-Macao Greater Bay Area, the Group will continue to seek for investment opportunities that offer synergies

LETTER FROM THE BOARD

to the existing businesses of the Group in strategic locations where the Group can take advantage to expand its client base and reputation in the PRC and further excel and become a comprehensive AI and BI solutions provider.

On 28 August 2019, an acquisition agreement entered into between Guangzhou Deyong, an Independent Third Party and Guangzhou Dehuang for the acquisition of a 19% equity interest in Guangzhou Dehuang, a company in Nansha District where there are data centres and data racks located. The consideration of RMB66,341,000 (equivalent to approximately HK\$72,842,000) shall be satisfied by the Promissory Note. Completion of the acquisition of interest in Guangzhou Dehuang had taken place on 3 September 2019.

Nansha District is the core area of Guangdong-Hong Kong-Macao Greater Bay Area and the PRC government may plan to develop Nansha District as a comprehensive transportation hub of the Greater Bay Area. The projects for further development of Guangzhou Dehuang and its property have been proposed as the core infrastructure project of Guangzhou Nansha Economic and Technological Development Zone and has been recommended to be granted with the “green channel” so that the process of the project development will be speed up. The Group believes that the investment will allow the Company to step into this strategic location in China for development of the business of Macro China and DataCube and provide data modelling, big data analysis as well as AI and BI technology to the clients. With the Target Company acquired, the Group is able to provide more comprehensive and integrated services to our clients all over PRC and Hong Kong and broaden its client base.

LETTER FROM THE BOARD

The net cash proceeds from the Disposal, after deducting the estimated expenses in relation to the Disposal, will amount to approximately HK\$294,839,000. Subject to Completion taking place, it is currently intended that the net proceeds from the Disposal will be used as follows:

	Amount	Expected timing
	<i>(HK\$'000)</i>	
Repayment of the Bank Borrowing <i>(Note 1)</i>	33,855	On and before Completion
Investment in data centres or Smart Cities <i>(Note 2)</i>	20,000	No definite timetable for use
Settlement of outstanding construction costs taken up by the Group <i>(Note 3)</i>	20,484	The coming 6 months
Settlement of the Promissory Note <i>(Note 4)</i>	80,126	On or before 2 September 2020 (i.e. expiry date of the Promissory Note)
Overhead of existing AI and BI team	5,000	The coming 12 months
Macro Group's project costs <i>(Note 5)</i>	25,000	The coming 12 months
General working capital for the Group <i>(Note 6)</i>	34,000	The coming 12 months
Other future business opportunities <i>(Note 7)</i>	76,374	No definite timetable for use
	294,839	

Notes:

1. Pursuant to the Agreement, the Bank Borrowing will be settled on or before Completion. As at the Latest Practicable Date, the Bank Borrowing amounted to RMB29,750,000 (approximately equivalent to HK\$33,855,000). The Group will utilize the Deposit and internal resources to settle the Bank Borrowing on or before Completion but only after all the conditions precedent to the Agreement have been fulfilled (or waived).
2. At present, no target has been identified, and there are no committed investments or expenses by the Group on this.
3. The outstanding construction costs payable by the Target Group will be taken up by the Group before Completion. The Consideration was arrived at by the Parties based on the estimated net assets value of the Target Group upon Completion on the basis that the Target Group will be free of liabilities upon Completion. The Group will use part of the Disposal proceeds to settle the construction costs payables which taken up by the Group but are not due for payment yet on Completion.

LETTER FROM THE BOARD

4. The principal of the Promissory Note amounts to RMB66,341,000 (equivalent to approximately HK\$72,842,000). The Promissory Note has a term of one year from the date of issue bearing interest at the rate of 10% per annum. The Group may redeem the Promissory Note before maturity by serving written notice to the note holder. The above intended use of proceeds assumes repayment of the principal of the Promissory Note in full upon maturity and interest in the amount of RMB6,634,000 (equivalent to approximately HK\$7,284,000) will be payable. In case the Company opts to redeem the Promissory Note before maturity, the interest saved will be used as general working capital.
5. There are no committed investments or expenses by the Group on this at present.
6. General working capital uses comprise (i) approximately HK\$3,200,000 for office rental; (ii) approximately HK\$25,000,000 for staff salaries; (iii) approximately HK\$1,000,000 for marketing and promotion; (iv) approximately HK\$2,400,000 for legal and professional fees; and (v) approximately HK\$2,400,000 for other administrative costs.
7. The Group intends to look for business opportunities in line with the market trend and related to IT industry, including but not limited to projects related to online retail sales etc. and expansion of AI & BI R&D team for future projects. However, as at the date of the circular, the Group has not identified any target projects.

Taking into consideration of the aforesaid, the Directors consider that the terms of the Disposal are fair and reasonable and are on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

8. IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the relevant percentage ratios under the GEM Listing Rules in respect of the transactions contemplated under the Agreement exceed 25% but are below 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

9. EGM

The EGM will be convened and held at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong, on Thursday, 17 October 2019, at 10:30 a.m., for the Shareholders to approve the Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

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 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than Tuesday, 15 October 2019, at 10:30 a.m. (Hong Kong Time). 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 Agreement. As such, no Shareholder is required to abstain from voting under the GEM Listing Rules at the EGM on the resolution(s) to approve the Agreement and the transactions contemplated thereunder.

10. RECOMMENDATION

The Board considers that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

11. 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
Wong King Shiu, Daniel
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information on the Group for (i) each of the two years ended 31 December 2017 and 2018; together with the relevant notes thereto are disclosed in the annual reports of the Company for the years ended 31 December 2017 and 2018, respectively, and (ii) the six months ended 30 June 2019 which have been published and are available on, respectively, which are published on both the GEM website (www.hkgem.com) and the website of the Company (www.citd.com.hk) respectively.

The annual report 2017 of the Company for the year ended 31 December 2017 published on 29 March 2018 (pages 40 to 120). Please refer to the hyperlink as stated below:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0329/gln20180329195.pdf>

The annual report 2018 of the Company for the year ended 31 December 2018 published on 1 April 2019 (pages 41 to 122). Please refer to the hyperlink as stated below:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0401/gln20190401179.pdf>

The interim report of the Company for the six months ended 30 June 2019 published on 14 August 2019 (pages 11 to 39). Please refer to the hyperlink as stated below:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0814/gln20190814337.pdf>

2. INDEBTEDNESS

At the close of business on 31 August 2019, being the latest practicable date for the purpose this indebtedness statement, the indebtedness of the Group was as follows:

	As at 31 August 2019 HK\$'000
Secured and guaranteed	
Bank borrowing	32,606
Secured and unguaranteed	
Other borrowing	12,188
Unsecured and unguaranteed	
Other borrowings	13,383
Loan from a shareholder	3,000
Loan from a director	8,100
Lease liabilities	6,454
	<u>30,937</u>
Total borrowing	<u><u>75,731</u></u>

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities, the 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 August 2019, being the latest practicable date for the purpose of this indebtedness statement 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 Group since 31 August 2019, the date to which the indebtedness statement is made and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances and the effect of the Disposal, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the loss recorded during the first half of 2019 as disclosed in the Company's interim report, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon Completion, the Group will continue to be principally engaged in the provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, money lending and securities trading. The Company is continuing to streamline its business structure by disposing the business with less prospects.

Looking forward, technology advancement is ever-evolving and shall continue to flourish. AI and BI technologies indeed bring us convenience in our lives. The Group will keep pace with the market development and further dedicate to the pursuit of excellence in providing affordable but quality services especially in AI and BI reporting tools for the clients in every business sector.

Meanwhile, in addition to AI and BI technologies, amidst of the rapid growth of electronic payment methods, big data trends, and Smart Cities among the businesses, the Group has been developing its existing businesses while keeping alert of the market trends so that it would be able to create a competitive edge for itself to provide more integrated and comprehensive services.

Having the vision of giving the most suitable data analysis and intelligence systems to the Group's clients, together with the experiences and knowledge the Group gained through the years, the Group walk hand in hand with their clients and persistently develop and improve the self-developed software for AI statistical analysis platform so that the Group can provide unique and customized services to the clients. With the self-developed software which is still uncommon among the Group's competitors, the Group strengthen their competitive edge to stand out in the market. The Group dedicates to pay close attention to the development in the industry as well as the macro-economy and keep abreast of the knowledge and technology so that the Group can provide the most advanced yet reliable service to the clients and make appropriate business decisions and adjustments according to the market conditions to create greater values for the Group and the Shareholders.

For further details, please also refer to the paragraph headed "REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS" in the Letter from the Board in this circular.

The following is the text of a property valuation report prepared for inclusion in this circular, received from Roma Appraisals Limited in connection with their valuation as at 30 June 2019 of the PRC Property held by the Target Group.



28 September 2019

China Information Technology Development Limited

Unit 3308, 33/F,
Millennium City 6,
392 Kwun Tong Road,
Kwun Tong, Hong Kong

Dear Sir/Madam,

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

In accordance with the instructions from China Information Technology Development Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) for us to value the property held by Joyunited Investments Limited (the “**Target Company**”) and/or its subsidiaries (together with the Target Company referred to as the “**Target 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 June 2019 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company dated 28 September 2019.

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. 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 Target Group's PRC legal advisor, Guangdong 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 states 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 valuations are prepared in compliance with the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on the GEM, and in accordance with the RICS Valuation — Professional Standards Published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

7. REMARKS

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

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Frank F Wong

BA (Business Admin in Acct/Econ) MSc (Real Est)

MRICS Registered Valuer MAusIMM ACIPHE

Director

Note: Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering. He has over 20 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and over 12 years' experience in valuation of properties in China 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 held by the Target Group for owner-occupation/investment purposes in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 June 2019
<p>A composite building situated at No.123 Lu Jing Road, Tianhe District, Guangzhou City, Guangdong Province, The PRC</p> <p>中國廣東省廣州市天河區麓景路123號之一幢綜合樓宇</p>	<p>The property comprises a parcel of land with a site area of approximately 1,777.21 sq.m., with a 9-storey composite building for commercial, office and car parking uses with a total gross floor area (“GFA”) of approximately 10,518.74 sq.m., which completed in about 2012, erected thereon.</p> <p>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.</p>	<p>As at the Date of Valuation, the property is vacant and under renovation.</p>	<p>RMB266,000,000</p>

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 No.	Usage	Commencement 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	<u>10,518.74</u>

2. Pursuant to a Maximum Mortgage Contract (最高額抵押合同) No. GDY477640120120123 dated 14 December 2012, the property is subject to a mortgage in favor of Bank of China Limited Guangzhou Haizhu Branch (中國銀行股份有限公司廣州海珠支行).
3. The status of the relevant title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Real Estate Title Certificates

Yes

4. We have been provided with a legal opinion on the title to the property issued by the Target Group's legal advisor, which contains, inter alia, the following information:
 - (a) The ownership of the property, including the land use right and the building, held by Guangzhou Xinfeng is legal and valid under the PRC law, and Guangzhou Xinfeng has legal rights to lease, dispose and mortgage the property. The current usages of the property are comply with the permitted usages;
 - (b) Except the mortgage detailed in Note No.2, the property is not subject to any other mortgage or other material encumbrances such as seizing or restrictions; and
 - (c) The property can be legally transacted only if the mortgage detailed in Note No.2 is released. However, the ownership transaction of the holding company of the property is not restricted.
5. The property situates in Tianhe District, which is a core commercial district of Guangzhou City. The property is surrounded by various commercial and residential developments and accessible by various bus routes.
6. Our inspection was performed by Mr. Frank Wong in August 2019.
7. As advised by the Group, the proposed renovation is scheduled to be completed by the end of 2019, the estimated outstanding costs for renovation are approximately RMB6,200,000 (including demolition of existing partitions and installation of new curtain wall cost).

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, 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) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, 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:

Long position in shares and underlying shares of the Company

Name of Directors	Capacity	Nature of Interest		Percentage of the Company's issued share capital (approximately) <i>(Note (a))</i>
		Registered Shareholder	Underlying Interest	
Mr. Wong Kui Shing, Danny	Through controlled corporation	403,971,449 <i>(Note (b))</i>	—	7.06%
	Beneficially owned	—	5,688,000	0.10%
Mr. Wong King Shiu, Daniel	Beneficially owned	10,008,000	57,000,000	1.17%

Notes:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at 31 August 2019 and as at the date of this circular, which was 5,722,159,908 Shares.
- (b) The 403,971,449 Shares are held by Discover Wide Investment Limited (“**Discover Wide**”), which is wholly-owned by Mr. Wong Kui Shing, Danny. Pursuant to the provisions 7 and 8 of Part XV of the SFO, Mr. Wong is deemed to have an interest in all shares in which Discover Wide has, or deemed to have an interest.

Save as disclosed above and in the sub-section headed “Share options”, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Interests of substantial Shareholders

As far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position in shares and underlying shares of the Company

Name of Shareholder	Capacity and nature of interest	Number of ordinary shares held <i>(Nature of Interest)</i>	Percentage of the Company's issued share capital <i>(Note (a))</i>
Discover Wide Investments Limited	Directly beneficially owned	403,971,449 <i>(Registered Shareholder)</i>	7.06%
Mr. Zhang Rong	Directly beneficially owned	748,144,000 <i>(Registered Shareholder)</i>	13.07%

Note:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this circular, which was 5,722,159,908.

(c) Share options

On 11 April 2017, the Company granted a total of 571,200,000 share options (the “**Options**”) with rights to subscribe for 571,200,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the share option scheme adopted by the Company on 2 August 2012 (the “**Share Option Scheme**”).

On 27 September 2017, the Company granted a total of 571,200,000 Options with rights to subscribe 571,200,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme.

On 21 June 2019, the Company granted a total of 217,056,000 Options with rights to subscribe 571,200,000 ordinary shares of HK\$0.1 each in the share capital of the Company under the Share Option Scheme.

As at the Last Practicable Date, details of the Options granted and remain effective are as follows:

Name of Grantees	Position held with the Company	Date of Grant	Exercise period	Number of share options			Exercise price per share
				Outstanding as at 1 January 2019	Lapsed during the period	Outstanding as at Last Practicable Date	
Directors							
Mr. Wong Kui Shing, Danny	Executive Director	11 April 2017	11 April 2017 – 10 April 2027	5,688,000	—	5,688,000	HK\$0.153
Mr. Wong King Shiu, Daniel	Executive Director	27 September 2017	27 September 2017 – 26 September 2027	57,000,000	—	57,000,000	HK\$0.130
Mr. Chan Kai Leung	Executive Director	27 September 2017	27 September 2017 – 26 September 2027	5,016,000	—	5,016,000	HK\$0.130
Mr. Hung Hing Man	Independent non-executive Director	11 April 2017	11 April 2017 – 10 April 2027	2,016,000	—	2,016,000	HK\$0.153
Dr. Chen Shengrong	Independent non-executive Director	11 April 2017	11 April 2017 – 10 April 2027	2,016,000	—	2,016,000	HK\$0.153
Mr. Wong Hoi Kuen	Independent non-executive Director	27 September 2017	27 September 2017 – 26 September 2027	2,016,000	—	2,016,000	HK\$0.130
Former Directors							
Ms. Wu Jingjing	Executive Director (currently vice president of Business Development Department of the Company)	11 April 2017	11 April 2017 – 10 April 2027	2,016,000	—	2,016,000	HK\$0.153
Mr. Tse Chi Wai (retired as director upon conclusion of annual general meeting on 28 June 2019)	Executive Director (currently consultant of the Company)	11 April 2017	11 April 2017 – 10 April 2027	57,000,000	—	57,000,000	HK\$0.153
Mr. Takashi Togo (retired as director upon conclusion of annual general meeting on 28 June 2019)	Executive Director (currently consultant of the Company)	11 April 2017	11 April 2017 – 10 April 2027	57,000,000	—	57,000,000	HK\$0.153

Name of Grantees	Position held with the Company	Date of Grant	Exercise period	Number of share options			Exercise price per share
				Outstanding as at 1 January 2019	Lapsed during the period	Outstanding as at Last Practicable Date	
Mr. Wong Chi Yung (retired as director upon conclusion of annual general meeting on 28 June 2019)	Non-executive Director (currently consultant of the Company)	11 April 2017	11 April 2017 – 10 April 2027	33,000,000	—	33,000,000	HK\$0.153
	Sub-total			<u>222,768,000</u>	<u>—</u>	<u>222,768,000</u>	

Name of Grantees	Date of Grant	Exercise period	Number of share options				Outstanding as at Last Practicable Date	Exercise price per share
			Outstanding as at 1 January 2019	Granted on 21 June 2019	Exercised on 11 July 2019	Lapsed during the period		
Other staff	11 April 2017	11 April 2017 – 10 April 2027	202,968,000	—	—	—	202,968,000	HK\$0.153
	27 September 2017	27 September 2017 – 26 September 2027	334,680,000	—	—	—	334,680,000	HK\$0.130
	21 June 2019	21 June 2019 – 20 June 2029	—	60,048,000	—	—	60,048,000	HK\$0.100
Consultants of the Company	11 April 2017	11 April 2017 – 10 April 2027	202,992,000	—	—	—	202,992,000	HK\$0.153
	27 September 2017	27 September 2017 – 26 September 2027	171,000,000	—	—	—	171,000,000	HK\$0.130
	21 June 2019	21 June 2019 – 20 June 2029	—	157,008,000	10,008,000	—	157,008,000	HK\$0.100
	Total		<u>1,134,408,000</u>	<u>217,056,000</u>	<u>10,008,000</u>	<u>—</u>	<u>1,351,464,000</u>	

All the outstanding Options granted on 11 April 2017 are exercisable during the period from date of grant to 10 April 2027 at an exercise price of HK\$0.153 per share. The closing price per share immediately before the date of grant on 11 April 2017 was HK\$0.145.

All the outstanding Options granted on 27 September 2017 are exercisable during the period from date of grant to 26 September 2027 at an exercise price of HK\$0.130 per share. The closing price per share immediately before the date of grant on 27 September 2017 was HK\$0.130.

All outstanding Options granted on 21 June 2019 are exercisable during the period from date of grant to 10 June 2019 at an exercise price of HK\$0.100 per share. The closing price per share immediately before the date of grant on 21 June 2019 was HK\$0.09.

Save as disclosed above, none of the outstanding Options were exercised or cancelled or lapsed as at the Last Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or proposed Director was a director or employee of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. LITIGATION

As at the Latest Practicable Date, as far as the Directors are aware, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, the Director had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to the GEM Listing Rules were as follows:

Name of Director	Name of Company	Nature of Business	Nature of interest
Wong King Shiu, Daniel	Huisheng International Holdings Limited ("Huisheng"), Stock Code: 1340	Money Lending Business	Independent non-executive director of Huisheng

As the Board is independent to the board of the above mentioned company, the Group is capable of carrying on its business independently of and at arm's length, from the business of this company.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DISCLOSURE OF OTHER INTEREST

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group; and
- (b) none of the Directors in this appendix had any direct or indirect interest in any assets which had been, since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

7. MATERIAL CONTRACTS

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

- (i) the conditional agreement dated 26 September 2017 entered into between Rosy Depot Limited, a wholly-owned subsidiary of the Company, as vendor and Double Luck Limited, an Independent Third Party, as purchaser, in relation to the disposal of 21% equity interest in Faithful Asia Group Limited at a consideration of HK\$43,050,000;
- (ii) the memorandum of understanding dated 29 November 2017 entered into between the Company as purchaser and Digital Avatar Holdings Limited as vendor in relation to the possible acquisition of not more than 51% of issued share capital of Polar Imagination Limited;
- (iii) the sale and purchase agreement dated 25 May 2018 entered into between the Company as seller and Madam Wang Jian Mei as purchaser in relation to the disposal of 90% of the issued share capital of the Pantosoft International Limited at a consideration of HK\$5,000,000;
- (iv) the conditional sale and purchase agreement dated 19 August 2019 entered into between Guangzhou Deyong as vendor and Kehua Hengsheng Co. Ltd, an Independent Third Party, as the purchaser, in relation to the disposal of 10% of the equity interest in the Desheng Cloud Computing Technology Co. Ltd. at a consideration of RMB20,000,000;
- (v) the conditional sale and purchase agreement dated 28 August 2019 entered into between Guangzhou Deyong as purchaser, Mr. Wen Hongbiao, an Independent Third Party, as vendor and Guangzhou Dehuang in relation to the acquisition of 19% of the equity interest in Guangzhou Dehuang at a consideration of RMB66,341,000; and
- (vi) this Agreement.

8. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Company comprises three members, Mr. Hung Hing Man, Dr. Chen Shengrong and Mr. Wong Hoi Kuen being all the independent non-executive directors of the Company. The primary duties of the audit committee of

the Company are to supervise the financial reporting procedure and reviewing the financial statements of the Group, examining and monitoring the internal control system adopted by the Group and reviewing the relevant work of the Group's external auditor.

Mr. Hung Hing Man, aged 48, 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 the Society of Chinese Accountants and Auditors. Mr. Hung is currently a proprietor of a certified public accountants firm. He has extensive working experience in corporate finance, accounting, auditing and taxation sectors. Mr. Hung is also an independent non-executive director of Heng Tai Consumables Group Limited (Stock Code: 197) since 20 February 2017 and REXLot Holdings Limited (Stock Code: 555) since 1 January 2019 respectively. He was an independent non-executive director of the Hong Kong listed company, namely China Baoli Technologies Holdings Limited (Stock Code: 164) from 31 March 2009 to 21 September 2015 and Ping An Securities Group (Holdings) Limited (Stock Code: 231) from 23 September 2009 to 17 November 2015. Mr. Hung joined the Group on 24 April 2015.

Dr. Chen Shengrong, aged 37, obtained 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. From August 2014 to December 2016, Dr. Chen served as the vice president of finance of Skyslink New Energy Asset Management Limited. Since January 2017, she serves as the vice president of Sky Cloud Green Data Technology Co., Ltd. (天之雲綠色數據技術有限責任公司). Dr. Chen has extensive experience in internal control of enterprises, risk control in investment businesses, project risk evaluation and assets restructuring management. Dr. Chen joined the Group on 30 January 2015.

Mr. WONG Hoi Kuen, aged 58, is a practising certified public accountant in Hong Kong and a chartered accountant in the United Kingdom. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Mr. Wong is an independent non-executive director, members of audit committee and nomination committee of Elife Holdings Limited (Stock Code: 223) since 9 May 2011 and an independent non-executive director of REXLot Holdings Limited (Stock code: 555) since 29 June 2018. Mr. Wong was also an independent non-executive director, members of audit committee and nomination committee of China Baoli Technologies Holdings Limited (Stock Code: 164) from 13 February 2006 to 16 July 2018. Mr. Wong joined the Group on 16 August 2017.

9. EXPERT(S) AND CONSENT(S)

The qualifications of the experts (the “**Experts**”) who have given their opinion and advice in this circular are as follows:

Name	Qualifications
Roma Appraisals Limited	Independent property valuer
Guangdong Jian Da Law Firm (廣東景達律師事務所)	PRC legal adviser

The Experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter and/or report and/or references to their name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Experts had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no direct or indirect interest in any assets which have been, since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. from Monday to Friday) at the principal place of business of the Company in Hong Kong at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2017 and 2018;
- (c) the interim report of the Company for the six months ended 30 June 2019;
- (d) the written consent referred to in the paragraph headed “Expert(s) and Consent(s)” in this Appendix;

- (e) the property valuation report prepared by the independent property valuer, the text of which is set out in Appendix II to this circular;
- (f) the Agreement;
- (g) the announcement issued by the Company dated 2 August 2019;
- (h) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix to this circular; and
- (i) this circular.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is located at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong.
- (b) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (c) The company secretary and compliance officer of the Company is Mr. Chang Ki Sum Clark, who is a member of The Hong Kong Institute of Certified Public Accountants.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of China Information Technology Development Limited (the “**Company**”) will be held at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong, on Thursday, 17 October 2019, at 10:30 a.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 2 August 2019 (the “**Agreement**”, a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purposes of identification), entered into between Giant Prestige Investments Limited (“**Giant Prestige**”), Winner Sino Corporate Development Limited (中勝企業發展有限公司) (“**Winner Sino**”), and 廣州麓湖錦城置業管理有限公司 (Guangzhou Luh Lake Jincheng Properties Management Limited*) in relation to the conditional disposal of Joyunited Investments Limited by Giant Prestige to Winner Sino and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any of the directors of the Company (the “**Director(s)**”) 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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
Wong King Shiu, Daniel
Executive Director

Hong Kong, 28 September 2019

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Unit 3308, 33/F.
Millennium City 6
392 Kwun Tong Road
Kwun Tong, 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 17th Floor, Hopewell Centre, 183 Queen's Road East, 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, as soon as possible and in any event no later than Tuesday, 15 October 2019, at 10:30 a.m. (Hong Kong Time).
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 Mr. Wong Kui Shing, Danny (Chairman and Chief Executive Officer), Mr. Wong King Shiu, Daniel and Mr. Chan Kai Leung as executive Directors; Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong as independent non-executive Directors.

* *The English transliteration of the Chinese name in this notice of EGM, where indicated, is included for information only, and should not be regarded as the official English name of such Chinese name.*