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中國信息科技發展有限公司

China Information Technology Development Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8178)

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO
THE SUBSCRIPTION OF 84% EQUITY INTEREST
IN THE TARGET COMPANY**

Financial adviser to the Company



INCU Corporate Finance Limited

THE SUBSCRIPTION

The Board is pleased to announce that on 12 September 2016 (after trading hours), the Subscriber, being a direct wholly-owned subsidiary of the Company, the Target Company and the Guarantor entered into the Subscription Agreement, pursuant to which the Target Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares, representing 525% of the issued share capital of the Target Company and 84% of the total issued share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares, at the total Subscription Price of HK\$8,400,000.

Upon Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratio (as defined in the GEM Listing Rules) in respect of the Subscription exceeds 100%, the Subscription constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

GENERAL

A circular containing, among other things, further information in relation to (i) the Subscription and the Subscription Agreement; (ii) the valuation report of the Target Group; (iii) a notice of the EGM and a form of proxy is expected to be despatched to the Shareholders on or before 25 November 2016, which is more than 15 business days after the publication of this announcement, as additional time is required for the Company to prepare relevant information including, among others, the accountants' report and the valuation report of the Target Group, for inclusion in the Circular.

As Completion is conditional upon fulfillment (or if applicable, waiver) of the conditions precedent set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 12 September 2016 (after trading hours), the Subscriber, being a direct wholly-owned subsidiary of the Company, the Target Company and the Guarantor entered into the Subscription Agreement, pursuant to which the Target Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares, representing 525% of the issued share capital of the Target Company and 84% of the total issued share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares, at the total Subscription Price of HK\$8,400,000.

THE SUBSCRIPTION AGREEMENT

The major terms of the Subscription Agreement are set out as follows:

Date: 12 September 2016 (after trading hours)

Parties: (1) Issuer: the Target Company

(2) Subscriber: Golden Sunweave Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

(3) Guarantor: Mr. Chan Kai Leung

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Target Company and its ultimate beneficial owners, and the Guarantor are Independent Third Parties.

Assets to be acquired

Pursuant to the Subscription Agreement, the Target Company has conditionally agreed to allot and issue and the Company has conditionally agreed to subscribe for the Subscription Shares, representing 525% of the issued share capital of the Target Company and 84% of the total issued share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price and payment methods

The total Subscription Price amounts to HK\$8,400,000, which shall be satisfied in cash by the internal resources of the Group and injected by the Subscriber to the Target Company in the following manner:

- (i) the sum of HK\$3,000,000 to be paid in cash within 5 Business Days after the date of the Subscription Agreement, which shall be treated as a refundable deposit and as part payment towards the total Subscription Price (the "**Earnest Money**"); and
- (ii) the remaining balance of HK\$5,400,000 to be settled in cash upon Completion.

The Target Company shall refund the Earnest Money together with an interest at a rate of 9% per annum on the Earnest Money calculated on the actual number of days elapsed and on the basis of a 365-day year if the Subscription Agreement lapses or terminates in accordance with its terms.

The Subscription Price was determined upon arm's length negotiations between the Company, the Target Company and the Guarantor with reference to (i) the valuation of 100% shareholding interest of the Target Group of approximately HK\$10,605,000 as at 30 June 2016, assessed by an independent valuer engaged by the Company; (ii) the brand name and reputation of the Target Group; (iii) the customer base and technical know-how possessed by the Target Group (iv) the future prospects of the IT industry; and (v) other reasons as set out in the paragraph "Reasons for and benefits of the Subscription" below.

The Directors (including the independent non-executive Directors) consider the total Subscription Price to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Subscription is conditional upon the satisfaction or if applicable waiver of the following conditions precedent:

- (a) the Subscriber being satisfied, in its sole discretion, with the results of the due diligence review to be conducted;
- (b) the Subscriber having obtained a valuation report (in the form and substance satisfactory to the Subscriber) issued by an independent valuer appointed by the Subscriber showing that the market valuation of the 100% shareholding interest of the Target Group is not less than HK\$10,000,000;
- (c) the Executives having executed the Service Contracts;
- (d) the warranties remaining true and correct in all material respects;
- (e) all necessary consents and approvals as may be required to be obtained on the part of the Target Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (f) all necessary consents and approvals as may be required to be obtained on the part of the Subscriber and the Company in respect of the Subscription Agreement and the transaction contemplated thereunder having been obtained;

- (g) if necessary, the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at a general meeting of the Company to be convened and held of the necessary ordinary resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder, and all other consents and acts required to be obtained by the Subscriber and the Company under the GEM Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange; and
- (h) the Subscriber having reasonably satisfied that there has not been any Material Adverse Change (or Effect) on the Target Group since the date of the Subscription Agreement.

The Subscriber may at any time by notice in writing to the Target Company waive conditions (a), (c), (d), (e) and (h). Neither party may waive conditions (b), (f) and (g). The Subscriber has no current intention to waive such conditions as at the date of this announcement.

In the event that any of the above conditions not being fulfilled or waived in full by 5:00 p.m. on or before 31 March 2017 (or such other time and date as may be agreed between the Target Company and the Subscriber in writing), the Subscription Agreement shall cease and determine and the Target Company shall refund the Earnest Money with interest to the Subscriber as mentioned above and thereafter neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the provisions thereof.

Guarantee and undertaking by the Guarantor

The Guarantor, Mr. Chan Kai Leung, is the director of the Target Company and is ultimately and beneficially interested in 20% shareholding interest of the Target Company through Premier Excel.

The Guarantor irrevocably and unconditionally guarantees to the Subscriber the due and punctual performance of the Target Company under the Subscription Agreement.

Completion

Completion shall take place at 5:00 p.m. on the third Business Day after the date on which the conditions set out above being fulfilled or, as the case may be, waived by the Subscriber.

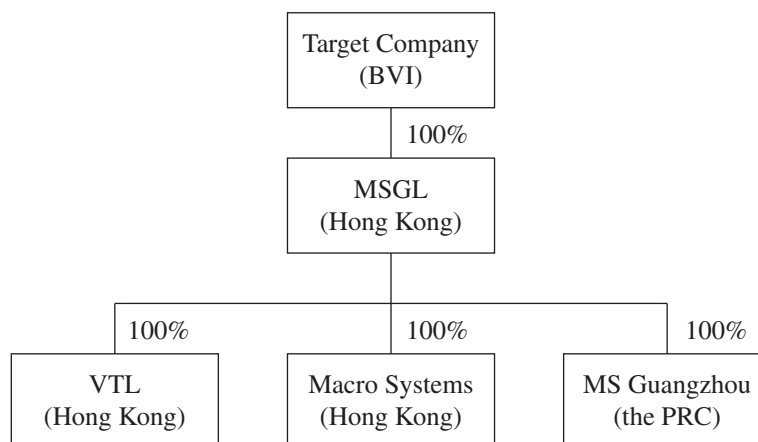
Upon Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group.

The Company will appoint new directors to the board of the Target Company in order to obtain majority control upon Completion.

INFORMATION OF THE TARGET GROUP

Background

The group chart of the Target Group as at the date of this announcement is set out below:



The Target Company is an investment holding company incorporated in British Virgin Islands with limited liability and has no operation. The Target Company is wholly-owned by Premier Excel, which is legally and beneficially owned by the Executives, namely, Mr. Chan Kai Leung, Mr. Chow Chun Kit, Mr. Lau Yue Tung Alex, Ms. Wan Lam and Mr. Chan Kwong Choi, in equal shares. The Target Group is principally engaged in provision of systems integration and maintenance services in Hong Kong and the PRC through its subsidiaries, namely Macro Systems and MS Guangzhou. MSGL is an intermediate investment holding company and VTL has no operation.

Macro Systems, a limited company incorporated in Hong Kong in 1997, is the major operating subsidiary of the Target Group, focusing on provision of “One-stop” IT services in Hong Kong. The Target Group expanded its business to the PRC, by setting up MS Guangzhou, a wholly-owned foreign enterprise incorporated in the PRC in 2012.

The Target Group provides comprehensive end-to-end solutions and services, ranging from (i) procurement and deployment of IT equipment and facilities; (ii) systems integration; (iii) consulting services on IT infrastructure and business solutions; and (iv) technical support and managed services. Over the past 18 years, the Target Group has successfully provided services to over 1,000 enterprises in Hong Kong and the PRC, covering diverse business sectors, including but not limited to, telecommunications, logistic, tourism and hospitality education, and financial segments. Moreover, the Target Group has maintained long-term partnerships with a number of well-renowned enterprises, for instance, IBM, Lenovo and Huawei, etc. In addition, the Target Group is one of the 42 companies awarded with the Standard Offer Agreement for Quality Professional Services 3 (“SOA-QPS3”) from the Office of the Government Chief Information Officer of the Government of the Hong Kong Special Administrative Region.

To build a competitive edge through higher quality IT service and enhance customer satisfactions, Macro Systems has obtained a number of international professional certificates, including but not limited to, International Professional Organisation of Standard 20000 (ISO 20000) in relation to IT service management by Bureau Veritas Certification with effective from 22 May 2015.

Financial information

Based on the latest financial information available to the Company as at the date of this announcement and subject to the audit by the reporting accountants of the Company, set out below are the unaudited consolidated financial information of the Target Group for the year ended 31 December 2014 (“YE2014”), the year ended 31 December 2015 (“YE2015”) and the six months ended 30 June 2016 (“1H2016”):

	YE2014 (unaudited) <i>HK\$'000</i>	YE2015 (unaudited) <i>HK\$'000</i>	1H2016 (unaudited) <i>HK\$'000</i>
Revenue	57,623	38,007	11,365
Loss before taxation	1,906	5,087	3,811
Loss after taxation	1,906	5,087	3,811

The loss after taxation of the Target Group for YE2015 amounted to approximately HK\$5.09 million, representing approximately 2.67 times in YE2014. The increase in loss was mainly due to insufficient operational fund for the Target Group which led to the decrease in number of job contracts and revenue of approximately HK\$19.62 million, while the majority of administrative expenses, in particular staff costs, were fixed costs and therefore did not fall in the same magnitude.

As at 30 June 2016, the liabilities of the Target Group included, amongst others, an interest-bearing loan in the principal amount of HK\$2 million from an indirect subsidiary of the Company. Such loan balance increased to HK\$4 million as at the date of this announcement. The Directors confirmed the loans to the Target Group were made for the purpose of enhancing the working capital position of the Target Group.

As at the date of this announcement, the entire loan, together with the interests accrued thereon, has not yet been repaid. 50%, 25% and the remaining 25% of the loan balance of HK\$4 million shall be repayable on or before 11 October 2016, 4 February 2017 and 1 March 2017 respectively.

As at 30 June 2016, net liabilities of the Target Group of HK\$16.06 million was recorded.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the development and sale of computer software and hardware, the provision of system integration and related support services in the PRC. The Company has been seeking for business opportunities to broaden the business scope and diversify business of the Group and open up new income source.

In view of the fact that the Target Group, as one of the major players in the IT service management industry in Hong Kong and the PRC, has strong relationships with well-renowned suppliers and large scale customers, the Subscription also enjoys strong brand awareness and major presence in the Greater China region.

The Board expects that, through bringing in the Group's seasoned management team into the Target Group and sharing technical know-how and existing customer bases between the Group and the Target Group, the Subscription will create synergies that allow the Group to better complement its existing business. In addition, given (i) the similarity of the business nature of the Group and the Target Group and (ii) that subject to entering into of the Service Contracts, each of the Executives will continue his/her employment service to the Target Company for 3 years, the integration risks of the enlarged Group are expected to be minimal. The Board is of the view that the Subscription is in line with the Group's business expansion plan. Furthermore, the Board believes, with financial support of the Group, the cash flow of the Target Group will be improved, which will facilitate the Target Company to engage in those large scale projects, which are generally of high profit margin.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable, and the Subscription is in the interests of the Company and Shareholders as a whole.

FINANCIAL EFFECT OF THE SUBSCRIPTION

The principal business of the Group will remain the same after Completion. Following Completion, the Target Group will become indirect non-wholly-owned subsidiaries of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the Group's accounts.

PRINCIPAL ASSUMPTIONS RELATING TO THE VALUATION

Valor Appraisal & Advisory Limited (“**Valor Appraisal**”) was engaged to conduct the valuation of the Target Group (the “**Valuation**”). The fair value of the Target Company, prepared on a discounted cash flow basis, amounts to HK\$10,605,000. In this respect, the Valuation constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules. As such, the requirements under Rules 19.60A and 19.62 of the GEM Listing Rules are applicable to the Subscription. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Valor Appraisal is a third party independent of the Company and its connected persons.

The Valuation has been based on the following key assumptions:

1. 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;
2. there will be no major changes in the current taxation laws in Hong Kong;
3. there will be no material fluctuation of the finance costs and availability of finance in Hong Kong;
4. the Target Group will fulfill all legal and regulatory requirements for the principal business;
5. the development of the subject business interest will not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
6. there will not be any adverse events beyond the control of the management of the Target Group and the Company, including natural disasters, catastrophes, fire, explosion, flooding, acts of terrorism and terrorism and epidemics that may adversely affect the operation of the subject business interest;
7. the future movement of exchange rates and interest rates will not differ materially from prevailing market rates;
8. 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. cash flow projection was based on the most recent financial budgets/forecasts provided by the management of the Group and the Target Group;

10. capital expenditure projection was assumed to be same as depreciation projection;
11. income tax expense projection was based on 16.5% statutory Hong Kong corporate tax rate; and
12. working capital projection was based on historical average working capital turnover ratios.

The Directors confirm that the Valuation has been made after due and careful enquiry. INCU Corporate Finance Limited (“**INCU**”), as the financial adviser to the Company in relation to the Subscription, has reviewed the principal assumptions upon which the Valuation is based and are of the view that the Valuation has been made by the Directors after due care and enquiry with the Target Group. Zhonghui Anda CPA Limited (“**Zhonghui Anda**”), the reporting accountant of the Company, has checked the arithmetical accuracy of the calculations of the discounted future cash flow under the Valuation.

The report/letter from each of Zhonghui Anda and INCU is included in the appendices to this announcement pursuant to Rules 19.60A and 19.62 of the GEM Listing Rules.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

Name	Qualification
Valor Appraisal	an independent professional valuer
Zhonghui Anda	Certified Public Accountants in Hong Kong
INCU	a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the date of this announcement, each of the above experts had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

Each of the experts mentioned above has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and all reference to its name in the form and context in which it appears.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratio (as defined in the GEM Listing Rules) in respect of the Subscription exceeds 100%, the Subscription constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

In this connection, an EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the relevant resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, further information in relation to (i) the Subscription and the Subscription Agreement; (ii) the valuation report of the Target Group; (iii) a notice of the EGM and a form of proxy is expected to be despatched to the Shareholders on or before 25 November 2016, which is more than 15 business days after the publication of this announcement, as additional time is required for the Company to prepare relevant information including, among others, the accountants' report and the valuation report of the Target Group, for inclusion in the Circular.

As Completion is conditional upon fulfillment (or if applicable, waiver) of the conditions precedent set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are open for normal business throughout their normal business hours;
“Circular”	the circular to be issued by the Company in accordance with the GEM Listing Rules in respect of the Subscription Agreement and the transactions contemplated thereunder;

“Company”	China Information Technology Development Limited (中國信息科技發展有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM;
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for, among others, considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder;
“Executives”	Mr. Chan Kai Leung, Mr. Chow Chun Kit, Mr. Lau Yue Tung Alex, Ms. Wan Lam and Mr. Chan Kwong Choi;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“Guarantor”	the guarantor of the Target Company, namely, Mr. Chan Kai Leung, being director of the Target Company and is ultimately and beneficially interested in 20% shareholding interest of the Target Company and an Independent Third Party;
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the GEM Listing Rules);
“Macro Systems”	Macro Systems Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the MSGSL;
“Material Adverse Change or Effect”	Any change (or effect) which has a material and adverse effect on the financial or trading position, business or property, results of operations or prospects of the Target Group as a whole;

“MS Share(s)”	existing share(s) of US\$1 each in the share capital of the Target Company;
“MSG L”	Macro Systems Group Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Target Company;
“MS Guangzhou”	廣州市銀興計算機服務有限公司, a company established in the PRC with limited liability and is a wholly-owned subsidiary of the MSG L;
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Premier Excel”	Premier Excel Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Service Contracts”	the service contracts to be entered into between each of the Executives and the Target Company, which shall be in the agreed form;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Golden Sunweave Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company;
“Subscription”	the proposed subscription of the Subscription Shares as contemplated under the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 12 September 2016 entered into between the Subscriber, the Target Company and the Guarantor in relation to the Subscription;

“Subscription Price”	subscription price of HK\$8,400,000 in total for the Subscription Shares;
“Subscription Shares”	A total of 525 new MS Shares, for which the Subscriber will subscribe and the Target Company will allot and issue upon the terms and subject to the conditions to the Subscription Agreement;
“Target Company”	Macro China Holding Limited (銀興中國控股有限公司), a company incorporated in the British Virgin Islands with limited liability; entire interest of which is held by Premier Excel as at the date of this announcement;
“Target Group”	the Target Company and its subsidiaries;
“VTL”	Velox Technology Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the MSGL;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 12 September 2016

As at the date of this announcement, the Board comprises Mr. Wong Kui Shing, Danny (Chairman and Chief Executive Officer), Mr. Tse Chi Wai, Ms. Wu Jingjing and Mr. Takashi Togo as executive Directors; Mr. Wong Chi Yung as non-executive Director; Mr. Hung Hing Man, Mr. May Tai Keung, Nicholas and Dr. Chen Shengrong as independent non-executive Directors.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of the Stock Exchange 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 the information contained in this announcement 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 announcement misleading.

This announcement will be available on the Company’s website <http://www.chinainfotech.com.hk> and will remain on the “Latest Company Announcement” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

Appendix I

The following is the text of the letter from Zhonghui Anda, for inclusion in this announcement.



中匯安達會計師事務所有限公司
ZHONGHUI ANDA CPA LIMITED

The Board of Directors
China Information Technology Development Limited

Dear Sirs,

We have examined the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) underlying the valuation (the “**Valuation**”) of Macro China Holding Limited (the “**Target Company**”) performed by Valor Appraisal & Advisory Limited (the “**Valuer**”) in respect of the appraisal of the fair value of the Target Company as at the reference date of 30 June 2016 in connection with the announcement of China Information Technology Development Limited (the “**Company**”) dated 12 September 2016 (the “**Announcement**”).

Directors’ Responsibilities

The directors of the Company are solely responsible for the preparation of the Forecast and the reasonableness and validity of the assumptions based on which the Forecast is prepared (the “**Assumptions**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion based on our reasonable assurance engagement, so far as the arithmetical accuracy of the calculations is concerned, on whether the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions and to report our opinion solely to you, as a body, solely for the purpose in connection with the Announcement and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

The Assumptions include hypothetical assumptions about future events and management actions that may or may not necessarily be expected to occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Accordingly we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express opinion whatsoever thereon.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Our work was performed solely to assist the directors of the Company to evaluate, so far as the arithmetical accuracy of the calculations is concerned, whether the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our opinion. Our reasonable assurance engagement included:

- a. checking the arithmetical calculations relating to the amounts presented in the Forecast; and
- b. such other procedures that we considered necessary.

We believe that our reasonable assurance engagement provides a reasonable basis for our opinion.

Our reasonable assurance engagement does not constitute an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit or a review opinion on the Forecast.

Because the Forecast relates to cash flows, no accounting policies of the Company have been adopted in its preparation.

Opinion

In our opinion, so far as the arithmetical accuracy of the calculations is concerned, the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Ng Ka Lok

Practising Certificate Number P06084

Hong Kong, 12 September 2016

Appendix II

The following is the text of the letter from INCU, for inclusion in this announcement.



INCUCorporate Finance Limited

12 September 2016

The Board of Directors
China Information Technology Development Limited
Suite No 5A,
9/F, Sino Plaza
255-257 Gloucester Road
Hong Kong

Dear Sirs,

We refer to the discounted cash flow forecast (the “**Forecast**”) underlying the business valuation (the “**Valuation**”) prepared by Valor Appraisal & Advisory Limited (“**Valor Appraisal**”) dated 12 September 2016 in relation to the appraisal of the fair value of the business enterprise of Macro China Holding Limited (“**Macro China**”) as at 30 June 2016. The Valuation is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

We have reviewed the Forecast upon which the Valuation has been made for which you as the directors of China Information Technology Development Limited (the “**Company**”) are solely responsible, and have discussed with you and Valor Appraisal the information and documents provided by you which formed part of the bases and assumptions set out in the Valuation report. We have also considered the letter dated 12 September 2016 addressed to you from Zhonghui Anda CPA Limited regarding their review on the arithmetical accuracy of the calculations of the Valuation. We note that the preparation of the Forecast does not involve the adoption of accounting policies as it relates to discounted future estimated cash flows.

On the basis of the foregoing and in the absence of unforeseeable circumstances, we are of the opinion that the Forecast upon which the Valuation has been made, for which you as the directors of the Company are solely responsible, have been made after due and careful enquiry. However, we express no opinion on how closely the actual cash flow and profit eventually will correspond with the Forecast.

Our work in connection with the Forecast has been undertaken solely for the compliance of Rule 19.62(3) of the GEM Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director