

CHINA INFORMATION TECHNOLOGY, INC.

ANTI-FRAUD AND WHISTLEBLOWER POLICY

Chapter 1 General Principles

1. **Overview.** China Information Technology, Inc. (hereinafter referred to as the “*Company*”) establishes this Anti-Fraud and Whistleblower Policy (the “*Anti-Fraud Policy*”) as a demonstration of the Company’s commitment to the highest possible standards of openness, honesty and accountability in all of its affairs. Based on this commitment, this Anti-Fraud Policy outlines the principles to which we are committed in relation to preventing, reporting and managing fraud and corruption. Our Anti-Fraud policy reinforces the Company’s approach to business dealings by articulating the core values of the Company and by setting out the ways in which employees or members of the public can voice their concerns about suspect fraud or corruption. It also outlines who the Company will deal with such complaints.
2. **Objectives.** The primary objective of this Anti-Fraud Policy is to prevent fraud, enhance the Company’s governance and internal controls, standardize business activities, maintain integrity in the Company’s business dealings, establish procedures and protections that allow employees of the Company and members of the public to act on suspected fraud or corruption with potentially adverse ramifications and to achieve the legitimate business objectives of the Company for the benefit of its shareholders.

Chapter 2 Definition and Categories of Fraud

1. **Definition.** Fraud in this Anti-Fraud Policy is defined as (a) the use of deception with the intention of pursuing personal interests and causing loss to the proper interests of the Company, (b) the illegitimate pursuit of inappropriate Company interests for personal gain, and (c) the intentional distortion of financial statements or other records by persons internal or external to the Company which is carried out to conceal misappropriation of assets or personal gain.
2. **Examples of Fraud and Fraudulent Behavior.** Some examples of fraud or fraudulent behavior include:
 - Payment or receipt of bribes, kickbacks or other inappropriate payments;
 - Diversion of transactions which could benefit the Company to another organization or other usurpation of corporate interests for personal gain;
 - Misappropriation of assets, embezzlement and theft;
 - Participation in sham or fraudulent transactions;

- Deceptive, misleading or false statements about corporate transactions;
- Forgery or alteration of accounting record or vouchers;
- Failing to keep confidential trade secrets of the Company;
- Non-disclosure of material information needed for an informed investment decision;
- and
- Any other fraudulent behaviors causing loss to the Company's interests.

This is not an exhaustive list. If you are in doubt about certain conduct, advice and guidance should be sought from the Company's legal counsel, the Audit Committee and/or the Audit Department.

Chapter 3 Anti-Fraud Responsibilities

1. Management shall have the primary responsibility for preventing, monitoring and rectifying fraud and potentially fraudulent behavior. Management shall establish, implement and monitor procedures and controls designed to assess, prevent and remediate fraud and fraudulent behavior and issue periodic reports on the effectiveness of the implementation of this Anti-Fraud Policy. Management shall also commit adequate monetary and human resources to ensure the implementation and maintenance the policies and procedures articulated in this Anti-Fraud Policy.
2. The Internal Audit Department, which is appointed as the anti-fraud organization of the Company have the responsibility for overseeing this Anti-Fraud Policy and investigating, reporting and recommending any necessary remedial course of action, and shall implement and execute this Anti-Fraud Policy. Among other things, the Internal Audit Department shall:
 - help the Company to promote Anti-Fraud;
 - assist Management to perform annual self assessment of Anti-Fraud related work;
 - review and assess the establishment and operation of this Anti-Fraud Policy for SOX 404 compliance;
 - receive, assess, investigate and resolve complaints and/or reports of alleged fraud or fraudulent behavior and report them to the Chief Executive Officer and the Audit Committee.
3. The Internal Audit Department is authorized to either independently investigate reports of fraud or work together with Management and other Committees of the Board of Directors on such investigations. The Internal Audit Department shall report the results of any investigation along with related advice to each of Management, the Audit Committee and the Board of Directors.
4. Annual reports shall be issued by the Internal Audit Department to the Audit Committee, regarding the implementation and effectiveness of this Anti-Fraud Policy, including:

- measures taken during the preceding year by the Management to implement the policies and procedures in this Anti-Fraud Policy;
 - the effectiveness of anti-fraud procedures and control policies, including the identification of fraud risk;
 - the possibility of management override of controls, or other inappropriate influences over the financial reporting process;
 - the status of investigations into alleged fraud and fraudulent behavior;
 - review account policies and procedures utilized to detect and eliminate fraud and fraudulent behavior in financial reporting; and
 - review significant non-recurring transactions and related party transactions.
5. The members of the Internal Audit Department should have knowledge of the Company's operations and accounting policies and should receive training related to domestic and foreign laws applicable to the Company. They should also be available to communicate the Company's anti-fraud efforts to local governments and external auditors of the Company from time to time.
6. The Audit Committee should provide guidance and shall monitor Management's implementation of this Anti-Fraud Policy.

Chapter 4 Control Activities of Anti-Fraud

1. Management shall advocate and develop a corporate culture of honesty and integrity, assess the risk of fraud arising in the normal business operations of each Department, establish controls and procedures designed to eliminate the likelihood of fraud and to receive, investigate, report and recommend a remedial course of action in respect to suspected or voiced concerns of fraud or fraudulent behavior.
2. Management shall promote a regular corporate culture of honesty and integrity through the following actions and activities:
- Management shall lead by example in complying with the Company's rules and regulations, including this Anti-Fraud Policy.
 - Management shall regularly communicate with employees of the Company, the Company's message of honesty and integrity through the Employee Handbook and other written and verbal presentations of the principles underlying this Anti-Fraud Policy; and generally assist employees to identify illegal or dishonest behaviors.
 - Management shall conduct periodic meetings to ensure that current and new employees attend training sessions regarding business ethics and comply with applicable laws and regulations.

- Management shall notify all direct or indirect interest parties, including external parties (customers, suppliers, supervision authorities and shareholders) regarding this Anti-Fraud Policy and the obligation of the employees to comply therewith.
 - Management shall notify employees and external third parties of the opportunity and procedures for anonymously reporting wrongdoings and dishonest behavior.
 - In connection with the Company's annual overall risk management assessment process (including the risk assessment for SOX 404 compliance), Management shall identify and assess the importance and possibility of fraud risk at entity level, in each business department level and at all significant accounts levels. The assessment should include a report disclosing any inaccuracies or misrepresentations in the Company's financial reports, incidents involving embezzlement of company assets, improper income or expenditures and a fraud risk assessment in respect of senior management and the Board of Directors of the Company.
 - Management shall establish control procedures to reduce the potential occurrence of fraud through protective approval, authorization and audit checks, segregation of duties, periodic compliance reviews and similar prophylactic measures. For those risk areas of fraud occurrence, such as inaccurate financial reporting, exceed authorization limitation and information system and technology area, management shall establish necessary internal control procedure. These procedures including flow chart drawing and preparing management rules. To connect the business fraud and financial fraud risk with the control procedure, then the control system can be set in the root of fraud.
 - Management shall perform customary background checks (education, work experience and criminal records) for individuals being considered for employment or for promotion to positions of trust. Formal written documents for background checks shall be retained and filed in employee's record.
3. The Internal Audit Department shall establish and maintain reliable communications channels (telephone hotlines, e-mail and mail) allowing for the anonymous reporting of actual or suspected instances of fraud or fraudulent behavior committed by the Company or any of its employees, representatives or advisors. Contact information for the various channels of communication shall be publicized so that actual or suspected cases of fraud or fraudulent behavior and violation of business ethics can be reported. A record of all hotline calls should be kept for review by Management and the Internal Audit Department.
4. The Internal Audit Department shall promptly investigate alleged and/or reported instances of fraud or fraudulent behavior and produce a written report. If any member of the Company's senior management is involved in the alleged and/or reported instances of fraud or fraudulent behavior, a special investigation team shall be organized to conduct an investigation with the assistance of the Internal Compliance Committee and shall report directly to the Company's Audit Committee, or to the Board of Directors if no Audit

Committee exists. The Company may choose to involve an external expert during the course of the investigation. The internal control of the affected Department shall be evaluated and improved.

5. Quarterly reports shall be issued by the Internal Compliance Committee to the Chief Executive Officer and the Audit Committee, or to the Board of Directors if no Audit Committee exists, regarding the nature and status of any complaints and/or investigations involving fraud or fraudulent behavior. Such reports shall be retained and made available in accordance with the Company's customary document retention policies.

Chapter 5 Whistleblowing

1. The Company recognizes that the decision to report a concern about suspected fraud or fraudulent behavior can be a difficult one to make. Employees are often the first to realize that there is something seriously wrong within the Company. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Company. They may also fear reprisals, harassment or victimization. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion. The Company encourages and enables employees, staff and external parties, such as agents, advisors and representatives, to raise serious concerns within the Company rather than overlooking a problem or blowing the whistle to the media or other external bodies.
2. Though complaints and concerns relating to instances of actual or suspected instances of fraud or fraudulent behavior or questionable accounting, internal control or auditing matters may be reported on an anonymous basis through the established channels of communications, individuals are encouraged to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be considered and investigated at the discretion of the Company. In exercising this discretion, the factors to be taken into account would include: the seriousness of the issues raised; the credibility of the concern; and the likelihood of confirming the allegation from attributable sources.
3. The Company will do its best to protect an individual's identity when he or she raises a concern; however, the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.
4. If an allegation is made in good faith, no action will be taken against the originator. If, however, individuals make malicious and false allegations, action may be considered against the individual making the allegation.
5. The Company encourages members of the public who suspect fraud and corruption to contact the whistleblower hotline.
6. For issues raised by employees or members of the public, the action taken by the Company will depend on the nature of the concern. The matters raised may be investigated internally or

be referred to the appropriate authorities. Within 5 working days of a concern being received, the complainant will receive a letter acknowledging that the concern has been received, indicating that the matter will be addressed, giving an estimate of how long it will take to provide a final response and telling them whether any further investigations will take place.

7. If, after an investigation into the alleged fraud or fraudulent behavior, it is determined that the allegation have merit or are materially true, the Company reserves the right to take all appropriate actions including terminating the employment of any perpetrators, reporting the fraud or fraudulent activities to appropriate government authorities and pursuing legal actions, both civil and criminal, against the perpetrator.

Chapter 6 Applicable Scope

This Anti-Fraud policy applies to the Company and its affiliates.

Chapter 7 Supplementary Clauses

This policy is effective as of June 20, 2012.

Whistleblower hotline: 0755-8370 4602

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