
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other 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: 08178)

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY AND
ASSIGNMENT OF THE SALE LOAN**

Financial adviser to the Company



INCU Corporate Finance Limited

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

A letter from the Board is set out on pages 4 to 11 of this circular.

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 Friday, 28 April 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

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

This circular, together with a form of proxy, will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> on the "Latest Listed Company Information" page for at least 7 days from the date of its publication and on the website of the Company at <http://www.citd.com.hk>.

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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.

DEFINITIONS

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

“Announcement”	announcement of the Company dated 3 March 2023 in relation to the Disposal
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any weekday(s) (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	China Information Technology Development Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (Stock Code: 8178)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Dehuang”	Guangzhou Dehuang Investment Company Limited* (廣州市德煌投資有限公司), a company incorporated in the PRC and indirectly owned as to 19% by the Target Group
“Director(s)”	director(s) of the Company
“Disposal Agreement”	the disposal agreement dated 3 March 2023 entered into between the Vendor and Purchaser in relation to disposal of the Target Company and the assignment of Sale Loan
“Disposal”	the disposal of the Target Company and the assignment of Sale Loan under the Disposal Agreement
“EGM”	the extraordinary general meeting of the Company to be held at 11:00 a.m. on Friday, 28 April 2023 at Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong, for the Shareholders to consider, and, if thought fit, to approve, among other things, the Disposal Agreement and the transactions contemplated thereunder

DEFINITIONS

“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual(s) or company(ies) not being the connected persons (as defined under the GEM Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associate(s)
“Latest Practicable Date”	28 March 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Long Stop Date”	3 May 2023
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	five buildings for data centre and office (including the land beneath) and a vacant parcel of land owned by Dehuang and located in South of Shinan Highway, Nansha District, Guangzhou* (廣州市南沙區市南公路南側)
“Purchaser”	Soar High Investment Holding Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Sale Loan”	the entire sum of loan(s), interests and indebtedness owing or incurred by the Target Group and Dehuang to the Group on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on the Completion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with a par value of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Rosy Ridge Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiary(ies)
“Valuer”	Valor Appraisal & Advisory Limited, the independent valuer
“Vendor”	Gorgeous Ocean Global Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the 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.*

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: 08178)

Executive Directors:

Mr. Wong King Shiu, Daniel

Mr. Chang Ki Sum Clark

Non-executive Director:

Hon. Li Sai Wing, *MH*

Independent non-executive Directors:

Mr. Hung Hing Man

Mr. Wong Hoi Kuen

Dr. Chen Shengrong

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head office and principal place of business

in Hong Kong:

Unit 3308, 33/F.

Millennium City 6

392 Kwun Tong Road

Kwun Tong

Hong Kong

31 March 2023

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY AND
ASSIGNMENT OF THE SALE LOAN**

INTRODUCTION

Reference is made to the Announcement. On 3 March 2023 (after trading hours), the Purchaser and the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Disposal Agreement, pursuant to which, the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company and to assign the Sale Loan to the Purchaser (or its nominee), and the Purchaser has conditionally agreed to acquire the entire issued share capital of the Target Company and take up the assignment of the Sale Loan at the consideration of HK\$28,000,000.

The purpose of this circular is to provide you with, among other things, further details of the Disposal Agreement and the transactions contemplated thereunder, and other information as required to be disclosed under the GEM Listing Rules.

LETTER FROM THE BOARD

THE DISPOSAL

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

Date	: 3 March 2023 (after trading hours)
Purchaser	: Soar High Investment Holding Limited
Vendor	: Gorgeous Ocean Global Limited

The Vendor is a company incorporated in BVI with limited liability, a direct wholly-owned subsidiary of the Company. The Vendor is an investment holding company.

The Purchaser is incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Purchaser is wholly-owned by Mr. Chan Siu Man (“**Mr. Chan**”). Mr. Wong King Shiu, Daniel, the executive Director, became acquainted with Mr. Chan in a business dinner years ago.

As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties and do not have any relationship with Mr. Wen Hongbiao, being the vendor to the Company’s acquisition of Dehuang in 2019.

To the best of the directors’ knowledge, information and belief, having made all reasonable enquiries, in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Purchaser who can exert influence on the transaction; and (b) the Company, any connected person at the Company’s level and/or any connected person at the subsidiary level (to the extent that such subsidiary is involved in the transaction).

Assets to be disposed of

Pursuant to the Disposal Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company, and the Purchaser has conditionally agreed to take up the assignment of the Sale Loan. The Sale Loan represents the entire sum of loan(s), interests and indebtedness owing by the Target Group and Dehuang to the Group as at the date of Completion.

Consideration

The consideration of the Disposal is HK\$28,000,000. The Purchaser shall pay the consideration to the Vendor in cash or via bank transfer under the following payment schedule:

- (i) a sum of HK\$2,000,000 as non-refundable deposit is payable by the Purchaser to the Vendor’s designated accounts upon the signing of the Disposal Agreement; and
- (ii) the remaining balance of HK\$26,000,000 is payable by the Purchaser to the Vendor’s designated account upon Completion.

LETTER FROM THE BOARD

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the preliminary appraised value of 100% of the Target Company, which amounts to net liabilities of approximately HK\$21.18 million as at 31 December 2022 based on the preliminary valuation under cost approach conducted by the Valuer; (ii) the outstanding amount of Sale Loan of approximately HK\$42.87 million as at 31 December 2022; and (iii) other factors as set out in the section headed "Reasons for and benefits of the Disposal" in this circular.

Valuation of the Target Company and the Property

In order to assess the fairness and reasonableness of the consideration of the Disposal Agreement, the Company engaged the Valuer to perform the valuation of the Target Company and the Property, which the final valuation reports are set out in Appendix II and Appendix III to this circular respectively. According to the valuation report of the Property as set out in Appendix III to this circular, the market value of the Property as at 31 December 2022 is approximately RMB705,200,000. The Property consists of five buildings for data centre and office (including the land beneath) and a vacant parcel of land. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, it is not aware of any relationships or interests between the Valuer and the Group, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to the independence of the Valuer. Apart from normal professional fees payable to Valuer in connection with valuation of the Target Company and the Property, no arrangement exists whereby the Valuer will receive any fees or benefits from the Company, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, and it is not aware of the existence of or change in any circumstances that would affect their independence. The Valuer has confirmed to the Company of their independence. Accordingly, the Directors considered that the Valuer are eligible to independently perform the valuation of the Target Company and the Property.

When assessing the fairness and reasonableness of the fair value of the Target Company and the Property, the Directors have reviewed the valuation reports of the Target Company and the Property and discussed with the Valuer regarding the methodologies adopted for and the basis and assumptions used in arriving at the fair value of the Target Company and the Property. During the discussion, the Directors understood that (i) for the valuation of the Target Company, the Valuer has adopted cost approach; and (ii) for the valuation of the Property, the Valuer has adopted the investment method on the basis of capitalization of the net rental incomes with due allowance for reversionary income potential and direct comparison method in estimating the values of the reversionary interest of the Property. The Directors have also reviewed the assumptions adopted in the valuation of the Target Company and the Property and have been advised that the valuation assumptions adopted are usual assumptions adopted by a professional valuer for such assets or entity.

After reviewing the valuation reports of the Target Company and the Property and discussing with the Valuer, the Directors conclude that no material factors have been identified which cause the Board to doubt the fairness and reasonableness of the principal bases and assumptions adopted for or information used in the valuation of fair value of the Target Company and the Property. Therefore, taking into account the net amount of approximately HK\$21.69 million as calculated based on the outstanding amount of Sale Loan of approximately HK\$42.87 million as at 31 December 2022 being subtracted by the appraised value of 100% of the Target Company, which amounts to net liabilities of approximately HK\$21.18 million as at 31 December 2022, the Directors consider the consideration of the Disposal is fair and reasonable.

LETTER FROM THE BOARD

Conditions precedent

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

- (i) the Purchaser having completed the due diligence review and was reasonably satisfied with the results thereof;
- (ii) all necessary consents and approvals required to be obtained on the part of the Vendor in accordance with the GEM Listing Rules in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained;
- (iii) the EGM having been duly convened at which resolutions shall have been passed by the Shareholders, by way of poll to approve the Disposal Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules;
- (iv) the valuation reports of the fair value of the Target Company and the Property as at 31 December 2022 have been issued by the Valuer;
- (v) all necessary approvals by its shareholders and authorised persons required to be obtained on the part of the Purchaser in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained; and
- (vi) the warranties, representations, undertakings and obligations made by the Vendor under the Disposal Agreement remain true and accurate in all material respects and are not misleading or in breach in any material respect.

Conditions (i) and (vi) are waivable at the sole discretion of the Purchaser. If the above conditions have not been waived (where applicable) or fulfilled on or before the Long Stop Date (or such other date as the parties may agree), the Disposal Agreement shall cease and terminate.

As at the Latest Practicable Date, none of the above conditions precedent had been fulfilled.

Completion

Completion shall take place on the third Business Day after the date on which all the conditions precedent specified in the Disposal Agreement are fulfilled.

INFORMATION OF THE TARGET GROUP

The Target Company is incorporated in the BVI with limited liability and an investment holding company. The subsidiaries of the Target Company are also investment holding companies and do not carry on any business other than the investment in Dehuang. As at Latest Practicable Date, the Target Company is directly wholly-owned by the Vendor and an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

FINANCIAL SUMMARY OF THE TARGET GROUP

Set out below is a summary of the key financial data of the Target Group based on the unaudited consolidated management accounts of the Target Group for the financial years ended 31 December 2021 and 31 December 2022:

	For the year ended 31 December 2021 (unaudited) <i>approximately HKD'000</i>	For the year ended 31 December 2022 (unaudited) <i>approximately HKD'000</i>
Loss before tax	8,285	4,132
Loss after tax	8,285	4,132

As at 31 December 2022, the unaudited consolidated net liability value of Target Group was approximately HK\$21.18 million after the inclusion of the fair value adjustment from the preliminary valuation result of the Target Company and the Property.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the provision of information technology (“IT”) infrastructure solutions and maintenance services, money lending, securities trading and rental of properties.

The Target Group holds the equity investment in 19% equity interest of Dehuang, which holds the Property. Due to the outbreak of the COVID-19 pandemic, the lessee of the data centre of the Property was in rent arrears and the cash flow generated from the rental income of such lease was adversely affected. According to the audited report of Dehuang, the revenue of Dehuang for the year ended 31 December 2021 and 31 December 2020 was approximately RMB26.96 million and RMB19.79 million, respectively, the net loss of Dehuang for the year ended 31 December 2021 and 31 December 2020 was approximately RMB2.57 million and RMB0.05 million, respectively, and the trade receivable of Dehuang increased from nil as at 31 December 2020 to approximately RMB16.21 million as at 31 December 2021. Based on the unaudited financial information of Dehuang, Dehuang recorded revenue and net profit for the year ended 31 December 2022 of approximately RMB44.58 million and RMB0.94 million, respectively, and the trade receivables of Dehuang has grown to approximately RMB38.54 million as at 31 December 2022. As at the Latest Practicable Date, Dehuang has received all the overdue rent payments and the related penalty monies. Despite the recent recovery of the economy from the ease of COVID-19 pandemic, after assessing the risk factor of the abovementioned rent arrears, the Directors consider that investment value of Dehuang has been adversely affected by the risk exposure from the rent arrears. According to the annual report of the Company for the year ended 31 December 2021, the fair value of the 19% equity interest of Dehuang decreased from approximately HK\$50.85 million as at 31 December 2020 to HK\$31.38 million as at 31 December 2021. Based on the valuation report of the

LETTER FROM THE BOARD

Target Company in Appendix II to this circular, the equitable value of 19% equity interest in Dehuang as at 31 December 2022 was approximately RMB28.45 million or HK\$32.17 million, using the exchange rate of HKD to RMB of 0.8844. The Group considers that the Disposal would offer an opportunity to realise its investment in the Target Company, and to focus its resources in the further exploration and development of artificial intelligence (“AI”) and cloud technological products and/or investment projects with better prospects or higher growth potential that will best serve the interests of the Company and the Shareholders in the long run.

Having considered the reasons for and benefits of the Disposal as mentioned above, the Directors are of the view that the terms of the Disposal Agreement are on normal commercial terms and fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Following completion of the Disposal, the Company will continue to operate its existing business, including provision of IT infrastructure solutions and maintenance services, money lending, securities trading and rental of properties.

The net proceeds from the Disposal, after deducting the transaction costs and expenses, will be approximately HK\$27.24 million. The Company intends to apply (i) approximately HK\$20 million for the operation and expansion of the Group’s existing business, including the business development of AI and cloud technological products; and (ii) the remaining proceeds for general working capital of the Group.

The Group has been dedicating its effort and resources in developing innovative and advanced technology especially in fields like AI and cloud technologies. The Group is currently developing a potential AI solution product, which will provide real time vibration detection to monitor and predict bogies condition by identifying the bogies with high vibration issues. Such product is developed by the Group and has passed the concept development stage. The Company has been in negotiation with public transport company(ies) in respect of the application of such AI solution product. On the other hand, the Group will continue to develop its existing business, including exploring potential opportunities and providing insights for developing other innovative and advanced technology products, including but not limited to, AI and cloud technology for centralised control of indoor air quality and condition, etc.

FINANCIAL EFFECT OF THE DISPOSAL

As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results, assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

Assets and liabilities

Having taken into account the consideration of HK\$28.00 million and the unaudited net liability value of the Target Group as at 31 December 2022, it is estimated that upon Completion, the total assets of the Group will be decreased by approximately HK\$64.87 million. The total liabilities of Group will be decreased by approximately HK\$71.18 million. It is estimated that the net assets of the Group will have an increase of approximately HK\$6.31 million.

LETTER FROM THE BOARD

Earnings

It is estimated that the Company will record a gain of approximately HK\$5.55 million (after deducting the estimated professional fees and other related expenses of approximately HK\$0.76 million) on the Disposal, after taking into account the consideration, the unaudited net liability value of the Target Group of approximately HK\$21.18 million as at 31 December 2022 (after the inclusion of the fair value adjustment from the preliminary valuation result of the Target Company and the Property) and the outstanding amount of the Sale Loan of approximately HK\$42.87 million as at 31 December 2022. The actual gain or loss to be recorded by the Company depends on the net asset/liability value of the Target Group as at the date of the Completion, which is subject to final audit to be performed by the auditors of the Company.

GEM LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceed 25% but below 75%, the Disposal constitutes a major transaction on the part of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the Latest Practicable Date, as (i) Mr. Zhang Rong (“**Mr. Zhang**”), being the substantial shareholder of the Company, holds 13,069,499 Shares, representing approximately 25.39% of the issued share capital of the Company; (ii) Mr. Zhang is the sole shareholder of Corporate Advisory Limited (“**Corporate Advisory**”) and Corporate Advisory holds 1,138,800 Shares, representing approximately 2.21% of the issued share capital of the Company; and (iii) Mr. Zhang has approximately 20.25% interest in the issued share capital of Dehuang, Mr. Zhang and Corporate Advisory shall abstain from the voting in favour of the resolution to approve the Disposal Agreement and the transactions contemplated thereunder at EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder or any of its close associates has any material interest in the Disposal Agreement and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Disposal.

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 Friday, 28 April 2023, at 11:00 a.m., for the Shareholders to approve the Disposal Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-3 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than Wednesday, 26 April 2023, at 11:00 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.

RECOMMENDATION

The Board considers that the terms of the Disposal 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 Disposal Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Shareholders and potential investors of the Company should note that the completion is subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.

Yours faithfully,
For and on behalf of the Board
China Information Technology Development Limited
Wong King Shiu, Daniel
Chairman and Chief Executive Officer

I. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.citd.com.hk>):

- annual results announcement of the Company for the financial year ended 31 December 2022 (pages 50 to 128)
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0327/2023032701468.pdf>
- annual report of the Company for the financial year ended 31 December 2021 (pages 43 to 122)
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033102969.pdf>
- annual report of the Company for the financial year ended 31 December 2020 (pages 45 to 120)
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001196.pdf>

II. INDEBTEDNESS

As at the close of business on 28 February 2023, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had the following outstanding indebtedness:

	As at 28 February 2023 <i>HKD'000</i>
Secured and guaranteed	
Bank borrowing	51,497
Secured and unguaranteed	
Other borrowing	34
Unsecured and unguaranteed	
Promissory note	67,713
Other borrowings	14,181
Loan from a shareholder	3,338
Loan from a director	100
Lease liabilities	4,530
	89,862
Total borrowing	141,393

Save as disclosed above, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, outstanding convertible debt securities or other similar indebtedness, any guarantees or other material contingent liabilities at the close of business on 28 February 2023.

III. 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 net proceeds from 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.

IV. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon completion of the Disposal, the Group will continue to engage in the provision of IT infrastructure solutions and maintenance services, money lending, securities trading and rental of properties.

Preluded with the sporadic COVID-19 outbreaks, Hong Kong's economy had experienced economy contraction with a drop of real GDP of 4.5% in third quarter of 2022 when compared to corresponding period in 2021. Meanwhile, the rebounded cases hardly hit the economy in the PRC. The GDP of the PRC has only grown by 2.9% in fourth quarter 2022 which was the second-lowest since 1976. Coupled with the prolonged Russia-Ukraine crisis further resulted an economic recession with elevated inflation in the world.

During 2022, with the strict COVID-19 curbs in Hong Kong and China, the Group's operation had inevitably affected, which was in line with the general market condition. Facing such difficulties, the Group had demonstrated its determination to keep step with industry development while maintaining a healthy financial structure for the long-term and healthy growth the Group's businesses. While the outlook is shadowed by uncertainty, the Group's prudent development strategy, together with the efforts made in 2022, has provided the Group a good position to identify new revenue and business streams amid a challenging environment. The Group shall maintain the business layout as established in 2022 while making appropriate adjustment according to the business and market conditions, and shall continue to focus on the development of the Group's main businesses in information technology related businesses, including provision of integrated marketing AI solutions, big data analytics, system integration services and data storage to clients across different industries in the PRC and Hong Kong. To keep pace with the technological advancement and the market trends, the Group shall dedicate more resources on research and development of the Internet of Things, AI, cloud and other technologies so as to provide updated and quality services and products to the clients that can improve their business efficiency. Research and development of the AI products of the Group like "Retail Booster" and other "AI Booster" branches requires capital as well as seasoned experts. "AI Booster" is a data empowerment platform developed by the Group, which provides end-to-end AI data empowerment solution around data connectivity, data preparation, data mining and data visualization. "Retail Booster" is developed under "AI Booster" engine for retail industry and includes functions for consumer relationship management, enterprise resource planning and inventory management. The Group shall continue to inject necessary resources to strengthen the research and development team and the promotion of the Group's AI products and services.

Apart of that, in the competitive technology industry, the Group shall stay attentive to the market trends and potential IT trends like the blockchain, metaverse and virtual reality, of which all of them based on artificial intelligence technologies and have become increasingly known and popular with many companies and institutions seeking to adopt and leverage these technologies. Nevertheless, the AI development is vast and elusive, it will be difficult and costly, if not impossible for a company to put in efforts in all AI aspects. The Group believes that collaborations with companies of different expertise would help bring synergies to the Group's business and enables the Group to broaden its client base without significantly affecting the cashflow. Looking forward, the Group shall look for different potential cooperations and projects especially on AI or other related IT services to create long term benefits to the Shareholders and the Group.

According to the announcement of the Company dated 10 March 2023, the Company entered into a non-legally binding memorandum of understanding with Autostereoscopic 3D Limited in respect of the collaboration of the use of proprietary AI technologies and big data database held by the Company and the 3D autostereoscopic technologies owned by Autostereoscopic 3D Limited.

The Group shall continue to closely monitor on the market conditions and trends and continue to nurture its existing businesses while look for potential projects, business opportunities and/or collaborations especially on cloud technology, Internet of Things and AI or related IT services for the long-term development of the Group.

Nevertheless, other than disclosed in this circular, currently the Company has no intention nor has the Company entered, or proposed to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and any negotiation (whether concluded or not) with an intention to dispose of, downsize of or terminate the existing business of the Company or to acquire any new business.

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Valor Appraisal & Advisory Limited, an independent valuer, in connection with their valuation of 100% equity interest in Rosy Ridge Investments Limited and its subsidiaries as at 31 December 2022.



VALUE WITH VIRTUES

VALOR APPRAISAL & ADVISORY LIMITED

Valor Appraisal & Advisory Limited

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滙來評估及顧問有限公司

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電話: +852 3468 8488 傳真: +852 3971 0998

Date: 31 March 2023

The Board of Directors

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 Report of Rosy Ridge Investments Limited and its subsidiaries for Circular Reference for China Information Technology Development Limited

In accordance with the instruction of China Information Technology Development Limited (the “Company”), we have made an appraisal of the equitable value of 100% equity interest in Rosy Ridge Investments Limited and its subsidiaries for circular reference as at the valuation date (31 December 2022).

The details and conclusion of the valuation are presented in the attached valuation report, which outlines the factors considered, valuation methodology, basis and assumptions employed in formulating our opinion of value.

Valor Appraisal & Advisory Limited (“Valor”) is an independent firm providing full range of valuation and advisory services. This report has been prepared independently. Neither Valor nor any authors of this report hold any interest in the Company or its related parties. The fee for providing this report is based on Valor’s normal professional rates, whilst expenses (if incurred) are being reimbursed at cost. Payment of fees and reimbursements are not contingent upon the conclusions drawn in the report.

Yours faithfully,

For and on behalf of

Valor Appraisal & Advisory Limited

Haydn Y.C. Lee

MRICS CFA CPA (Aust.)

Director

1. INTRODUCTION & PURPOSE OF VALUATION

In accordance with the instruction of China Information Technology Development Limited (the “**Company**”), Valor Appraisal & Advisory Limited (“**Valor**” or the “**Valuer**”) is required to provide an independent valuation report (the “**Valuation Report**”) to assess the equitable value (the “**Equitable Value**”) of 100% equity interest (the “**Equity Interest**”) in Rosy Ridge Investments Limited (“**Rosy Ridge**”) and its subsidiaries (collectively referred to as the “**Target Group**”) as at 31 December 2022 (the “**Valuation Date**”).

Relevant enquiries have been made and required information have been obtained that Valor considers to be necessary in forming an independent opinion of the Equitable Value of the Equity Interest, as at the Valuation Date.

This Valuation Report states valuation methodology and approach adopted in assessing the Equitable Value of the Equity Interest, as well as outlines Valor’s latest findings and valuation conclusion, which is prepared solely for the purpose of circular reference for the Company and its subsidiaries (collectively referred to as the “**Group**”).

In this Valuation Report, words in the singular number include the plural and vice versa; the words asset or assets are deemed to include liability or liabilities, except where it is expressly stated otherwise, or is clear from the context that liabilities are excluded; headings are inserted for convenient reference only and have no effect in limiting or extending the language to which they refer.

2. BACKGROUND INFORMATION OF THE TARGET GROUP

The following background information of the Target Group has been compiled with reference to the documents received from and representation by the management of the Group and the Target Group (the “**Management**”), which are assumed to be accurate and relied upon when conducting this valuation exercise.

Rosy Ridge is an investment holding company was incorporated in British Virgin Islands with limited liability. Rosy Ridge has a 100% equity interest in Great Achieve Management Limited (“**Great Achieve**”), an investment holding company incorporated in Hong Kong with limited liability. Great Achieve has a 100% equity interest in 廣州市德永科技投資有限公司(translated as Guangzhou Deyong Technology Investment Limited and hereinafter referred to as “**Guangzhou Deyong**”), an investment holding company incorporated in the People’s Republic of China (the “**PRC**”) with limited liability. Guangzhou Deyong has a 19% interest in 廣州市德煌投資有限公司(translated as Guangzhou Dehuang Investment Company Limited and hereinafter referred to as “**Guangzhou Dehuang**”).

The principal activity of Guangzhou Dehuang is provision of business services. The principal assets of Guangzhou Dehuang are five buildings for data centre and office (including the land beneath) and a vacant parcel of land owned by Guangzhou Dehuang and located in South of Shinan Highway, Nansha District, Guangzhou (廣州市南沙區市南公路南側) (the “**Property**”).

3. SCOPE OF WORK

In conducting this valuation exercise, Valor’s appraisers have:

- gathered all relevant information;
- discussed with the Management;
- collected market data from reliable sources;
- investigated into the information, and considered the basis and assumptions of the opinion of value;
- analysed the financial information of companies in a similar industry; and
- designed an appropriate valuation model to derive the Equitable Value of the Equity Interest.

4. BASIS OF VALUATION

The valuation was carried out on an Equitable Value basis. According to International Valuation Standards 2022 (“**IVS 2022**”) issued by International Valuation Standards Council (“**IVSC**”), Equitable Value is defined as “the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties”. In particular, the Equitable Value of the Equity Interest in this valuation exercise refer to the equity value, which is defined as “the value of a business to all of its equity shareholders” in accordance with International Valuation Standard 200 Businesses and Business Interests in IVS 2022.

5. BASIS OF OPINION

The valuation was conducted in accordance with IVS 2022 issued by IVSC. The valuation procedure includes review of the financial and economic conditions of the subject business interest, an assessment of key assumptions, estimates, and representations made by the Management. All matters essential to the proper understanding of the valuation are disclosed in the valuation report. Opinion of value included in the valuation report is impartial, independent and unbiased.

The following factors also form a considerable part of the basis of opinion:

- assumptions on the market and on the subject business interest that are considered to be fair and reasonable;
- financial performance that shows a consistent trend of the operation of the subject business interest;
- consideration and analysis on the micro and macro economic factors; and
- analytical review of the subject business interest.

In the course of conducting the valuation, all the information and explanations considered necessary have been obtained so that there are sufficient evidences and reasonable basis in forming the opinion of value on the subject business interest.

6. SOURCES OF INFORMATION

In conducting the valuation of the subject business interest, the following key information, including but not limited to those provided by the Management and derived from the public have been considered, reviewed, and relied upon:

- Draft consolidated audited accounts of the Target Group as at 31 December 2022;
- Draft audited accounts and management accounts of Guangzhou Dehuang as at 31 December 2022;
- IVS 2022 issued by IVSC;
- Overview of the nature of the subject business interest;
- Discussions with the Management; and
- Hong Kong Exchanges and Clearing Limited, Google and other reliable sources of market data.

In arriving at the opinion of the Equitable Value of the Equity Interest, the accuracy and completeness of the information reviewed for the purpose of this valuation have been assumed and relied on. In addition, the statements, information, opinion and representations provided by the Company and the Target Group have been relied upon.

Research was conducted using various sources including government statistical releases and other publications to assess the reasonableness and fairness of information provided.

The opinion is based upon economic, market, financial and other conditions as exist and can be evaluated on the date of this report and no responsibility is assumed to update or revise the opinion based on events or circumstances occurring after the date of this report. In reaching the opinion, assumptions have been made with respect to such economic, market, financial and other conditions and other matters, many of which are beyond the control of Valor or any party involved in this valuation exercise.

7. VALUATION APPROACH AND METHODOLOGY

In carrying out this valuation exercise, the following approaches and methodologies have been considered:

Market Approach – The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Under this approach the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may also be appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analysed. It may be necessary to adjust the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions to be adopted in the valuation being undertaken. There may also be differences in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

Income Approach – The income approach provides an indication of value by converting future cash flows to a single current capital value. This approach considers the income that an asset will generate over its useful life and indicates value through a capitalisation process. Capitalisation involves the conversion of income into a capital sum through the application of an appropriate discount rate. The income stream may be derived under a contract or contracts, or be non-contractual, for example the anticipated profit generated from either the use of or holding of the asset.

Cost Approach – The cost approach provides an indication of value using the economic principal that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This approach is based on the principle that the price that a buyer in the market would pay for the asset being valued would, unless undue time, inconvenience, risk or other factors are involved, be not more than the cost to purchase or construct an equivalent asset. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case, adjustments may need to be made to the cost of the alternative asset depending on the required basis of value.

In this valuation exercise, the value of the subject business interest is developed through the application of the cost approach method known as summation method. The summation method calculates the value of an asset by the addition of the separate values of its component parts.

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

The key steps in the summation method are: (a) value each of the component assets that are part of the subject business interest using the appropriate valuation approaches and methods, and (b) add the value of the component assets together to reach the value of the subject business interest.

In this valuation exercise, the values of the assets and liabilities of Guangzhou Dehuang were developed through the application of the following valuation approaches and methodologies:

Assets and Liabilities	Valuation Approaches and Methodologies
Cash and cash equivalents	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Trade receivables	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Other receivables	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
The Property	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date. The book value of the Property in the draft audit accounts of Guangzhou Dehuang is based on the valuation report of the Property dated 31 March 2023 issued by Valor (the “ Property Valuation Report ”).

A reconciliation of the book value of the Property in the draft audit accounts of Guangzhou Dehuang/market value of the Property in the Property Valuation Report and the book value of the Property in the management accounts of Guangzhou Dehuang for the date 31 December 2022 is shown as below:

Book value of the Property in the management accounts of Guangzhou Dehuang as at 31 December 2022 (RMB)		Audit adjustment (RMB)	Fair value adjustments (RMB)	Book value of the Property in the draft audit accounts of Guangzhou Dehuang/Market value of the Property in the Property Valuation Report as at 31 December 2022 (RMB)
633,166,466		(3,797,350)	75,830,884	705,200,000

The audit adjustment is made due to the value depreciation of inventory.

In the Property Valuation Report, the values of the property interests of five buildings for data centre and office (including the land beneath) are based on the investment method on the basis of capitalization of the net rental incomes with due allowance for reversionary income potential. The direct comparison method is also adopted in estimating the values of their reversionary interest (if any).

In the Property Valuation Report, the value of the property interest of a vacant parcel of land with a site area of approximately 18,497 sq.m. is based on the direct comparison method where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

Account payable	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Loans	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Other payables and accruals	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Borrowings	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.

In this valuation exercise, the values of the assets and liabilities of the Target Group were developed through the application of the following valuation approaches and methodologies:

Assets and Liabilities	Valuation Approaches and Methodologies
Cash and cash equivalents	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Trade and other receivables	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Property, plant and equipment	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Loan receivables	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Equity investments	Based on equitable value of 19% equity interest in Guangzhou Dehuang
Current liabilities	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.
Deferred tax liabilities	Based on book value as at 31 December 2022 which is assumed to be equitable value as at the Valuation Date.

8. KEY ASSUMPTIONS

Key Assumptions

The assumptions considered having significant sensitivity effects in this valuation have been evaluated in arriving at the assessed value with key assumptions listed as follows:

- there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the operation of the subject business interest;
- there will be no major changes in the current taxation laws in the PRC, and no allowance has been made in our valuation for any expenses or taxation which may be incurred in effecting a sale or transfer of assets or liabilities;
- there will be no material fluctuation of the finance costs and availability of finance in the PRC;

- the Target Group will fulfil all legal and regulatory requirements for the principal business;
- the development of the Target Group will not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
- there will not be any adverse events beyond the control of the management of the Target Group, including natural disasters, catastrophes, fire, explosion, flooding, acts of terrorism and terrorism, pandemics and epidemics that may adversely affect the operation of the subject business interest;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market rates; and
- the Target Group will retain competent management, key personnel and technical staff for its operations and the relevant shareholders will support its ongoing operations.

9. BOOK VALUES OF ASSETS AND LIABILITIES OF GUANGZHOU DEHUANG

The table below list out the book values of assets and liabilities belonging to Guangzhou Dehuang as at 31 December 2022, based on the draft audited accounts of Guangzhou Dehuang as at 31 December 2022:

Assets and Liabilities of Guangzhou Dehuang	Book Values <i>(RMB)</i>
Cash and cash equivalents	238,459
Trade receivables	38,536,050
Other receivables	8,009,149
The Property	705,200,000
Account payable	(39,551,298)
Loans	(57,811,950)
Other payables and accruals	(275,194,795)
Borrowings	(229,671,928)
Net assets (liabilities)	149,753,688

10. BOOK VALUES OF ASSETS AND LIABILITIES OF THE TARGET GROUP

The table below list out the book values of assets and liabilities belonging to the Target Group as at 31 December 2022, based on the draft consolidated audited accounts of the Target Group as at 31 December 2022:

Assets and Liabilities of the Target Group	Book Values (HKD)
Cash and cash equivalents	5,435
Trade and other receivables	87,229
Property, plant and equipment	15,052
Loan receivables	52,925,489
Equity investments	32,172,321
Current liabilities	(101,537,102)
Deferred tax liabilities	(4,847,056)
Net assets (liabilities)	(21,178,633)

11. VALUATION COMMENTS

As part of the analysis, the information and documents provided by the Management, the financial and business information from public sources with such available financial information, client representation, project documentation and other pertinent data concerning the Equity Interest have been reviewed. The accuracy of such information have been assumed and relied on to a considerable extent in arriving at the opinion of value.

Relevant searches and enquiries have been made and such further information as considered necessary has been obtained for the purpose of this valuation exercise.

The opinion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are regarded to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Target Group and Valor. No assurance is provided on the achievability of any financial results estimated by the Company and/or the Target Group because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of the management. In addition, the other limiting and general service conditions are attached in Appendix I.

12. RISK FACTORS

The recent outbreak of coronavirus disease worldwide may result in the slowdown of economy

The recent outbreak of coronavirus disease 2019 (“COVID-19”) since December 2019 has increased uncertainties to the global economy. If the development of COVID-19 persists or intensifies, the global economy may be adversely affected. In such event, the resultant unfavourable global economic conditions, dampened market sentiment and decreased purchasing power of the global economy could adversely impact business operations and financial performances of the Target Group.

Economic, political and social considerations

Any unfavourable global and regional economic condition such as the trade war between the United States and its key trading partners like China and the decision by the United Kingdom to exit the European Union, may have a detrimental impact on the business of the Target Group. Due to the uncertainties in economic situation, there is no guarantee that the expected financial performance will materialize. Any changes in global political, economic and social conditions, laws, regulations and policies may have significant impacts on the projections of the future income of the Target Group. In view of the current situation, the possibility of trade protectionism cannot be ruled out. None of these changes can be foreseen with certainty.

Inflation

The supply shortage brought about by recent outbreak of COVID-19, pose a significant risk of inflation, which may erode the profitability of the Target Group.

Technological changes

Any change in the technological developments and advancements may have significant impacts on the operating and financial performance of the Target Group. To remain competitive in the industry, the Target Group may be required to make substantial capital expenditures to keep up with technological changes.

Company specific risk

The operation of the Target Group may perform better or worse than the expectation, and the resulting operating and financial performance will be very different from the estimates. The possibility of severe operational incidence, whether it is exogenous or endogenous, cannot be precluded.

13. OPINION OF VALUES

Based on the investigation and analysis outlined in this report, we are of the opinion that as at the Valuation Date, which is **31 December 2022**, the Equitable Values of the assets and liabilities of Guangzhou Dehuang are as follows:

Assets and Liabilities of Guangzhou Dehuang	Equitable Values (RMB)
Cash and cash equivalents	238,459
Trade receivables	38,536,050
Other receivables	8,009,149
The Property	705,200,000
Account payable	(39,551,298)
Loans	(57,811,950)
Other payables and accruals	(275,194,795)
Borrowings	(229,671,928)
Net assets (liabilities)	149,753,688

We are of the opinion that the Equitable Value of 100% equity interest in Guangzhou Dehuang as at the Valuation Date is equal to the Equitable Value of net assets of Guangzhou Dehuang, which is RMB149,753,688. The Equitable Value of 19% equity interest in Guangzhou Dehuang as at the Valuation Date was calculated as HKD32,172,321, using the exchange rate of HKD to RMB of 0.8844.

Based on the investigation and analysis outlined in this report, we are of the opinion that as at the Valuation Date, which is **31 December 2022**, the Equitable Values of the assets and liabilities of the Target Group are as follows:

Assets and Liabilities of the Target Group	Equitable Values (HKD)
Cash and cash equivalents	5,435
Trade and other receivables	87,229
Property, plant and equipment	15,052
Loan receivables	52,925,489
Equity investments	32,172,321
Current liabilities	(101,537,102)
Deferred tax liabilities	(4,847,056)
Net assets (liabilities)	(21,178,633)

We are of the opinion that the Equitable Value of 100% equity interest in the Target Group as at the Valuation Date is equal to the Equitable Value of net liabilities of the Target Group, which is **HKD(21,178,633)** (HONG KONG DOLLAR MINUS TWENTY ONE MILLION ONE HUNDRED SEVENTY EIGHT THOUSAND SIX HUNDRED AND THIRTY THREE).

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited
Haydn Y.C. Lee
MRICS CFA CPA (Aust.)
Director

Mr. Haydn Y.C. Lee is a professional member of Royal Institution of Chartered Surveyors, Chartered Financial Analyst charterholder and member of CPA Australia. He has 14 years' experience in valuation. He has provided a wide range of valuation services to listed companies and private entities in different industries in the PRC, Hong Kong and Singapore.

Appendix I – Limiting and General Service Conditions

1. As part of the analysis, Valor's appraisers have reviewed financial and business information from public sources together with such financial information, client representation, project documentation and other pertinent data concerning the project made available to Valor during the course of the valuation. Valor's appraisers have assumed the accuracy of, and have relied on the information and client representations provided in arriving at the opinion of value. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
2. Our report was used as part of the analysis of the Group in reaching their conclusion of value and the ultimate responsibility of the determination of value of the subject asset rests solely with the Group.
3. It is assumed that the Management is responsible to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.
4. Valor shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.
5. No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by Valor's appraisers.

6. The conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the asset valued.
7. It is assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, it is assumed that no responsibility for changes in market conditions after the date of this report.
8. This valuation report has been prepared solely for the use of the designated parties. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without prior written consent from Valor.
9. This report is confidential to the client for the specific purpose to which it refers. In accordance with Valor's standard practice, it is stated that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
10. Valor have made no investigation of and assumed no responsibility for the title to or any liabilities against the asset appraised.
11. In the event that Valor becomes involved in any capacity in any action, proceedings or investigation brought by or against any person, in connection with or as a result of either the Valor's engagement or any matter referred to in the service engagement, the Group will reimburse the Valor for all legal and other expenses incurred in connection therewith. Except where it is determined by final judgement of a court to have resulted from wilful default or gross negligence of Valor or its officers, the Group will fully indemnify and hold Valor harmless against any and all losses, claims, damages or liabilities to any such person in connection with or as a result of either the Valor's engagement or any matter referred to in the service engagement. The reimbursement, indemnity and contributions to each of its associates shall ensure to the benefit of the Valor's successors, assigns, heirs and personal representatives of the Valor, any such affiliate and any such persons. In the event the Valor is subject to any liability in connection with this service engagement, such liability will be limited to the amount of fees received for this engagement.
12. The Group agrees that itself or any of its associates will make no claim against Valor or any of its associates in connection with the engagement of the Valor except as a result of the Valor's wilful default or gross negligence, and that neither Valor nor any of its associates will have any direct or indirect liability to the Group or except where it is determined by final judgement of a court to have resulted from wilful default or gross negligence of Valor or its officers.



VALUE WITH VIRTUES

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Date: 31 March 2023

The Board of Directors**China Information Technology Development Limited**

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

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions to us to value various properties located in Guangzhou (the “**Property**”) in which China Information Technology Development Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) has interests in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the Property as at 31 December 2022.

This letter which forms part of our valuation explains the basis and methodologies of valuation, clarifying assumption and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value 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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

In valuing the property interests of the property nos.1 and 2, which is subject to tenancies, we have adopted the investment method on the basis of capitalization of the net rental incomes with due allowance for reversionary income potential. The direct comparison method is also adopted in estimating the values of their reversionary interest (if any).

We have valued the property interests of the property no.3 on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

VALUATION CONSIDERATIONS

In valuing the Property, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the Property on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the value of the Property.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the Property for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owner of the Property has enforceable titles to the Property and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages or amounts owing on the Property valued 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.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the Property and have made relevant enquiries. We have not examined the original documents to verify the existing title to the Property and any material encumbrances that might be attached to the Property or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Join & High Law Office (天津四方君匯律師事務所), concerning the validity of Guangzhou Dehuang Investment Company Limited (廣州市德煌投資有限公司)'s (the "**Landlord**") title to the Property located in the PRC.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the Property is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out on 11 January 2023 by Mr. Liang Zhipeng (BBA (Acc), who has over 5 years' experience in valuation of real estate including industrial properties located in the PRC.

We have relied to a considerable extent on information provided by the Landlord and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the Property.

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

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this valuation are in Renminbi (RMB). Our summary of values and "Property Particulars and Opinion of Value" are herewith attached.

Yours faithfully,

For and on behalf of

Valor Appraisal & Advisory Limited

Haydn Y. C. Lee

MRICS CFA CPA (Aust.)

Director

Mr. Haydn Y.C. Lee is a professional member of Royal Institution of Chartered Surveyors, Chartered Financial Analyst charterholder and member of CPA Australia. He has over 10 years' experience in valuation of properties in HKSAR and mainland China.

SUMMARY OF VALUES

Property	Market Value in Existing State as at 31 December 2022 <i>RMB</i>
1 Nos.26 and 26-1, Dongchong Section, Shinan Highway, Nansha District, Guangzhou City, Guangdong Province, the PRC	212,000,000
2 Nos.18-1, 22, 22-1 and 24, Dongchong Section, Shinan Highway, Nansha District, Guangzhou City, Guangdong Province, the PRC	471,000,000
3 Land Parcel located at Southern Side of Shinan Highway, Nansha District, Guangzhou City, Guangdong Province, the PRC	22,200,000
	<hr/>
	Total: <u><u>705,200,000</u></u>

PROPERTY PARTICULARS AND OPINION OF VALUE

	Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 31 December 2022
1	Nos.26 and 26-1, Dongchong Section, Shinan Highway, Nansha District, Guangzhou City, Guangdong Province, the PRC (中華人民共和國廣東省廣州市南沙區市南公路東涌段26號、26號之一)	The property comprises a 9-storey (including a basement) data centre building and an 8-storey (no basement) office building with a total gross floor area of approximately 44,731.03 sq.m. completed in 2017.	The property is currently subject to a lease for a term expiring on 30 April 2028 at a monthly rental of RMB1,890,787.5 exclusive of utility charges.	RMB212,000,000 (Renminbi Two Hundred Twelve Million)
		The land use rights of the property were granted for a term expiring on 10 November 2042 for industrial use.		

Notes:

- (1) Pursuant to an Immovable Property Right Certificate – Yue (2017) Guang Zhou Shi Bu Dong Chan Quan Di 11202880 Hao (粵(2017)廣州市不動產權第11202880號) issued by Guangzhou Land Resources and Planning Committee (廣州市國土資源和規劃委員會) dated 2 May 2017, the land use rights and the building ownership rights of the property with a gross floor area of approximately 44,731.03 sq.m. were granted to Guangzhou Dehuang Investment Company Limited for a term expiring on 10 November 2042 for industrial use.
- (2) The major certificates and permits of the property are summarized as follows:
 - (i) Immovable Property Right Certificate Yes
- (3) We have been provided with a legal opinion as at the date of the report regarding the property interests by the Company's PRC legal adviser, Join & High Law Office, which contains, inter alia, the following:
 - (i) Guangzhou Dehuang Investment Company Limited legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property in accordance with the PRC laws; and
 - (ii) The property is subject to mortgage in favour of China Citic Bank Corporation Ltd.– Guangzhou Branch.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 31 December 2022										
2	Nos.18-1, 22, 22-1 and 24, Dongchong Section, Shinan Highway, Nansha District, Guangzhou City, Guangdong Province, the PRC (位於中華人民共和國廣東省廣州市南沙區市南公路東涌段18號之一、22號、22號之一和24號)	<p>The property is currently subject to a lease for a term of 20 years commencing on the handover date at a monthly rental of RMB46 per sq.m. exclusive of utility charges.</p> <p>As advised, the handover dates of the property was 1 June 2022.</p>	RMB471,000,000 (Renminbi Four Hundred Seventy One Million)										
	<p>The property comprises a 7-storey (including a basement) data centre building and two 7-storey (no basement) data centre buildings completed in mid 2021.</p> <p>The total gross floor of the buildings is approximately 73,771.2308 sq.m. The area breakdown is listed as follows:</p> <table border="1" data-bbox="574 893 893 1170"> <thead> <tr> <th>Building</th> <th>Gross Floor Area (sq.m.) (Approx.)</th> </tr> </thead> <tbody> <tr> <td>2# data centre</td> <td>23,277.9604</td> </tr> <tr> <td>3# data centre</td> <td>25,260.4707</td> </tr> <tr> <td>4# data centre</td> <td>25,232.7997</td> </tr> <tr> <td>Total:</td> <td><u>73,771.2308</u></td> </tr> </tbody> </table> <p>The land use rights of the property were granted for a term of 50 years commencing on 11 November 1992 for industrial use.</p>	Building	Gross Floor Area (sq.m.) (Approx.)	2# data centre	23,277.9604	3# data centre	25,260.4707	4# data centre	25,232.7997	Total:	<u>73,771.2308</u>		
Building	Gross Floor Area (sq.m.) (Approx.)												
2# data centre	23,277.9604												
3# data centre	25,260.4707												
4# data centre	25,232.7997												
Total:	<u>73,771.2308</u>												

Notes:

- (1) Pursuant to an Immovable Property Right Certificate – Yue (2022) Guang Zhou Shi Bu Dong Chan Quan Di 11045982 Hao (粵(2022)廣州市不動產權第11045982號) issued by Guangzhou Planning and Natural Resources Business (廣州市規劃和自然資源局) dated 21 July 2022, the land use rights and the building ownership rights of the property with a total gross floor area of approximately 77,355.9884 sq.m. were granted to Guangzhou Dehuang Investment Company Limited for a term of 50 years commencing on 11 November 1992 for industrial use.
- (2) The major certificates and permits of the property are summarized as follows:
 - (i) Immovable Property Right Certificate Yes
- (3) We have been provided with a legal opinion as at the date of the report regarding the property interests by the Company's PRC legal adviser, Join & High Law Office, which contains, inter alia, the following:
 - (i) Guangzhou Dehuang Investment Company Limited legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property in accordance with the PRC laws;
 - (ii) A transformer substation building with a gross floor area of approximately 3,584.7576 sq.m. was constructed on behalf of Guangzhou Power Supply Bureau Company Limited (廣州供電局有限公司) by Guangzhou Dehuang Investment Company Limited. Although this transformer substation building is nominally registered under Guangzhou Dehuang Investment Company Limited, it will be handed over to Guangzhou Power Supply Bureau Company Limited. Therefore the real owner of the transformer substation building is Guangzhou Power Supply Bureau Company Limited. We have attributed no commercial value to this transformer substation building. As the transformer substation building is not beneficially owned by Guangzhou Dehuang Investment Company Limited, there is no legal impediment for the disposal of interest and subsequent change in shareholding of one of the ultimate shareholders of Guangzhou Dehuang Investment Company Limited; and
 - (iii) The property is subject to mortgage in favour of China Citic Bank Corporation Ltd.– Guangzhou Branch.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 31 December 2022
3	Land Parcel located at Southern Side of Shinan Highway, Nansha District, Guangzhou City, Guangdong Province, the PRC (位於中華人民共和國廣東省廣州市南沙區東涌鎮石基村市南公路南側之土地)	The property comprises a parcel of industrial land with a total site area of approximately 18,497 sq.m. The land use rights of the property were granted for a term expiring on 10 November 2042 for industrial use.	The property is currently a vacant land. RMB22,200,000 (Renminbi Twenty Two Million Two Hundred Thousand)

Notes:

- (1) Pursuant to a State-owned Land Use Rights Certificate – Sui Fu Guo Yong (2013) Di 04100089 Hao (穗府國用(2013)第04100089號) issued by Guangzhou Land Resources and House Management Bureau (廣州市國土資源和房屋管理局) dated 20 January 2014, the land use rights of a parcel of land with a site area of approximately 18,497 sq.m. were granted to Guangzhou Dehuang Investment Company Limited for a term expiring on 10 November 2042 for industrial use.
- (2) The major certificate and permit of the property is summarized as follows:
 - (i) State-owned Land Use Rights Certificate Yes
- (3) We have been provided with a legal opinion as at the date of the report regarding the property interests by the Company's PRC legal adviser, Join & High Law Office, which contains, inter alia, the following:
 - (i) Guangzhou Dehuang Investment Company Limited legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property in accordance with the PRC laws; and
 - (ii) The property is subject to mortgage in favour of China Citic Bank Corporation Ltd.– Guangzhou Branch.

- (4) To arrive at the value of the land, we have collected and considered three sales comparable evidences in the locality based on the criteria that they are in similar industrial usage; and located in the same city as the subject property. The comparables should be transacted within 2022. We noted that the unit price of sales transaction reference of comparables is in the range between RMB1,460/sq.m. and RMB1,543/sq.m. The unit rate adopted to arrive at the value of the subject land is approximately RMB1,200/sq.m. (RMB1,500/sq.m. before adjustment), which is in line with the comparables collected. Various factors such as location and length of term of the land use rights have been considered in comparing the comparables and the subject property. The basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. However, if the comparable property is inferior to the property, an upward adjustment is made. We consider the factor of location between the comparables and the property is similar. The term of the land use rights of the three comparables is superior to the property, and hence downward adjustment is made to arrive at the average unit rate of the land of approximately RMB1,200/sq.m. Details of the comparables are listed as follows:

	Comparable 1	Comparable 2	Comparable 3
Location	Land Parcel located at Eastern Side of Nansha Boulevard, Dong Chong Town, Nansha District, Guangzhou City (廣州市南沙區東涌鎮南沙大道東側地塊)	Land Parcel located at Southern Side of Liuxin Road and Eastern Side of Shinan Boulevard, Huangge Town, Nansha District, Guangzhou City (廣州市南沙區黃閣鎮留新路南側、市南大道東側地塊)	Land Parcel located at Eastern Side of Xinyong Industrial Zone, Lanhe Town, Nansha District, Guangzhou City (廣州市南沙區欖核鎮新湧工業區東側地塊)
Usage	Industrial	Industrial	Industrial
Site Area (sq.m.)	188,955	3,991	541
Unit Rate (RMB/sq.m.)	1,543	1,488	1,460

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares	Underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Mr. Wong King Shiu, Daniel	Beneficial owner	363,550	343,000	1.37%
Mr. Chang Ki Sum Clark	Beneficial owner	–	340,374	0.67%
Mr. Hung Hing Man	Beneficial owner	–	34,000	0.07%
Mr. Wong Hoi Kuen	Beneficial owner	–	34,000	0.07%
Dr. Chen Shengrong	Beneficial owner	–	34,000	0.07%

Note Calculated on the basis of 51,471,199 shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares and underlying shares of the Company

Name	Capacity/ Nature of interest	Number of Shares	Underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Mr. Zhang Rong	Beneficial owner	13,069,499	25,730	25.39%
	Interest in controlled corporation (<i>Note 1</i>)	1,138,800	–	2.21%
Mr. Lam Shu Chung	Beneficial owner	3,801,300	–	7.39%
Ms. Choi Hing Lin Lori	Interest of Spouse (<i>Note 2</i>)	3,801,300	–	7.39%
Mr. Tang Keung	Beneficial owner	3,503,400	–	6.81%
Valuable Fortune Limited	Beneficial owner (<i>Note 3</i>)	3,000,000	–	5.83%

Notes:

- (1) The 1,138,800 Shares are held by Corporate Advisory Limited (“**Corporate Advisory**”), which is wholly-owned by Mr. Zhang Rong. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang Rong is deemed to have an interest in all shares in which Corporate Advisory has, or deemed to have an interest.
- (2) Ms. Choi Hing Lin Lori is the spouse of Mr. Lam Shu Chung, and therefore deemed to have an interest on the Shares in which Mr. Lam Shu Chung has, or deemed to have, an interest.
- (3) The 3,000,000 Shares are held by the Valuable Fortune Limited which is wholly-owned by Mr. Lee Yat Lung Andrew. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Lee Yat Lung Andrew is deemed to have an interest in all Shares in which Valuable Fortune Limited has, or deemed to have, an interest.
- (4) Calculated on the basis of 51,471,199 shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above and as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. LITIGATION

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

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors, controlling shareholders and employees of the Company nor their respective close associates had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

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

- (i) the sale and purchase agreement dated 1 April 2021 entered into between Rosy Depot Limited, a wholly-owned subsidiary of the Company, as purchaser and Valuable Fortune as vendor in relation to the acquisition of 10% of the issued share capital of Global Engine Holdings Limited at the total consideration in the sum of HK\$10,000,000, to be settled by way of allotment and issue of 20,000,000 new Shares of the Company at HK\$0.5 per Share. The completion had taken place on 31 May 2021;
- (ii) the sale and purchase agreement dated 12 May 2021 entered into between Golden Shield Global Limited, a wholly-owned subsidiary of the Company, as purchaser and Unity Victory Limited, as vendor in relation to the acquisition of 51% of the issued share capital of Orient Rise Investment Development Limited at total consideration in the sum of HK\$3,500,000, to be settled by way of allotment and issue of 7,000,000 new Shares of the Company at HK\$0.5 per Share. The completion had taken place on 15 July 2021;
- (iii) a placing agreement dated 25 May 2021 entered into between the Company and Rifa Securities Limited (as placing agent) in relation to the placing of 20,800,000 placing shares to not less than six places at the placing price of HK\$0.23 per placing share;
- (iv) a placing agreement dated 30 July 2021 entered into between the Company and Orient Securities Limited (as placing agent) in relation to the placing of 57,400,000 placing shares to not less than six places at the placing price of HK\$0.25 per placing share;

- (v) a supplemental agreements dated 31 December 2021 entered into between the Company, Guangzhou Deyong Technology Investment Co., Limited (a wholly owned subsidiary of the Company) and Guangzhou Dehuang Investment Company Limited in relation to the extension of the maturity dates of the remaining of the construction loan and the loan in the principal amounts of approximately HK\$7,876,000 and HK\$50,136,000 by one year to 15 October 2023 and 2 September 2023, respectively;
- (vi) a construction contract date 3 January 2022 entered into between the Company and Guangdong Wing Kei Hung Yip Construction Work Main Co. Limited (as contractor) with a consideration of RMB50 million in relation to the asset enhancement works on the Guangzhou Xinfeng's investment properties located at 123 Lujing Road, Tianhe District, Guangzhou City* (廣州市天河區麓景路123號);
- (vii) a placing agreement dated 5 January 2022 entered into between the Company and Grand China Securities Limited (as placing agent) in relation to the placing of the number of untaken shares and excluded shareholder's unsold rights shares, being the difference between (a) the total number of rights shares available for subscription as at the record date; and (b) the total number of rights shares taken up by qualifying shareholders at the placing price of HK\$0.15 per placing share;
- (viii) a share swap agreement dated 25 October 2022 entered in between the Company and Bonanza Goldfields Corp., pursuant to which the Company will swap its 26,520,387 ordinary shares of the Company (each share at HK\$0.135) for a total of 218,574,618 ordinary shares of Bonanza Goldfields Corp. (each share at US\$0.0021) to be allotted and issued by Bonanza. The total consideration for the transaction is approximately HK\$3,580,252 (equivalent to approximately US\$459,007);
- (ix) the Disposal Agreement; and
- (x) a placing agreement dated 14 March 2023 entered into between the Company and Grand China Securities Limited (as placing agent) in relation to placing of up to 7,642,000 placing shares, on a best effort basis, to not less than six places at the placing price of HK\$1.93 per placing share.

9. EXPERTS AND CONSENT

The qualification of the experts who have given its opinion in this circular are as follows:

Name	Qualification
Valor Appraisal & Advisory Limited	Independent qualified valuer
Join & High Law Office	PRC legal adviser

As at the Latest Practicable Date, Join & High Law Office and the Valuer did not have any shareholding in any member in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in the Group.

As at the Latest Practicable Date, Join & High Law Office and the Valuer did not have any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

Join & High Law Office and the Valuer have given and have not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report and/or references to its name, in the form and context in which they respectively appear.

10. CORPORATE INFORMATION OF THE GROUP

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office and Principal place of business in Hong Kong	Unit 3308, 33/F. Millennium City 6 392 Kwun Tong Road Kwun Tong Hong Kong
Principal share registrar and transfer office	Suntera (Cayman) Limited Suite 3204, Unit 2A Block 3, Building D P.O. Box 1586 Gardenia Court Camana Bay Grand Cayman KY1-1100 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F Hopewell Centre 183 Queen’s Road East Wanchai, Hong Kong
Company secretary	Ms. Lam Mei Wai Michelle <i>(an associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators))</i>
Compliance officer	Mr. Chang Ki Sum Clark, an executive Director

11. GENERAL

- (a) The Company established the audit committee of the Company (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee include supervising the financial reporting procedure and reviewing the financial statements of the Group, examining and monitoring the internal control and risk management systems adopted by the Group and reviewing the relevant work of the Group’s external auditor. The Audit Committee comprised of three independent non-executive Directors, namely, Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong. Mr. Hung Hing Man is the chairman of the Audit Committee.

Mr. Hung Hing Man (“**Mr. Hung**”), aged 52, is the chairman of audit committee and nomination committee of the Company. He 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 joined the Group on 24 April 2015. Mr. Hung is also an independent non-executive director of Town Health International Medical Group Limited (Stock Code: 3886) since 19 February 2023 and Heng Tai Consumables Group Limited (Stock Code: 197) since 20 February 2017. 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. He was also an independent non-executive Director of REXLot Holdings Limited (Stock Code: 555) from 1 January 2019 to 26 November 2020. On 20 August 2020, a winding up order (the “**Winding Up Order**”) was made by the High Court of Hong Kong against REXLot upon a winding up petition filed on 9 March 2020 in respect of a debt of HK\$770,609,876.28 owing under convertible bonds issued by REXLot. Liquidators were appointed to REXLot pursuant to an order made by the High Court of Hong Kong dated 27 August 2020. On 18 September 2020, an appeal was lodged against the Winding Up Order with the Court of Appeal of Hong Kong. REXLot is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in lottery system and game development business and distribution and marketing of lottery products in China. The securities of REXLot are listed on the Main Board of the Stock Exchange (Stock Code: 555) but had been suspended since 1 April 2019 and delisted on 10 May 2021. Mr. Hung has confirmed that he was not one of the respondents of such petition nor a party of such winding up proceedings and am not aware of any actual or potential claim that has been or will be made against him because of the Winding Up Order.

Mr. Wong Hoi Kuen (“**Mr. Wong**”), aged 62, is the chairman of the remuneration committee of the Company and the member of the audit committee and nomination committee of the Company. He 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 joined the Group on 16 August 2017. 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. He was also an independent non-executive director of REXLot Holdings Limited (Stock Code: 555) from 29 June 2018 to 27 November 2020. As disclosed above, on 20 August 2020, the Winding Up Order was made by the High Court of Hong Kong against REXLot upon a winding up petition filed on 9 March 2020 in respect of a debt of HK\$770,609,876.28 owing under convertible bonds issued by REXLot. Liquidators were appointed to REXLot pursuant to an order made by the High Court of Hong Kong dated 27 August 2020. On 18 September 2020, an appeal was lodged against the Winding Up Order with the Court of Appeal of Hong Kong. REXLot is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in lottery system and game development business and distribution and marketing of lottery products in China. The securities of REXLot are listed on the Main Board of the Stock Exchange (Stock Code: 555) but had been suspended since 1 April 2019 and delisted on 10 May 2021. Mr. Wong has confirmed that he was not one of the respondents of such petition nor a party of such winding up proceedings and am not aware of any actual or potential claim that has been or will be made against him because of the Winding Up Order.

Dr. Chen Shengrong (“**Dr. Chen**”), aged 40, 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.

- (b) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.citd.com.hk for a period of 14 days commencing from the date of this circular:

- (a) the Disposal Agreement;
- (b) the valuation report on the Target Company, the text of which is set out in Appendix II to this circular;
- (c) the valuation report on the Property, the text of which is set out in Appendix III to this circular; and
- (d) the written consent referred to the section headed “Experts and Consent” in this appendix to this circular.

NOTICE OF EGM



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: 08178)

NOTICE OF EGM

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 Friday, 28 April 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions of the Company.

ORDINARY RESOLUTION

“**THAT**

- (a) the disposal agreement dated 3 March 2023 (the “**Disposal 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 the Soar High Investment Holding Limited and Gorgeous Ocean Global Limited in relation to the conditional disposal of Rosy Ridge Investments Limited 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 Disposal 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 Disposal 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

Chairman and Chief Executive Officer

Hong Kong, 31 March 2023

NOTICE OF EGM

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

*Head Office and Principal place of
business in Hong Kong:*
Unit 3308, 33/F.
Millennium City 6
392 Kwun Tong Road
Kwun Tong Hong Kong

Notes:

1. A member entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the extraordinary general meeting, i.e. no later than Wednesday, 26 April 2023 at 11:00 a.m. or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the extraordinary general meeting or any adjournment thereof, should he/she/it so wish.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at any meeting, the vote of such holder so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.
6. Any voting at the EGM shall be taken by poll.
7. The register of members of the Company will be closed from Tuesday, 25 April 2023 to Friday, 28 April 2023 (both dates inclusive) for determining the entitlement of the shareholders of the Company to attend and vote at the extraordinary general meeting. In order to be eligible for attending and voting at the extraordinary general meeting, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 24 April 2023.
8. The translation into Chinese language of this notice is for reference only. In case of inconsistency, the English version shall prevail.

NOTICE OF EGM

As at the date of this notice, the executive Directors are Mr. Wong King Shiu, Daniel and Mr. Chang Ki Sum Clark; the non-executive Director is Hon. Li Sai Wing, MH and the independent non-executive Directors are Mr. Hung Hing Man, Mr. Wong Hoi Kuen and Dr. Chen Shengrong.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this notice is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this notice misleading.

This notice will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> on the “Latest Listed Company Information” page for at least 7 days from the date of its publication and on the website of the Company at <http://www.citd.com.hk>.