



SINOSOFT
TECHNOLOGY

Sinosoft Technology Group Limited
中國擎天軟件科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1297

GLOBAL OFFERING

Sole Sponsor



Joint Global Coordinators



Joint Bookrunners and Joint Lead Managers



Financial Adviser



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



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GLOBAL OFFERING

Number of Offer Shares	:	300,000,000 Shares, comprising 250,000,000 New Shares and 50,000,000 Sale Shares (subject to the Over-allotment Option)
Number of Public Offer Shares	:	30,000,000 New Shares (subject to re-allocation)
Number of International Placing Shares	:	270,000,000 Shares, comprising 220,000,000 New Shares and 50,000,000 Sale Shares (subject to re-allocation and the Over-allotment Option)
Offer Price	:	Not more than HK\$1.50 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full upon application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.01 per Share
Stock code	:	1297

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Financial adviser



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Please refer to the section headed "Risk factors" in this prospectus for a discussion of certain risks that you should consider in connection with an investment in the Offer Shares.

The final Offer Price is expected to be fixed by agreement among our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, 3 July 2013 and, in any event, not later than Monday, 8 July 2013. The Offer Price will be not more than HK\$1.50 per Offer Share unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK\$1.50 per Offer Share, together with brokerage fee of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price is lower than HK\$1.50.

The Joint Global Coordinators (on behalf of the Underwriters) may with the consent of our Company reduce the number of Offer Shares being offered pursuant to the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$1.22 to HK\$1.50 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and on our website at www.sinosoft-technology.com and the website of the Stock Exchange at www.hkexnews.hk not later than the morning of the day which is the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure and conditions of the Global Offering" and "How to apply for Public Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed among our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Joint Global Coordinators (on behalf of the Public Offer Underwriters) if certain circumstances arise prior to 8:00 a.m. on the Listing Date. Such circumstances are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus. It is important that you carefully read that section for further details.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus or the related Application Forms may not be used for the purpose of, and does not (and is not intended to) constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus or the related Application Forms and the offering and sales of the Offer Shares in other jurisdictions may be restricted by law and therefore persons who possess this prospectus or any of the related Application Forms should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, US persons except outside the United States in an offshore transaction in reliance on Regulation S.

27 June 2013

EXPECTED TIMETABLE⁽¹⁾

We will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on our website at www.sinosoft-technology.com and the website of the Stock Exchange at www.hkexnews.hk if there is any change in the following expected timetable of the Global Offering.

2013

Latest time to complete electronic applications under the HK eIPO White Form service through the designated website at www.hkeipo.hk ⁽⁴⁾	11:30 a.m., on Wednesday, 3 July
Application lists open ⁽²⁾	11:45 a.m., on Wednesday, 3 July
Latest time to lodge WHITE and YELLOW Application Forms and to give electronic application instructions to HKSCC ⁽³⁾	12:00 noon, on Wednesday, 3 July
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon, on Wednesday, 3 July
Application lists close ⁽²⁾	12:00 noon, on Wednesday, 3 July
Expected Price Determination Date ⁽⁵⁾	Wednesday, 3 July
Announcement of the final Offer Price, the indication of level of interest in the International Placing, the results of allocations in the Public Offer and the basis of allotment of the Public Offer Shares to be published (a) in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese); (b) on our website at www.sinosoft-technology.com ; and (c) on the website of the Stock Exchange at www.hkexnews.hk on or before.	Monday, 8 July
Results of applications and Hong Kong identity card/passport/ Hong Kong business registration numbers of successful applicants under the Public Offer to be available under a variety of channels as described in the section headed “How to apply for Public Offer Shares — 9. Announcement of results of the Public Offer” in this prospectus including the website of our Company at www.sinosoft-technology.com and the website of the Stock Exchange at www.hkexnews.hk from	Monday, 8 July
Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a “search by ID Number/Business Registration Number” function.	Monday, 8 July

EXPECTED TIMETABLE⁽¹⁾

Despatch of share certificates of the Offer Shares or deposit of share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before⁽⁶⁾.Monday, 8 July

Despatch of **HK eIPO White Form** e-Auto Refund payment instruction/refund cheques in respect of wholly or partially unsuccessful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful application pursuant to the Public Offer on or before⁽⁶⁾.Monday, 8 July

Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on.Tuesday, 9 July

Notes:

1. All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure and conditions of the Global Offering” in this prospectus.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Wednesday, 3 July 2013, the application lists will not open and close on that day. Further information is set out in the section headed “How to apply for Public Offer Shares — 6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists” in this prospectus.
3. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed “How to apply for Public Offer Shares — 5. (1) Applying by giving **electronic application instructions** to HKSCC” in this prospectus.
4. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.
5. The Price Determination Date is expected to be on or around Wednesday, 3 July 2013, and in any event not later than Monday, 8 July 2013. If, for any reason, the Offer Price is not agreed by our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters), at or before 12:00 noon on Monday, 8 July 2013, the Global Offering will not proceed and will lapse.
6. Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques and (where applicable) share certificates in person from the Hong Kong branch share registrar of our Company may collect refund cheques and (where applicable) share certificates in person from the Hong Kong branch share registrar of our Company, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 8 July 2013. Identification and (where applicable) authorisation documents acceptable to the Hong Kong branch share registrar of our Company must be produced at the time of collection.

EXPECTED TIMETABLE⁽¹⁾

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Shares is the same as that for applicants who apply on **WHITE** Application Forms.

Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to apply for Public Offer Shares” in this prospectus for details.

If an applicant has applied for less than 1,000,000 Public Offer Shares or has applied for 1,000,000 Public Offer Shares or more but has not indicated in the Application Form that he/she/it wishes to collect share certificate (where applicable) and/or refund cheque, the share certificate (where applicable) and/or refund cheque will be despatched by ordinary post (at the applicant’s own risk) to the address specified on the Application Form.

Uncollected share certificates (where applicable) and refund cheques will be despatched by ordinary post (at the applicants’ own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed “How to apply for Public Offer Shares — 10. Despatch/collection of share certificates and refund cheques” in this prospectus.

Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the initial Offer Price payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque, if any.

e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly successful applications if the final Offer Price is less than the price payable on application. If you apply through the **HK eIPO White Form** service by paying the application monies through a single bank account, you may have e-Auto Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider by ordinary post and at your own risk. All refunds will be paid by a cheque crossed “Account Payee Only” made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number or if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Share certificates for the Offer Shares will only become valid certificates of title provided that (i) the Global Offering has become unconditional; and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination” in this prospectus has not been exercised and has lapsed.

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This prospectus is issued by Sinosoft Technology Group Limited solely in connection with the Public Offer and the Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Public Offer Shares. This prospectus may not be used for the purpose of and does not constitute, an offer to sell or a solicitation of an offer to buy in other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, any of the Underwriters, any of our or their respective directors, officers, representatives or advisers or any other persons or parties involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” in this prospectus.

OVERVIEW

We are an advanced provider of application software products and solutions in the PRC with a focus in Jiangsu, being one of the major exporting provinces in the PRC. We principally develop and market export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions to enable government agencies and enterprises in the PRC to manage their business and administrative processes more efficiently.

We are a leading enterprise in the export tax software industry in Jiangsu.¹ Our Group was the only supplier of export tax software in Jiangsu during 2010-2012.³ We are a leading enterprise in the e-Government solution industry in Jiangsu² and our e-Government solutions were ranked first in Jiangsu in terms of market share during 2010-2012.³ We are also the only provider of carbon management solutions in Jiangsu during 2011-2012.³

We pride ourselves in having obtained various widely recognised accreditations in the IT industry within our 14 years of history of operation. Among others, in 2010 we were one of the 240 “Key Software Enterprises under the National Plan” (國家規劃佈局內重點軟件企業) in the PRC. As at the Latest Practicable Date, we had been one of the 243 enterprises that possess Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信

¹ According to the confirmation issued by the Goods and Labour Tax Division of the Jiangsu Tax Bureau (江蘇省國稅局貨物和勞務稅處) on 6 January 2013, which was based on its understanding of the software market in Jiangsu and the specification and reported sales volume of our export tax software products.

² According to the confirmation issued by the Software and Information Service Division of the Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會軟件與信息服務業處) on 6 January 2013. The commission oversees the software industry in Jiangsu and is principally responsible for, among other things, formulating and implementing the development strategies for the software and information industry, analysing the operations of the software and information industry, and the accreditation of software and information entities in Jiangsu. As such, it has the relevant statistic data to confirm our position in the software industry in Jiangsu.

³ According to the Ipsos Report.

SUMMARY

息系統集成一級資質) from MIIT since 2010. In November 2012, we were accredited with CMMI Level 5, which put us among the 60 PRC enterprises which possessed the highest maturity level under the CMMI accreditation system regarding the standard of planning, engineering, software development, managing and maintenance procedures as at the Latest Practicable Date. In 2013, Nanjing Skytech was again recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) for 2011 and 2012.

Our business delivered substantial growth during the Track Record Period. Our revenue increased from approximately RMB152.4 million in 2010 to approximately RMB226.7 million in 2012, representing a CAGR of approximately 22.0%. Our net profit increased from approximately RMB46.5 million in 2010 to approximately RMB76.2 million in 2012, representing a CAGR of approximately 28.0%.

We believe that our business has benefited from favourable PRC government policies. The PRC government considers software as a national strategic industry and has promulgated various policies, including favourable tax treatments and R&D support, to encourage the development of the software industry in China. The “smart city” development launched in many cities in the PRC has provided opportunities to the growth in our carbon management solutions, which was first deployed in 2011. We are also well-situated in Jiangsu, one of the major exporting provinces in the PRC, as the only provider of export tax filing software in the province.

Our products and services

Our products and services are tailored to meet the demands of government agencies and enterprises in the PRC. Our major products and services include:

- **Export tax software and related services**, which comprise (i) a series of software products that aim to automate the application process of export tax rebate and enable exporters to manage, organise and analyse export tax rebate documentation easily and effectively; and (ii) related services such as provision of training in export tax management.
- **e-Government solutions**, which aim to optimise and automate the workflow of government agencies, create a virtual, real-time platform for interactions between citizens, business enterprises and government agencies, and provide analytic tools to assist government agencies in their decision making process.
- **Carbon management solutions**, which comprise a line of software products and platforms that aim to empower government agencies or enterprises to identify, measure and control their greenhouse gas emissions and energy consumption, and thus improve their ability to make clearer decisions while improving operational efficiency.
- **Information integration software**, which is designed to integrate different applications into a uniform platform, and facilitate the distribution, consolidation, synchronisation and management of information across complex, multi-platform and multi-vendor IT environments.

SUMMARY

- **System integration solutions**, which include consultation services on system analysis, design, implementation and management. We also provide specialist services including system architecting, intuitive graphical and multimedia user interfaces, and application of web services and other internet technologies.

The following table sets forth the breakdown of our revenue attributable to each of our major products and services and the respective percentages of total revenue during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Export tax software and related services	23,148	15.2	30,566	16.5	38,994	17.2
e-Government solutions	33,991	22.3	61,595	33.3	63,103	27.8
Carbon management solutions	—	0.0	7,692	4.2	13,274	5.9
Information integration software	25,901	17.0	28,401	15.4	55,663	24.5
System integration solutions	69,314	45.5	56,680	30.6	55,694	24.6
Total	152,354	100.0	184,934	100.0	226,728	100.0

Our customers and suppliers

The principal customers for our products and services in each segment differ, but generally include both PRC government agencies and enterprises. The amount and the percentage of our revenue attributable to the sales to government agencies and non-government enterprises for the three years ended 31 December 2012 are set out below:

	For the year ended 31 December					
	2010		2011		2012	
	RMB'000	%	RMB'000	%	RMB'000	%
Government agencies ^{Note}						
Direct government customers	63,721	41.8	141,287	76.4	147,227	64.9
Agents of government projects	37,190	24.4	1,370	0.7	1,581	0.7
	100,911	66.2	142,657	77.1	148,808	65.6
Non-government enterprises	51,443	33.8	42,277	22.9	77,920	34.4
Total	152,354	100.0	184,934	100.0	226,728	100.0

Note: For the purpose of discussion in this prospectus, we divide our government agency customers into the following sub-categories:

- **Direct government customers:** these include (i) government units (such as governmental departments) and (ii) state-owned enterprises.
- **Agents of government projects:** these include enterprises other than direct government customers (including non-government enterprises) which are engaged as government units' agents to source software and solutions (such as traffic control system solutions and system integration solutions).

SUMMARY

Whilst most of our products are self-developed, we have to purchase system components and equipment from third parties to fulfill customers' orders of our system integration solution business.

Sales and distribution

Except for the sales of our export tax software directly to export enterprises in Jiangsu, we operate our business under a project-oriented model through which the sales of our software products and solutions depend largely on the requirement of our customers, and our customer composition varies from year to year. For our engagement by government agencies, we are engaged either upon their request or by submitting project bids in tender process. Our products and related services are also marketed directly through our service department and referrals from customers. We also offer after-sales services to users of our products and services. Our sales and marketing team are principally located in Jiangsu and to a lesser extent in other PRC provinces to serve customers outside Jiangsu.

Pricing policy

The prices of our products and services are determined based on a number of factors including: (i) production costs (including the R&D costs); (ii) product development cycles; (iii) market demand; and (iv) our business strategies. We also take into consideration the prices of similar products and services available in the market. The prices for our project-based solutions were determined on a case-by-case basis upon the negotiation with our customers that the price should be set above costs with reference to the pricing policy stated above. The price of all of our project contracts would be fixed upon signing. For further details of our pricing policy, please refer to the section headed "Business — Sales, distribution and marketing — Pricing policy" in this prospectus.

OUR COMPETITIVE STRENGTHS

Our core strengths are set out below:

- Well positioned for success in the rapidly growing software market in the PRC with favourable policies towards digitalisation of government services and "smart city" development
- Excellent local market presence and strong customer base
- Solid track record in the information technology industry in the PRC
- Strong R&D capabilities
- Diversified portfolio of software and solutions, creating balanced revenue drivers with potential cross-selling opportunities
- Experienced management and technical teams

For further details of our competitive strengths, please refer to the section headed "Business — Our competitive strengths" in this prospectus.

SUMMARY

OUR BUSINESS STRATEGIES

Our growth strategies include the following:

- To strengthen our leading position in export tax software and related services in Jiangsu
- To exploit e-Government initiatives in the PRC
- To capitalise on the evolution of greenhouse gas emission policies in the PRC and further develop the business of our carbon management solutions
- To strengthen our R&D capabilities and broaden our products
- To pursue selective acquisitions and partnerships
- To cross-sell our different software products and services to customers

For further details of our strategies, please refer to the section headed “Business — Our business strategies” in this prospectus.

RISK FACTORS

We consider that there are certain risks involved in our business and operations and in connection with the Global Offering. Please refer to the section headed “Risk factors” in this prospectus for a discussion of certain risks that you should consider in connection with an investment in the Offer Shares. You should carefully consider all of the risks and uncertainties described in that section before you decide to invest in the Offer Shares.

We rely on PRC government agencies for their use of some of our major products. If any of our existing government customers cease to use our software and solutions, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, our trade receivables (net of allowance for doubtful debts) reached RMB194.6 million as at 31 December 2012. The trade receivables turnover days during the Track Record Period were longer than the normal credit period of 180 days we generally allow to our customers and reached 253 days. Such increasing trade receivables and long trade receivables turnover days were mainly due to the expansion of our business as well as the delay in payment of certain direct government customers. If these customers delay or default on any payments, our business, financial condition and results of operations may be materially and adversely affected.

In addition, we consider R&D as one of the keys to our success. Our business may be materially and adversely affected if (i) we are unable to successfully implement our R&D projects, (ii) if we are unable to hire or retain qualified personnel for our R&D efforts; or (iii) if we are exposed to intellectual property disputes. Furthermore, there is no assurance that our new software and solutions (e.g. our carbon management solutions) will be well received by the market.

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

The following table summarises our selected income statements and other financial information for the periods indicated. This summary of financial information was extracted from the Accountants' Report. You should read the Accountants' Report for further details.

Selected consolidated statements of comprehensive income

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	152,354	184,934	226,728
Value-added tax refund	7,970	8,912	8,495
Cost of sales	(78,958)	(76,893)	(75,783)
Research and development costs	(5,017)	(15,939)	(20,667)
Other income and gains	4,470	10,012	3,336
Distribution and selling expenses	(12,014)	(12,068)	(14,699)
Administrative and general expenses	(12,853)	(16,052)	(20,979)
Other expenses and losses	(6,162)	(7,378)	(9,835)
Finance costs	(1,167)	(2,855)	(2,716)
Profit before tax	48,623	72,673	93,880
Income tax expense	(2,081)	(13,911)	(17,654)
Profit and total comprehensive income for the year attributable to owners of the Company	<u>46,542</u>	<u>58,762</u>	<u>76,226</u>
	<i>RMB cents</i>	<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share — basic	<u>6.21</u>	<u>7.83</u>	<u>10.16</u>

Selected consolidated statements of financial position

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	199,609	232,417	317,739
Current liabilities	120,172	139,977	168,115
Net current assets	<u>79,437</u>	<u>92,440</u>	<u>149,624</u>
Total assets less current liabilities	<u>171,647</u>	<u>165,584</u>	<u>247,416</u>
Total assets less total liabilities	<u>164,254</u>	<u>157,169</u>	<u>233,395</u>

SUMMARY

Segment results and segment results margins

Segment results represented the sum of revenue and value-added tax refund less cost of sales and research and development costs of the relevant product line. The following table sets forth a breakdown of the segment results and segment results margins for the periods indicated:

	Year ended 31 December					
	2010		2011		2012	
	Segment results	Margin	Segment results	Margin	Segment results	Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Export tax software and related services	21,024	90.8%	23,587	77.2%	32,144	82.4%
e-Government solutions	25,004	73.6%	48,753	79.2%	55,926	88.6%
Carbon management solutions	—	—	6,752	87.8%	9,537	71.8%
Information integration software	22,826	88.1%	20,517	72.2%	34,052	61.2%
System integration solutions	7,495	10.8%	1,405	2.5%	7,114	12.8%
Total segment results	76,349	50.1%	101,014	54.6%	138,773	61.2%

Our export tax software and related services, e-Government solutions, carbon management solutions and information integration software reported higher segment results margins than system integration solutions as system integration solutions involved the purchases of system components and equipment. Our overall segment results margins increased from 50.1% in the year ended 31 December 2010 to 61.2% in the year ended 31 December 2012, as a result of our strategy to scale down the cost-intensive system integration solutions business (see the section headed “Financial information — Description of selected items of consolidated statements of comprehensive income — Cost of sales” in this prospectus).

Listing expenses

The total estimated listing expenses (excluding underwriting commission) in connection with the Global Offering was approximately RMB23.6 million, and for the years ended 31 December 2011 and 2012, our Group incurred listing expenses amounting to approximately RMB7.0 million and RMB7.2 million respectively. We estimate that out of the total listing expenses of approximately RMB9.4 million to be incurred in 2013, approximately RMB3.5 million will be charged to the profit and loss, and the remaining RMB5.9 million will be charged against equity.

SHAREHOLDING INFORMATION

Upon completion of the Global Offering and Capitalisation Issue, without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme, (i) Ms. Xin (our executive Director, chairlady and chief executive officer), Long Capital, Mr. Wang Xiaogang and Telewise Group, being our Controlling Shareholders, will

SUMMARY

together be beneficially interested in approximately 49.46% of the issued share capital of our Company; and (ii) Alibaba.com will be beneficially interested in approximately 13.75% of the issued share capital of our Company.

Please refer to the sections headed “Relationship with our Controlling Shareholders” and “Substantial Shareholders” in this prospectus for details.

HISTORICAL FOREIGN EXCHANGE TRANSACTIONS

Sinosoft UK, our predecessor holding company and the listing vehicle for our Group’s listing on AIM, had entered into foreign exchange transactions with a financial institution since 2008 to minimise its foreign exchange exposure on the unused portion of the net proceeds from the initial public offering on AIM instead of transferring such proceeds into the PRC as our Group had no immediate cash flow need at the relevant time. Although such transactions had generally generated returns for Sinosoft UK, it had recorded losses in the amount of approximately US\$4.7 million in 2010.

For details of such foreign exchange transactions carried out by Sinosoft UK, please refer to the section headed “History, Reorganisation and group structure — History and development — Delisting of Sinosoft UK from AIM” in this prospectus. We have adopted certain internal control measures regarding foreign exchange transactions and other investment transactions. Please refer to the section headed “Business — Internal control” in this prospectus for details.

Legal proceedings relating to the disputes with Janful and Nanhua

Historically, we have been involved in a series of disputes, arbitration proceedings and lawsuits with Janful and Nanhua. In June 2013, Nanjing Skytech received a notice of action from Nanjing Intermediate People’s Court in relation to a lawsuit commenced by Nanhua against Nanjing Skytech, Ms. Xin, Mr. Wang Xiaogang, Mr. Zhang Hong and Mr. Liu Biao. Such lawsuit is still on-going. For further details, please refer to the section headed “Business — Legal proceedings” in this prospectus.

OFFERING STATISTICS ⁽¹⁾

Offer size	: 300,000,000 Shares, comprising 250,000,000 New Shares and 50,000,000 Sale Shares, in aggregate representing 30% of the issued share capital of our Company (subject to the Over-allotment Option)
Over-allotment Option	: Up to an aggregate of 45,000,000 additional New Shares, representing 15% of the initial number of the Offer Shares
Offering structure	: Public Offer: 30,000,000 New Shares, representing 10% of the Offer Shares (subject to re-allocation) International Placing: 270,000,000 Shares, comprising 220,000,000 New Shares and 50,000,000 Sale Shares, in aggregate representing 90% of the Offer Shares (subject to re-allocation and the Over-allotment Option)
Offer Price range	: HK\$1.22 to HK\$1.50 per Offer Share
Board lot	: 2,000 Shares

SUMMARY

	Based on minimum indicative Offer Price of HK\$1.22	Based on maximum indicative Offer Price of HK\$1.50
Market capitalisation of our Company	HK\$1,220 million	HK\$1,500 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$0.46	HK\$0.54
Use of proceeds (assuming an Offer Price of HK\$1.36 per Share (being the mid-point of the indicative Offer Price range and the Over-allotment Option is not exercised) ⁽³⁾	Net proceeds to our Company from the Global Offering: Approximately HK\$300.3 million (equivalent to approximately RMB240.6 million), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering	
	<ul style="list-style-type: none">• Approximately 40.1% will be used for our R&D activities in the development, mostly in increasing the number and salary of R&D personnel, researches on future technologies and purchasing software licences from third party vendors• Approximately 21.9% will be used as reserve for potential mergers and acquisitions in the future• Approximately 24.6% will be used for repayment of bank loans borrowed by Infotech Holdings which were used to pay the dividend declared on 31 December 2008 to Sinosoft UK, which were fully paid by 31 October 2011 and to pay the expenses related to the Listing• Approximately 4.9% will be used for purchase of computer equipment and other ancillary software mainly for administrative purpose• Approximately 4.9% will be used for the marketing of our products and services and the promotion of our Group• Approximately 3.6% will be used for our working capital requirements and general corporate purposes	

Notes:

- (1) The offering statistics are based on an Offer Price of HK\$1.36 per Offer Share (being the mid-point of the indicative Offer Price range) and do not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under Share Option Scheme.
- (2) Please see the unaudited pro forma financial information set out in Appendix II to this prospectus for further details regarding the assumptions used and the calculations method.
- (3) Please see the section headed "Future plans and use of proceeds" in this prospectus for details of the adjustment if the net proceeds from the Global Offering are more or less than expected.

DIVIDEND POLICY

During the year ended 31 December 2011, we declared and fully paid a dividend of US\$10,430,000 payable to our then shareholders in respect of profits accumulated prior to 2011. On 23 January 2013, our Company further declared dividends of US\$3,261,380 to our then shareholders. The dividends were paid out of our internal resources on 5 February 2013.

SUMMARY

Our Directors currently intend to recommend, at the relevant shareholders' meetings of our Company, an annual dividend of not more than 30% of the net profit attributable to owners of our Company for the financial years subsequent to the Global Offering. Such intention does not amount to any guarantee or representation or indication that we must or will declare and pay dividends in such manner or declare and pay dividends at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

For details of our dividend policy, please refer to the section headed "Financial information — Dividend policy" in this prospectus.

RECENT DEVELOPMENTS OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

There has been no material change to our business model and product mix. The unaudited revenue for the four months ended 30 April 2013 was approximately RMB57.0 million, being approximately 18.7% higher than that for the same period in 2012, which mainly reflected (i) the growth in the sales of our high-end tax rebate application suites with advanced functions and the revenue from provision of export tax management training; (ii) the growth in the revenue from the completion of certain e-Government projects during the period. The unaudited total segment results for the four months ended 30 April 2013 were approximately RMB37.1 million. Our unaudited net current assets increased to approximately RMB152.2 million as at 30 April 2013 from approximately RMB149.6 million as at 31 December 2012. The increase was primarily due to a decrease in our current liabilities from approximately RMB168.1 million as at 31 December 2012 to approximately RMB145.3 million as at 30 April 2013 as a result of the settlement of our trade payables and payroll payables during the four months ended 30 April 2013. The selected information disclosed above is derived from the unaudited financial statements for the four months ended 30 April 2013 prepared by our Directors in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standard Board, which have been reviewed by the Reporting Accountants in accordance with the Hong Kong Standard on Review Engagements 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

As at 30 April 2013, we received approximately RMB47.4 million, or approximately 24.4%, of the trade receivables as at 31 December 2012 and approximately RMB16.9 million, or approximately 34.4%, of the trade receivables that were past due as at 31 December 2012. As at 30 April 2013, we settled approximately RMB15.5 million, or approximately 60.1%, of the trade payables as at 31 December 2012.

In June 2013, we set up a new subsidiary in the PRC, namely Zhenjiang Skyinformation, which will principally engage in, among other things, the sales of carbon management solutions.

We have not considered or engaged in any foreign exchange investment or other investment transactions after the Track Record Period and up to the Latest Practicable Date.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 31 December 2012 (being the date as of which our latest audited consolidated financial statements were prepared as set out in the Accountants' Report).

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Accountants’ Report”	the accountants’ report of our Group prepared by the Reporting Accountants as set out in Appendix I to this prospectus
“AIM”	the Alternative Investment Market owned and operated by the London Stock Exchange plc
“Alibaba.com”	Alibaba.com Investment Holding Limited, a limited liability company incorporated in the BVI on 20 September 2006 and one of our Shareholders
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s), or where the context so requires, any of them which is used in relation to the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company, conditionally adopted on 11 June 2013 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on 11 June 2013” in Appendix IV to this prospectus
“Cayman Islands Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China Pride”	China Pride Trading Limited, a limited liability company incorporated in the BVI on 23 September 2004 and is wholly owned by Mr. Ma Ming, a member of our senior management, and one of our Shareholders
“CICC Hong Kong Securities”	China International Capital Corporation Hong Kong Securities Limited, a corporation licensed under the SFO permitted to carry on Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
“Circular No. 75”	the Notice of the SAFE on Relevant issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), generally known in the PRC as the SAFE Circular No. 75
“CMB International”	CMB International Capital Limited, a corporation licensed under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company”	Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司) (formerly known as Sinosoft Technology Group Ltd. and Sinosoft Technology Group Limited (中國軟件科技集團有限公司)), an exempted company incorporated in the Cayman Islands on 6 January 2011 with limited liability
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, and in the context of our Company, means Ms. Xin, Long Capital, Mr. Wang Xiaogang and Telewise Group
“CSIA”	China Software Industry Association, a nation-wide organisation led by MIIT. CSIA was founded in 1984 and is engaged in software research and development, publishing, sales, training, software industry consultation, market research, information system research and development, information services, etc. It was registered at the Ministry of Civil Affairs of the PRC and is an approved and authoritative organisation of the PRC software industry
“CSISI Report”	the China Software and Information Service Industry Report published by CSIA annually in relation to the PRC software market
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Cyberunion”	Jiangsu Cyberunion Information Industry Institute Union Co., Ltd (江蘇賽聯信息產業研究院股份有限公司), a limited liability company established in the PRC on 15 July 2011, and is held as to 5.3% by Nanjing Skytech
“Deed of Non-Competition”	the deed of non-competition dated 11 June 2013 given by each of our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed “Relationship with our Controlling Shareholders — Non-competition undertakings” in this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company
“EIT”	the enterprise income tax collected pursuant to the EIT Law in the PRC

DEFINITIONS

“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) enacted on 16 March 2007 and became effective on 1 January 2008
“FIE”	a foreign-invested enterprise established in the PRC
“Global Offering”	the Public Offer and the International Placing
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group” or “our Group” or “we” of “our” or “us”	our Company and its subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the past subsidiaries (if any) and the businesses operated by them
“ HK eIPO White Form ”	the application for the Public Offer Shares to be issued in the own name of the applicant by submitting application online at the designated website of the HK eIPO White Form at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form Service Provider designated by our Company, as specified on the designated website of the HK eIPO White Form at www.hkeipo.hk
“HKFRS”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders of our Company or any of its subsidiaries and their respective associates, and an “Independent Third Party” means any of them
“Infotech Holdings”	Infotech Holdings Pte. Ltd., a limited liability company incorporated in Singapore on 15 October 2004 and a wholly-owned subsidiary of our Company

DEFINITIONS

“International Placing”	the conditional placing of the International Placing Shares at the Offer Price in reliance on Regulation S with professional, institutional and other investors by the International Placing Underwriters on behalf of our Company and the Selling Shareholder as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“International Placing Shares”	the 270,000,000 Shares, comprising 220,000,000 New Shares initially being offered by our Company for subscription and 50,000,000 Sale Shares initially being offered by the Selling Shareholder for purchase under the International Placing together with, where relevant, any additional new Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, subject to adjustment as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“International Placing Underwriters”	the underwriters named in the International Placing Underwriting Agreement
“International Placing Underwriting Agreement”	the underwriting agreement in relation to the International Placing expected to be entered into on the Price Determination Date among our Company, the Controlling Shareholders, the Selling Shareholder, the International Placing Underwriters and the Joint Bookrunners as described in the section headed “Underwriting — Underwriting arrangements and expenses — International Placing” in this prospectus
“Ipsos Report”	the market research report prepared and issued in June 2013 by Ipsos Hong Kong Limited, an Independent Third Party, in relation to the PRC software market
“Janful”	Janful Limited, a limited liability company incorporated in Hong Kong and based on the information available to our Directors, Janful is an indirectly wholly-owned subsidiary of South China
“Jiangsu Tax Bureau”	Jiangsu Provincial Office of SAT (江蘇省國家稅務局)

DEFINITIONS

“Jiangsu Skyinformation”	Jiangsu Skyinformation Co., Limited (江蘇擎天信息科技有 限公司) (formerly known as Nanjing Skyinformation Technology Co., Limited (南京擎天信息技術有限公司)), a limited liability company established in the PRC on 8 September 2005 and our indirect wholly-owned subsidiary
“Joint Allied”	Joint Allied Enterprises Limited, a limited liability company incorporated in the BVI on 6 October 2004 and is wholly owned by Mr. Zhang Hong, a member of our senior management, and one of our Shareholders
“Joint Bookrunners” or “Joint Lead Managers”	CICC Hong Kong Securities, CMB International and RHB OSK Securities, acting as the joint bookrunners and joint lead managers of the Global Offering
“Joint Global Coordinators”	CMB International and CICC Hong Kong Securities, acting as the joint global coordinators of the Global Offering
“Latest Practicable Date”	18 June 2013, being the latest practicable date for the inclusion of information in this prospectus prior to the printing of this prospectus
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange, which is expected to be on 9 July 2013
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Long Capital”	Long Capital International Limited, a limited liability company incorporated in the BVI on 6 October 2004 and is wholly owned by Ms. Xin, and one of our Controlling Shareholders
“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange, and for the avoidance of doubt, the Main Board excludes the Growth Enterprise Market

DEFINITIONS

“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company adopted upon our Company’s incorporation and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Yu”	Mr. Yu Yifa, also known as Er Ngee Huat, our executive Director and chief financial officer
“Ms. Xin”	Ms. Xin Yingmei, our executive Director, chief executive officer, chairlady and one of our Controlling Shareholders
“Nanhua”	Nanhua Skytech Technology Co., Ltd. (南華擎天科技有限公司), a sino-foreign cooperative joint venture established in the PRC and based on the information available to our Directors, the registered capital of Nanhua is owned as to 66.7% by Janful and 33.3% by Nanjing Skytech
“Nanjing Jingtian”	Nanjing Jingtian Technology Co., Limited (南京競天科技有限公司), a limited liability company established in the PRC on 27 March 2006 and a subsidiary of Team United
“Nanjing Skytech”	Nanjing Skytech Co., Limited (南京擎天科技有限公司), a wholly foreign-owned enterprise established on 14 December 1998 in the PRC and our indirect wholly-owned subsidiary
“Nanjing Skytech Quan Shui Tong”	Nanjing Skytech Quan Shui Tong Information Technology Co., Limited (南京擎天全稅通信息科技有限公司), a limited liability company established in the PRC on 18 December 2012 and our indirect wholly-owned subsidiary
“Nanjing Xinlihua”	Nanjing Xinlihua Real Estate Co., Limited (南京新麗華置業有限公司), a limited liability company established in the PRC, in which a sibling of Ms. Xin has shareholding interest. Save as disclosed herein, Nanjing Xinlihua has no other relationship with our Group
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“New Shares”	the 250,000,000 new Shares initially being offered by our Company for subscription under the Global Offering

DEFINITIONS

“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee, SFC transaction levy and the Stock Exchange trading fee) under the Global Offering which is expected to be determined as further described in the section headed “Structure and conditions of the Global Offering — Pricing and allocation — Determining the Offer Price” in this prospectus
“Offer Shares”	the Public Offer Shares and the International Placing Shares
“Over-allotment Option”	the option expected to be granted by our Company to the Joint Global Coordinators (on behalf of the International Placing Underwriters) subject to the terms and conditions of the International Placing Underwriting Agreement pursuant to which our Company may be required to allot and issue up to an aggregate of 45,000,000 additional Offer Shares (representing 15% of the initial number of the Offer Shares) to cover, among other things, over-allocations in the International Placing, details of which are set out in the section headed “Structure and conditions of the Global Offering” in this prospectus
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China excluding, only for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC government”	the central government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“Pre-IPO Investment”	the investment made by Alibaba.com in our Group pursuant to the Share Purchase Agreement, details of which are set out in the section headed “History, Reorganisation and group structure — Pre-IPO Investment” in this prospectus
“Price Determination Date”	the date, expected to be on or around 3 July 2013 but no later than 8 July 2013, on which the Offer Price is fixed for the purpose of the Global Offering
“Public Offer”	the conditional offering by our Company of the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions described in this prospectus and the Application Forms

DEFINITIONS

“Public Offer Shares”	the 30,000,000 New Shares initially being offered for subscription in the Public Offer, subject to adjustment as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer listed in the section headed “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the second amended and restated underwriting agreement dated 26 June 2013 in relation to the Public Offer entered into between our Company, the Controlling Shareholders, the Joint Bookrunners and the Public Offer Underwriters
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation arrangements undertaken by our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and group structure” in this prospectus
“Reporting Accountants”	Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company
“RHB OSK Securities”	RHB OSK Securities Hong Kong Limited, a corporation licensed under the SFO permitted to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) of the regulated activities (as defined in the SFO)
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC government agency responsible for matters relating to foreign exchange administration
“Sale Shares”	the 50,000,000 Shares initially being offered by the Selling Shareholder for purchase under the Global Offering
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Selling Shareholder”	Alibaba.com
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 11 June 2013, a summary of its principal terms is set out under the paragraph headed “D. Other information — 1. Share Option Scheme” in Appendix IV to this prospectus
“Share Purchase Agreement”	the share purchase agreement dated 26 January 2011 entered into among Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong, Mr. Ma Ming and Alibaba.com in relation to the acquisition of an aggregate of 25,000 shares of our Company by Alibaba.com, details of which are set out in the section headed “History, Reorganisation and group structure — Pre-IPO Investment” in this prospectus
“Share(s)”	ordinary share(s) of our Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 31 January 2011 (as supplemented by a supplemental shareholders’ agreement dated 31 January 2013) entered into among our Company, Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong, Mr. Ma Ming and Alibaba.com in relation to the rights and obligations of Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong, Mr. Ma Ming, Long Capital, Telewise Group, Team United, Joint Allied, China Pride and Alibaba.com with respect to our Company, details of which are set out in the section headed “History, Reorganisation and group structure — Pre-IPO Investment” in this prospectus
“Sinsoft UK”	Sinsoft Technology Limited (formerly known as Sinsoft Technology plc), a limited liability company incorporated in the UK on 16 December 2005 and formerly listed on AIM prior to its delisting on 3 December 2010, details of which are set out in the section headed “History, Reorganisation and group structure — History and development — Delisting of Sinsoft UK from AIM” in this prospectus
“Sole Sponsor”	CMB International, acting as the sole sponsor of the Listing
“South China”	South China Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 265)

DEFINITIONS

“Stabilising Manager”	CICC Hong Kong Securities, acting as the stabilising manager of the Global Offering
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between the Stabilising Manager and Long Capital on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Team United”	Team United Investments Limited, a limited liability company incorporated in the BVI on 8 October 2004 and is wholly owned by Mr. Liu Biao, one of our Shareholders
“Telewise Group”	Telewise Group Limited, a limited liability company incorporated in the BVI on 3 September 2004 and is wholly owned by Mr. Wang Xiaogang, the spouse of Ms. Xin and one of our Controlling Shareholders
“Track Record Period”	the years ended 31 December 2010, 2011 and 2012
“Underwriters”	the Public Offer Underwriters and the International Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the International Placing Underwriting Agreement
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America
“US Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Wuxi Skytech”	Jiangsu Skytech Information Technology (Wuxi) Co., Limited (江蘇擎天信息科技(無錫)有限公司), a limited liability company established in the PRC on 14 January 2011 and our indirect wholly-owned subsidiary

DEFINITIONS

“Zhenjiang Skyinformation”	Zhenjiang Skyinformation Co., Limited (鎮江擎天信息科技有限公司), a limited liability company established in the PRC on 5 June 2013 and our indirect wholly-owned subsidiary
“AUD”	Australian dollars, the lawful currency of Australia
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SGD” or “S\$”	Singaporean dollars, the lawful currency of Singapore
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“£” or “GBP”	Pound sterling, the lawful currency of the UK
“sq.m.”	square metres
“%”	per cent

The English names of the PRC entities, PRC laws or regulations or the PRC government authorities mentioned in this prospectus are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the date of this prospectus.

For the purpose of illustration only and unless otherwise specified in this prospectus, amounts denominated in Renminbi and US dollars have been translated into Hong Kong dollars at the rate of HK\$1 to RMB0.8012 and US\$1 to HK\$7.8. No representation is made that the Renminbi and US dollars amounts could have been, or could be, converted into Hong Kong dollars, or vice versa, at such rates or at any other rate on such date or on any other date.

Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with us and our business. These terms and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“big data”	high volume, velocity and variety information assets that demand cost-effective, innovative forms of information processing for enhanced insight and decision making
“CAGR”	compound annual growth rate
“cloud-computing”	a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction
“CMMI”	Capability Maturity Model Integration, a process improvement approach developed by a team consisting of members from the Carnegie Mellon Software Engineering Institute, industry and government that provides organisations with the essential elements for effective process improvement
“CSV”	the Comma-separated Values File format, a set of file formats used to store tabular data in which numbers and text are stored in plain textual form that can be read in a text editor
“e-Government”	electronic government, generally refers to the uses of information and communication technologies to enhance the efficiency and effectiveness of the public sector; usually this involves the digitalisation of interaction between government and citizens, government and businesses, and between government agencies
“export enterprises”	enterprises in the PRC whose operations involve the export of products and/or services from the PRC and are required to file exporting documents with the relevant tax authority
“export tax software”	software systems handling export tax rebate and exemption filing for export enterprises
“GDP”	gross domestic product

GLOSSARY OF TECHNICAL TERMS

“HTML”	HyperText Markup Language, a markup language for creating web pages
“internet of things”	a computing concept that describes a future where everyday physical objects will be connected to the internet and will be able to identify themselves to other devices
“ISO”	the International Organisation for Standardisation, a non-government organisation based in Geneva of Switzerland for assessing the quality systems of business organisations
“ISO 9001:2008”	a standard published by ISO that specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide products that meet customer and applicable statutory and regulatory requirements
“ISO/IEC 27001:2005”	a standard published by ISO that specifies requirements for establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented information security management system within the context of the organisation’s overall business risks, and specifies requirements for the implementation of security controls customised to the needs of individual organisations or parts thereof
“IT”	information technology
“LAN”	local area network, a computer network that connects computers and devices in a limited geographical area such as home, school, computer laboratory or office building
“PDF”	Portable Document Format, an open standard for document exchange which is used for representing documents in a manner independent of the application software, hardware, and operating system
“R&D”	research and development
“RFID”	radio-frequency identification, a system which allows tracking and identification using radio waves, used in a range of applications from automobiles to security pass cards

GLOSSARY OF TECHNICAL TERMS

“Skytech ETM System”	Skytech Export Goods Tax Rebate (Exemption) Filing Management System (擎天出口貨物退(免)稅申報管理系統軟件), the export tax rebate and exemption application filing software developed by us and for the use of export enterprises in Jiangsu
“source code”	the computer programming language used for writing software programmes, which is ultimately translated into a machine code and read by a computer to execute the actions in which the software is designed to perform
“USB”	Universal Serial Bus, a specification to establish communication between devices and a host controller (usually a personal computer) which has effectively replaced a variety of interfaces such as serial and parallel ports
“VAT”	value-added tax
“WMI”	Windows Management Instrumentation, the infrastructure for managing data and operations on operating systems based on Microsoft Windows
“XML”	Extensible Markup Language, a set of rules for encoding documents in machine-readable form

FORWARD-LOOKING STATEMENTS

This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as “will”, “expect”, “estimate”, “anticipate”, “plan”, “believe”, “may”, “intend”, “ought to”, “continue”, “project”, “should”, “seek”, “potential” and other similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our ongoing R&D projects;
- our dividend distribution plans;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industry in which we operate;
- the regulatory environment as well as the general industry outlook for the industry in which we operate;
- future developments in the industry in which we operate; and
- general global and regional economic trends.

The words “will”, “expect”, “estimate”, “anticipate”, “plan”, “believe”, “may”, “intend”, “ought to”, “continue”, “project”, “should”, “seek”, “potential” and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements which reflect the current views of our management with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Please refer to the sections headed “Risk factors”, “Business” and “Financial information” in this prospectus for more details.

FORWARD-LOOKING STATEMENTS

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information.

In this prospectus, statements of or references to our intentions or those of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. The business, financial condition or results of operations of our Group could be materially adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

In addition to the risk factors described below, other risks and uncertainties not presently known to us, or not expressed or implied below, or that we currently deem immaterial, may also adversely affect our business, operating results and financial condition in a material respect and the trading price of the Offer Shares could also fall considerably.

We consider that there are certain risks involved in our business and operations and in connection with the Global Offering. Such risks can be categorised into: (i) risks relating to our Group; (ii) risks relating to the industry; (iii) risks relating to the PRC; and (iv) risks relating to the Global Offering.

RISKS RELATING TO OUR GROUP

We rely on PRC government agencies for their use of some of our major products. If any of our existing government customers cease to use our software and solutions, our business, financial condition and results of operations may be materially and adversely affected

Our Group relies on PRC government agencies for their use of some of our major products. The sales to government agencies accounted for approximately 66.2%, 77.1% and 65.6%, respectively, of our revenues for the years ended 31 December 2010, 2011 and 2012. Government agencies made up a substantial number of our major customers during the Track Record Period (see the section headed “Business — Our customers”). In particular, the major existing customers for our e-Government solutions and carbon management solutions are government agencies in China; the sales of our export tax software (accounted for approximately 15.2%, 16.5% and 17.2% of our revenues for the year ended 31 December 2010, 2011 and 2012, respectively), though made to export enterprises, are dependent on Jiangsu Tax Bureau’s continued use of our compatible export tax rebate application processing suite. The Jiangsu Tax Bureau has used our export tax rebate application processing suite since 2001 through negotiable bidding (議標), but its use is not subject to any long term agreement between us.

No assurance can be given that these government agencies will continue to use our software and solutions. Changes in government budget and policy considerations, in particular the national digitalisation initiative, could result in delays, changes or cancellations of these publicly funded projects. If the acceptance of our software and solutions among government agencies does not continue, or any of our existing government customers cease to use our software and solutions, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

We are exposed to credit risks of our customers and our outstanding trade receivables and the turnover days of our trade receivables have remained at a relatively high level during the Track Record Period

For our e-Government solutions, carbon management solutions and information integration software, most of our contracts provide for prepayment and monthly or periodic progress payments from our customers with reference to performance milestones including delivery, installation and testing of our software or solutions. However, we incur costs associated with a project, primarily equipment, subcontracting and certain project implementation expenses, on an ongoing basis from the beginning. As a result, we are required to pre-pay certain project costs and expenses before receiving sufficient payment from our customers.

We generally allow a credit period of 180 days to our customers. In determining the actual length of credit terms granted to a specific customer, we consider various factors such as reputation, length of business relationship and past payment records. For the three years ended 31 December 2012, our trade receivables turnover period was approximately 200 days, 211 days and 253 days, respectively. Our trade receivables turnover days during the Track Record Period were longer than the general credit period we granted to our customers. It was because during these periods we obtained comparatively more projects from the PRC government agencies and our Directors believe that most of these government agencies are subject to tight internal procedures on funding application for settlement. In such situation, we would allow a later payment date for these government agencies without any written agreement. In 2010, 2011 and 2012, the impairment loss recognised on receivables from government agencies was approximately RMB6.3 million, RMB0.2 million and RMB1.9 million, respectively. The impairment loss recognised on receivables from a government unit in 2010 of approximately RMB5.7 million was fully reversed in 2011. The percentage ratio of trade receivables to revenue as at 31 December 2010, 2011 and 2012 was approximately 61.6%, 64.7% and 85.8%, respectively. As at 31 December 2012, our trade receivables amounted to approximately RMB194.6 million, representing approximately 61.2% of our current assets and 83.4% of our net assets, respectively, of which approximately RMB42.4 million has been due for more than one year.

As at 31 December 2012, trade receivables due from the PRC government agencies amounted to approximately RMB170.5 million, representing approximately 87.6% of the total trade receivables. If these customers delay or default on any payments, we will have to make provision or write off the relevant trade receivables, which in turn may adversely affect our financial position and profitability.

We are thus exposed to the risk that customers may delay or even be unable to pay when milestones are reached or upon completion. These may put our cash flow and working capital under pressure. In addition, defaults in customers' payments can materially and adversely affect our results of operations and reduce our financial resources that would otherwise be available to fund other projects. We cannot assure you that payments from customers will be made in a timely manner or that delays or defaults in payments will not affect our financial condition and results of operations.

RISK FACTORS

We are dependent on our major customers and any decrease in our sales to any of them could affect our operations and financial condition.

During the Track Record Period, the sales to our largest customer in the respective periods accounted for approximately 24.4%, 47.3% and 29.1%, respectively of our total revenue, and the sales to our five largest customers together accounted for approximately 58.8%, 62.6% and 49.2%, respectively of our total revenue for the respective periods.

We do not have any long-term sales agreement with these customers and our future revenue may be uncertain. In the event that we fail to secure new businesses from these existing customers or is unable to find new customers, our business, financial condition and results of operations may be adversely affected.

Our newly launched carbon management solutions may not be well received by the market

Our carbon management solutions were only launched in 2011. Up to the Latest Practicable Date, it had been implemented by only three government agencies. It is too early in the life of our carbon management solutions to determine what level of acceptance it will attain in the marketplace. The acceptance is primarily affected by, among other things, the quality and price of our products and the purchasing pattern of our customers. If our carbon management solutions are not well received by the market, we may not be able to recoup our investment in developing such products and our business, financial condition and results of operations may be materially and adversely affected.

Our success is dependent upon hiring and retaining qualified personnel

We rely on the management skills and technical know-how of our key management and technical staff. For instance, Ms. Xin, our chairlady, our chief executive officer and our executive Director, has over 20 years of experience in the information technology industry and has been responsible for the overall business operations, strategic planning and policies formulation of our Group; Mr. Wang Xiaogang, our senior vice president, has over 11 years of experience in the software and hardware industry and is primarily responsible for the overall management and operation of our Group's R&D and technology advancement; Mr. Ma Ming, our vice president, has over 16 years of experience in the software industry and is primarily responsible for the business development and product marketing of the software division of Nanjing Skytech; Mr. Zhang Hong, our vice president, is primarily responsible for our R&D of computer programmes and software and has over 13 years of experience in such area. All of them are co-founders of our Group and have contributed to its growth and development since its inception. See the section headed "Directors, senior management and employees" in this prospectus.

We do not maintain any key employee insurance. If these senior management or technical staff cease to serve us in the future and we fail to find suitable replacements, our business may be materially and adversely affected.

RISK FACTORS

Potential shortage of skilled staff

Our success depends upon our ability to continue to attract, retain and motivate skilled personnel, especially IT engineers. We may have to offer better salaries, incentive packages and training opportunities to attract and retain sufficient skilled staff to sustain our operations and our growth, which may increase our costs and reduce our profit margins. We cannot assure you that we will continue to be able to attract and retain a sufficient number of skilled staff for our existing and planned business operations. In the event that we cannot attract and retain a sufficient number of skilled staff for our existing and planned business operations, or at all, our business operations and financial performance may be materially and adversely affected.

We are exposed to compliance risk in relation to tender and may not be able to secure new projects through tenders from existing or new customers

A significant portion of our revenue was derived from the provision of software and solutions to PRC government agencies and some enterprises through tender, which was project-originated and non-recurring in nature. During the Track Record Period, the revenues from contracts won by bidding amounted to approximately RMB121.7 million, RMB145.4 million and RMB170.8 million, respectively. The tender processes are subject to strict guidelines imposed by the relevant PRC laws (such as the Tender Law of the PRC (中華人民共和國招標投標法) and the Government Procurement Law of the PRC (中華人民共和國政府採購法)) and regulations imposed by government authorities, including MIIT. If we fail to comply with these guidelines and regulations, we may be subject to penalties including fines, disqualification from bidding or revocation of business licences, any of which may materially and adversely affect our business operations and prospects.

It is also difficult to predict whether or when we will secure additional contracts through tenders. The bidding and selection processes are generally subject to certain factors that are out of our control, including market conditions and the qualifications of and the terms required under the tenders and offered by other competing bidders. We have relied on our various qualifications such as Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成一級資質) and CMMI Level 5 to compete in the bidding process. These qualifications were granted for defined periods. There is no assurance that we can obtain or maintain similar qualifications in the future. If we are unable to maintain such qualifications, our bidding competitiveness would be adversely affected. Our financial performance is thus dependent on our eligibility and competitiveness in the bidding process.

We cannot assure you that we will be able to continuously and consistently secure new sales contracts from existing or new customers or that these sales contracts will be profitable. Our results of operations and cash flows can fluctuate significantly from quarter to quarter depending on the timing of our contracts. If we are unable to secure new profitable sales contracts, our business, financial condition and results of operations may be adversely affected.

RISK FACTORS

We may suffer cost overrun and delay in the projects undertaken by us

Under the contracts for our e-Government solutions, information integration software, carbon management solutions and system integration solutions, we have to complete a project for a fixed price within a specific period of time, which exposes us to the risk of cost overrun and delay. The revenue derived from our project based fixed-price contracts accounted for approximately 84.8%, 83.5% and 82.8%, respectively, of our total revenues during the Track Record Period. The remaining revenue was derived from the sales of non-project based export tax software products. The failure to accurately budget the cost of a project or any unforeseen increase in costs of labour and equipment may lead to such cost overrun in the future. Furthermore, we may be required to perform additional work beyond the scope of the original project and we may be unable to meet the project schedule. This may adversely affect our reputation and brand name. Such cost overrun may also adversely affect our operating cashflow and cause disruption to our operations. We may face claims from our customers that we are in breach of contract, for which we may incur legal costs and damages. These risks may, singly or in the aggregate, adversely affect our business, reputation and results of operations.

We are exposed to hardware maintenance and programme source code storage risk

Currently our computer hardware, source codes and master copies of software are stored at our premises. We have implemented various measures, such as restrictive access system, air-conditioning system, uninterruptible power supply and fire extinguishing facilities, to safeguard these hardware and software. We also back-up the source codes of our software from time to time. Nonetheless, there is no assurance that such measures are adequate for the protection of our computer hardware, source codes and master copies of software. They are still vulnerable to damage and loss due to act of nature, power failures, telecommunication failures and other unexpected events. There can be no assurance that we can respond to such contingencies in a timely manner. Any damage or interruptions in our operations could have an adverse effect on our business, financial performance and results of operations.

We are currently involved in outstanding or threatened lawsuits relating to the disputes with Janful and Nanhua. If these cases are determined against us, our business, financial conditions, results of operations, prospects and reputation may be adversely affected.

Historically, we have been involved in a series of disputes, arbitration proceedings and lawsuits with Janful and Nanhua. Please refer to the section headed “Business — Legal proceedings” in this prospectus for further details.

In June 2013, Nanjing Skytech received a notice of action from Nanjing Intermediate People’s Court in relation to a lawsuit commenced by Nanhua (the “**2013 Lawsuit**”) against Nanjing Skytech, Ms. Xin, Mr. Wang Xiaogang, Mr. Zhang Hong and Mr. Liu Biao, alleging, among other things, all the intellectual property rights in Nanjing Skytech’s and its related companies’ software products should belong to Nanhua, and demanding that the defendants in the 2013 Lawsuit should return all gains from such intellectual property rights to Nanhua.

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The liquidated damages sought by Nanhua in the statement of claim under the 2013 Lawsuit is approximately RMB210.4 million, which, together with the relevant legal cost, represents our maximum financial exposure (disregard the indemnity provided by our Controlling Shareholders and others as mentioned below) in the 2013 Lawsuit. Nanjing Skytech intends to file a defence in due course. In addition, in June 2013, we were brought to the attention of a letter issued by the legal representative of South China regarding a derivative action threatened to be brought by Janful against, among others, our Company in Hong Kong (the “**Threatened Lawsuit**”). Our Directors intend to defend such Threatened Lawsuit strenuously should it be materialised. However, we can make no guarantee that the 2013 Lawsuit or the Threatened Lawsuit will be resolved in our favor. If the 2013 Lawsuit, the Threatened Lawsuit or any other future case (whether instituted in the PRC, Hong Kong or anywhere else) is determined against us and we are required to account for our profits or pay any damages as demanded by Janful or Nanhua or we lose any of our intellectual property rights (please refer to the section headed “Business — Legal proceedings” in this prospectus for the relevant legal opinions on the possibility of losing our intellectual property rights which are subject to the legal proceedings in relation to Nanhua and Janful), our business, financial condition, results of operations, prospects and reputation could be materially and adversely affected.

Regardless of the merits of the aforementioned outstanding and potential claims, we need to divert management resources and incur extra costs to handle these claims, which could affect our corporate image and reputation, if they were published by the press.

We are exposed to intellectual property disputes

We use various intellectual property rights, in particular, software copyrights, in our daily business. At present, we have obtained software copyrights registrations for our principal software products that have already been marketed. We rely on copyright, trademark, patent, domain names and trade secret protection laws and confidentiality agreements with our employees, customers and others to protect our intellectual property rights. Trade secrets such as product designs and product customisation are covered by confidentiality agreements as well.

Our intellectual property is exposed to theft and other forms of misappropriation. The validity, enforceability and scope of protection of intellectual property in the software industry are uncertain and evolving. In particular, the legal protection to trademarks, trade names, copyrighted material, domain names, trade secrets, know-how and other forms of intellectual property in the PRC is limited and less effective as compared with many other countries.

Preventing unauthorised use of our intellectual property is therefore difficult, time-consuming and expensive, yet yielding limited and uncertain results. Misappropriation of our content, trademarks and other intellectual property could divert significant business to our competitors, damage our brand names and reputation, and may require us to initiate litigation that could be expensive, time consuming and require us to divert management resources from the operation of our business.

On the other hand, there is no assurance that infringement claims against us from third parties will not occur. We may be subject to legal proceedings and claims from time to time alleging infringement of copyrights, trademarks or patents, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such claims, regardless of merit, may involve us in time consuming and costly litigation or investigation, divert significant management and staff resources, require us to enter into expensive royalty or licensing arrangements, prevent us from using important technologies, business methods, content or other intellectual property, result in monetary liability, prevent us from distributing our products through the use of injunctions or other legal means, or otherwise disrupt our operations. As at the Latest Practicable Date, save as disclosed in the section headed “Business — Legal proceedings”, our Directors were not aware of any claims or

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imminent claims against us alleging infringement of proprietary intellectual property rights. We expect the likelihood of such claims may increase, particularly in our software business, as the number of competitors in our markets grows and as related patents and trademarks are registered or copyrights are obtained by such competitors.

For details of our intellectual property rights, such as software copyrights, trademarks and patents, please refer to the paragraph headed “B. Information about the business — 2. Intellectual property rights of the Group” in Appendix IV to this prospectus.

Ongoing evolution of our business model may result in changing product mix, fluctuations in profit margins and working capital requirements, and increase competition exposure to regulatory risk

We have five product segments, namely export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions. Due to the variation in cost structures across our product mix, these product segments reported different segment results margins during the Track Record Period. See the section headed “Financial information — Description of selected items of consolidated statements of comprehensive income — Segment results and segment results margins”. During the Track Record Period, our export tax software and related services, e-Government solutions, carbon management solutions and information integration software reported higher segment results margins than system integration solutions. Our overall segment results margins fluctuated between 50.1% and 61.2%. The fluctuations were principally attributable to a change in our product mix and hence the revenues derived from each segment. As the share of revenue our system integration solutions decreased, the overall segment results margin had improved during the Track Record Period.

We expect changes in our product mix and the segment results margins may continue to lead to fluctuations in our overall profit margins and working capital requirements in the future. This may also affect our business risk profile.

In addition, the continued evolution of our product mix will also lead to an increase in risks relating to competition and regulation. For example, we have historically focused in the market in Jiangsu, in which we enjoy a leading position. Going forward, when we expand to other provinces, we have to compete with software and IT services providers in other provinces. This expansion will also mean that we may be subject to regulations imposed by the local governments. Failure to adopt swiftly with these regulations may adversely affect our business operations and profitability in the future.

We are dependent on the Jiangsu IT markets

For the years ended 31 December 2010, 2011 and 2012, the revenue derived from sales to customers in Jiangsu accounted for approximately 99.0%, 94.2% and 84.2% of our total

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revenue, respectively. Our business and financial conditions would be adversely affected by any circumstances causing any reduction in demand for software and IT services in Jiangsu, including changes in local economic conditions, changes in local policy, increases in costs such as salary of IT staff or in other circumstances.

Research and development risks

We consider our R&D as one of the keys to our success. For each of the years ended in 2010, 2011 and 2012, our R&D costs amounted to approximately RMB5.0 million, RMB15.9 million and RMB20.7 million, respectively, representing approximately 3.3%, 8.6%, 9.1% of our total revenue respectively and a CAGR of approximately 103.0%. As at the Latest Practicable Date, our R&D team has successfully developed and implemented for our customers 144 projects since our inception. As at the Latest Practicable Date, 12 R&D projects were underway. Our Directors presently intend to apply approximately 40.1% of the net proceeds from the Global Offering for R&D purposes.

By its nature, there is no guarantee that any R&D activity would yield meaningful results or breed any revenue-generating products. Technical, operational, distribution or other problems may delay or prevent the introduction of new products or services to the market. Even if new products are developed and launched, there is no guarantee that they will be accepted by the market. The growth of our turnovers and profits in the future will heavily depend on the market performance of such new products. In the event that we fail to develop any new products or our new products do not receive the expected market acceptance, our business prospects and profitability may be adversely affected.

Risks of losing preferential tax treatment

On 16 March 2007, the National People's Congress of the PRC enacted the EIT Law; on 6 December 2007, the State Council issued the Regulations on the Implementation of the EIT Law of the PRC (中華人民共和國企業所得稅法實施條例), both of which became effective on 1 January 2008. Pursuant to the EIT Law, foreign-invested enterprises and domestic enterprises were subject to a unified EIT rate of 25% (reduced from the original EIT rate of 33%) effective from 1 January 2008.

Under the EIT Law, enterprises established before 16 March 2007 and already enjoyed preferential tax treatments shall, in accordance with any detailed directives to be issued by the State Council: (i) in the case of preferential tax rates, continue to enjoy the preferential tax rates which will be gradually increased to the new tax rates within five years from 1 January 2008; or (ii) in the case of preferential tax exemption or reduction for a specified term, continue to enjoy the preferential tax holiday until the expiration of such term. For those enterprises whose preferential tax treatment had not commenced before 1 January 2008 due to lack of profit, such preferential tax treatment commenced on 1 January 2008.

Furthermore, the EIT Law provides a preferential tax treatment for "high and new technology enterprises eligible for key support from the state" in the form of a reduced enterprise income tax rate of 15% subject to competent governmental authorities' review and

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approval. Nanjing Skytech was recognised by the local provincial level Science and Technology Commission, Finance Bureau, and State and Local Tax Bureaus as a “high and new technology enterprise” since September 2008, and were further registered with the local tax authorities to be eligible to the reduced 15% enterprise income tax rate.

The continued qualification as a “high and new technology enterprise” will be subject to annual evaluation in practice and a three-year review by the relevant government authorities in China. Preferential tax treatment granted to our subsidiaries by the local governmental authorities is subject to such review and may be adjusted or revoked at any time.

Pursuant to the Circular on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry (Cai Shui [2012] No.27) (關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知 (財稅[2012] 27號)) issued by the Ministry of Finance and SAT, for the newly established integrated circuit design enterprises and eligible software enterprises within the territory of China, upon certification, the EIT shall be exempted for the first and second year and shall be levied thereon at half of the statutory rate of 25% for the third through fifth year thereafter until the expiration of the preferential period which shall be calculated from the profit making year to 31 December 2017. For “Key Software Enterprises under the National Plan” (國家規劃佈局內重點軟件企業) that have not enjoyed the tax exemption preference of the current year, the EIT rate shall be levied at the reduced rate of 10%. Tax amount of refunding upon payment, obtained by eligible software enterprises according to relevant regulations, shall be specifically used by the enterprises for the R&D of software products and for expanding the reproduction, shall be subject to separate accounting, may be taken as the non-taxable income, and shall be permitted to be deducted from the total income at the calculation of taxable income amount.

On 21 February 2011, NDRC, MIIT, MOFCOM and SAT promulgated the Circular Regarding the Publication of the List of Key Software Enterprises Under the National Plan in 2010 (Fa Gai Gao Ji [2011] No. 342) (關於公布2010年度國家規劃佈局內重點軟件企業名單的通知 (發改高技[2011] 342 號)), whereby Nanjing Skytech was enlisted as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) in 2010. Thus Nanjing Skytech enjoyed a EIT rate of 10% in 2010. Such status is subject to annual review by the relevant government authorities. The applicable EIT rate of Nanjing Skytech for the two years ended 31 December 2012 was 15% because the “High-tech Enterprise” status had not expired. In 2013 Nanjing Skytech was again recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) for 2011 and 2012, and thus enjoyed a preferential EIT rate of 10% in 2011 and 2012. The Directors expect that a reversal of the over-provision of EIT in 2011 and 2012 of approximately RMB7.2 million will be recognised in 2013. Based on the latest information available to the Directors, the applicable EIT rate for Nanjing Skytech would be 15% for 2011 and 2012 for the purpose of preparing the relevant financial information. See the section headed “Summary of the relevant PRC laws and regulations — PRC Taxation” for further details.

Although we have been or are now eligible for the foregoing preferential tax treatments, there can be no assurance that we can continue to enjoy the same preferential tax treatments in the future. In the event that the PRC government changes its tax policy of supporting new

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technology development, or our PRC subsidiaries cease to be eligible for such preferential tax treatments, we may have to pay tax at a higher rate. Our performance and profitability may be adversely affected by any unfavourable changes, in part or in whole, of the preferential tax policies.

Recent and future changes to the PRC tax laws may have material adverse impact on our financial condition and results of operations

Under the EIT Law, an enterprise established outside the PRC with its “de facto management body” within the PRC is considered as a “resident enterprise” and will be subject to the enterprise income tax at the rate of 25% on its worldwide income. A “de facto management body” is defined as the organisational body that effectively exercises overall management and control over the production and business operations, personnel, finance and accounting, and properties of an enterprise. It remains unclear how the PRC tax authorities will interpret such a broad definition. Substantially all of our management is based in the PRC. If the PRC tax authorities subsequently determine that our Company should be classified as a resident enterprise, it is possible that its worldwide income will be subject to income tax at a uniform rate of 25%. Notwithstanding the foregoing provision, the EIT Law also provides that, if a resident enterprise directly invests in another resident enterprise, the dividends received by the investing resident enterprise from the invested enterprise are exempted from income tax, subject to certain conditions. Therefore, if our Company is classified as a resident enterprise, the dividends received from our PRC subsidiaries may be exempted from income tax. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company having ownership interest in a PRC enterprise.

Dividends received by foreign investors from FIEs were exempt from withholding tax prior to 1 January 2008. According to the EIT Law, dividends from PRC entities to their overseas shareholders or holding companies will be subject to a withholding tax at a rate of 10.0%, unless the jurisdiction of incorporation of such overseas shareholders has a tax treaty with the PRC that provides for a different withholding arrangement. Singapore, being the place of incorporation of Infotech Holdings, our intermediate holding company for our PRC subsidiaries, has a tax treaty with the PRC, which provides for a withholding tax at a rate of not higher than 5.0% for dividend payments that a Singapore enterprise receives from the PRC entities in which it holds an interest of 25.0% or more. However, on 24 August 2009, SAT released 《非居民享受稅收協定待遇管理辦法(試行)》 (Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Use)) (the “**Measures**”), which took effect on 1 October 2009. Pursuant to the Measures, we need to obtain approval from the competent branch of SAT in order to enjoy the preferential withholding tax of no more than 5.0% in accordance with the tax treaty between the PRC and Singapore. In addition, SAT promulgated a tax notice on 27 October 2009, or Circular 601, which provides that tax treaty benefits will be denied to “conduit” or shell companies without substantial business activities, and a beneficial ownership analysis will be used based on a “substance-over-form” principle to determine whether or not to grant tax treaty benefits. Infotech Holdings is not engaged in any substantial business activities other than holding interest in its subsidiaries. It is unclear at this stage whether Circular 601 applies to dividends from our PRC subsidiaries paid to Infotech

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Holdings. It is possible however, that under Circular 601, we would not be considered to be the beneficial owners of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10.0% rather than the preferential 5.0% under the tax treaty between the PRC and Singapore.

Under the EIT Law and its implementation rules, any gain realised by “non-resident enterprises” is subject to PRC income tax at the rate of up to 10% to the extent such gain is sourced within the PRC and (i) such “non-resident enterprise” has no establishment or premise in the PRC, or (ii) it has an establishment or premise in the PRC, but its income sourced within the PRC has no real connection with such establishment or premise, unless otherwise exempted or reduced by tax treaties. The EIT Law and its implementation have certain ambiguities with respect to the interpretation of the provisions relating to identification of PRC-sourced income. If we are recognised as a PRC resident enterprise under the EIT Law by the PRC tax authorities, our foreign Shareholders that are “non-resident enterprises” may become subject to the PRC income tax at the rate of up to 10% under the EIT Law as to the capital gains realised from sales of our Shares by and dividends distributed to such foreign Shareholders as such income may be regarded as income from “sources within the PRC,” unless any such foreign Shareholder is qualified for a preferential income tax rate or tax exemption under a tax treaty or tax law, and we may be required to withhold such income tax on the dividends payable by us to such foreign Shareholders.

The Circular of SAT on Strengthening Corporate Income Tax Management on Non-resident Enterprises Equity Transfer Income (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the “**Circular 698**”), which was issued by SAT on 10 December 2009, provides that except for the purchase and sale of equity through a public securities market, where a foreign corporate investor indirectly transfers the equity of a PRC resident enterprise by disposing of the equity of an overseas holding company (“**Indirect Transfer**”) located in a tax jurisdiction that: (i) has an effective tax rate of less than 12.5%; or (ii) does not tax its residents on their foreign income, the foreign corporate investor shall report the Indirect Transfer to the competent PRC tax authority within 30 days from the date when the equity transfer agreement was made. In this case, the PRC tax authority will examine the true nature of the Indirect Transfer. Should it deem the foreign investor to have made the Indirect Transfer without reasonable commercial purpose and in order to avoid the PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purpose and re-characterise the Indirect Transfer. As a result, gains derived from such Indirect Transfer by the foreign investor may be subject to EIT.

We are exposed to product liability risk

Our software and solutions are designed to be used with our customers’ systems and hardware. Any defects or errors in our software or solutions may cause damage to our customers’ system and hardware, and adversely affect our customers’ operations or the performance of such software or solutions. As a result, we may incur additional costs in rectifying the defects or defending any potential claims from our customers. It may also affect our relationship with such customers and our reputation. At present, we do not maintain any

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product liability insurance. Although no potential legal claims or pending litigation proceedings against us in connection with our software and solutions were brought to our attention since our inception, there can be no assurance that there will not be such product liability claim in the future.

We may not be able to continue our growth trend

During the Track Record Period, we have achieved steady growth. Our revenue grew at a CAGR of approximately 22.0% to approximately RMB226.7 million for the year ended 31 December 2012, with profit and total comprehensive income increased at a CAGR of approximately 28.0% to RMB76.2 million for the year ended 31 December 2012. For a variety of reasons, we may not be able to expand our business at a rate comparable to our historical performance. Growth could be hampered by an economic downturn, fierce competition, change in regulations and government policies, failure to catch up with technology developments, shortage of key or specialised personnel or other risks described in this section.

Some of our business segments are seasonal

Whilst the sales of our export tax software and related services are generally stable throughout the year, the sales of our e-Government software, information integration software and system integration solutions are seasonal, with sales generally being lower in the first half of the year than in the second half. During the Track Record Period, our sales in the second half of each year represented approximately 80.8%, 60.3% and 68.9% of our annual revenue, respectively. There are a number of factors that cause these variations, but the principal factor is that PRC government agencies tend to conclude government contracts in the second half of the year in accordance with their financial budgets approval procedures. Accordingly, any comparison of our results of operations between our interim and annual results in a financial year is not necessarily meaningful. Our interim results should not be referred to as an indicator of our performance for that financial year.

RISKS RELATING TO THE INDUSTRY

We operate in a competitive industry

Unlike many developed economies (such as the United States and Germany), the PRC's market for software and IT solutions is still at a developing stage, and our Directors believe that it will continue to grow in the coming years. The prospect and potential of this market will attract entry by companies with substantial capital and resources. Mergers and acquisitions of enterprises and consolidation of the industry may become a trend in the market. The environment in which we operate will become more competitive as a result. Competitors may offer similar products and services at a price lower than those of us. There is no guarantee that the projects undertaken by us in the future will allow us to maintain our present profit margins, and a highly competitive environment may adversely affect our profitability.

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We are exposed to evolving industry standards and government policies

The market in which we operate is characterised by evolving industry standards and government policies, frequent development and enhancement of products and services and changing market demands. For example, our export tax software business is affected by the on-going reforms in the PRC's tax regime. Our e-Government solutions business is affected by the PRC government's initiatives to digitalise government administration. Our carbon management solutions business is subject to regional, national and global environment protection policies. Accordingly, our continual success will depend on our ability to adapt rapidly to evolving industry standards and government policies and to continually improve the performance, features and reliability of our products in response to competitive offerings and evolving market demands.

If we fail to keep up with the latest industry developments and policy changes, our products may become obsolete and we may be unable to meet our customers' demands, which may in turn result in a decline in our market competitiveness. Our results of operations may thereby be adversely affected.

We are exposed to changes in technology and business cycles

The software and IT services industry is featured by rapid technological changes. More advanced IT products roll out from time to time. The demands for software products and services are also subject to business cycles and may rise or fall along with the overall economic and business environment in the PRC. To the best of the Directors' knowledge, government agencies and enterprises may adjust and control their budget and expenditure in digitalisation in accordance with the overall economic development in the PRC. Investors should be aware that our future success may be dependent upon our ability to respond quickly to changes in technology and business cycles and to offer products and services to meet the changing demands of our customers. If we are unable to respond promptly to such changes, our future development may be adversely affected.

Our insurance coverage may not adequately protect us against certain risk

Insurance companies in China currently do not offer as extensive an array of insurance products as their counterparts in more developed economies. We therefore only maintain limited insurance coverage. For instance, we do not maintain product liability insurance or key employee insurance for our executive officers. Based on our belief of the customary practice in the PRC, the costs of insuring against these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, a significant product liability claim may result in our incurring substantial costs and the diversion of resources. The lack of key employee insurance means that we are less protected from the risk of key employees leaving. These could have an adverse effect on our results of operations and financial condition.

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Volatility in global economy could affect our business

The global economic crisis started in 2008 adversely affected the economy in the US and many other parts of the world, including China, and has once led to credit tightening. The subsequent euro crisis, the downgrade of the US's sovereign credit rating and the credit crisis in the PRC have adversely affected people's confidence in the global economic outlook and created unfavourable financial and economical conditions across the world. These macroeconomic developments may have an adverse effect of our business, operating results or financial condition in a number of ways. For example, since our major customers include PRC government agencies, a tightening of the government's budget due to economic downturn may cause a cut in government budget on software and digitalisation of their services. In addition, existing and potential customers may reduce their IT spending at times of economic volatility, which could cause them to hold off purchases of our products or delay payments. Our customers and suppliers may default or become insolvent or bankrupt if their operations are adversely affected by economic downturn. Banks may become more prudent in granting loan facilities or require early settlement of outstanding loans previously granted to us and may withdraw our existing banking facilities. Higher interest rates may be imposed on our loans, which would increase our finance cost and cut into our profit. Despite signs of recovery in the US and the alleviation of the euro crisis, the global economic outlook remains shaky and it could continue to present risks for an extended period of time.

RISKS RELATING TO THE PRC

Our operations are subject to inherent uncertainties of the PRC's economic, political and social conditions

The PRC's economy differs from the economies of most countries belonging to the Organisation of Economic Co-operation and Development in its structure, level of government involvement, rate of growth, capital reinvestment, allocation of resources and inflation. Prior to 1978, the PRC's economy was a planned economy. Since the PRC's adoption of the "open door" reform policy in 1978, increasing emphasis has been placed on market forces in the development of the PRC's economy by implementing measures to encourage growth and to guide the allocation of resources. We cannot assure you that the PRC government will continue to pursue a policy of economic reform, nor can we predict how the PRC's political, economic and social conditions and policies will affect our future business operations.

Since our operations and assets are mostly located in the PRC, our operations and financial results could be adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretations thereof), measures which might be introduced to control inflation, changes in the rate or method of taxation imposition of additional foreign exchange control or import restrictions. Furthermore, a significant portion of economic activities in the PRC are export-driven at present and, therefore, are affected by development in the economies of the PRC's principal trading partners and other export-driven economies.

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Many of the economic reforms undertaken by the PRC government are unprecedented, which may be subject to change, revision or abolition. We can offer no assurance that the PRC government will continue to pursue a policy of economic reform. The policies and other measures taken by the PRC government to regulate the economy could have a material negative impact on the PRC economy, which may adversely affect our operating and financial results.

Our operations are subject to inherent uncertainties of the PRC's legal system

Unlike the adversarial legal system in Hong Kong, the PRC legal system is based on written statutes, and therefore prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations when dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, these laws and regulations are not fully developed and are subject to change, making the interpretation and enforcement of such laws uncertain. These uncertainties limit the reliability of legal protections available to us, and may adversely affect our business, results of operations and financial conditions.

We cannot predict the future developments in the PRC legal system, particularly with regard to property rights and intellectual property protection. Additionally, we may require the procurement of additional permits, authorisations and approvals for our existing business and future projects, which may affect our operations and future plans.

We are subject to changes in the PRC foreign exchange regulations and foreign exchange risk

The PRC government imposes control over the convertibility of Renminbi into foreign currencies. Under the existing foreign exchange regulations in the PRC, following the completion of the Global Offering, we may undertake current account foreign exchange transactions, including the payment of dividends, without prior approval from SAFE by producing relevant documents evidencing such transactions, provided that they are processed through PRC banks licensed to engage in foreign exchange transactions. We may also decide to finance our existing operating subsidiaries by means of capital contributions or to expand our business through establishing new subsidiaries in the PRC. These capital contributions or the establishment of the new subsidiaries must be approved by MOFCOM or its local branches. We cannot assure you that we will be able to obtain these government registrations or approvals timely, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds from the Global Offering and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

According to Circular No. 75 promulgated by SAFE coming into effect on 1 November 2005, PRC residents (境內居民) who have contributed or intend to contribute their domestic

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assets or shares into overseas special purpose vehicles with an intent to transfer or swap shares with offshore investor(s) and further conduct round-trip investments shall complete foreign exchange registrations or supplemental registrations for offshore investments with the local foreign exchange authority. Circular No. 75 further stipulates that without completion of the aforesaid registrations, no profits, dividends, liquidation or decreasing capital shall be transferred to the overseas special purpose vehicle(s). Furthermore, PRC residents are required to go through registration for modification or filing with the relevant local foreign exchange authority within 30 days from the date of occurrence of any material capital change event, such as increase or decrease of capital, share transfer or swap, merger or splitting, long term equity or debt investments and foreign guarantee, provided however that such material capital change event does not involve round-trip investments. For PRC residents who have set up or otherwise controlled overseas special purpose vehicle(s) and completed the round-trip investments before 1 November 2005, Circular No. 75 permits them to go through the foreign exchange supplemental registrations at the local foreign exchange authority before 31 March 2006. Failure to conduct the above registrations and supplemental registrations, registration for modification or filing of the material capital change event with the relevant local foreign exchange authority may limit the ability of such company to remit its profits, liquidation, share transfer and capital decreasing fees abroad, and punishment could be imposed upon for foreign exchange evasion or other non-compliance.

All the existing beneficial Shareholders that are PRC residents, namely Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming, had completed the registration procedures of overseas investments at the Jiangsu provincial branch of SAFE as at the Latest Practicable Date.

There is no assurance that the PRC regulatory authorities will not impose further restrictions on the convertibility of Renminbi. As our PRC subsidiaries generate a significant proportion of the our revenues which are denominated mainly in Renminbi, future restrictions on currency exchange may limit our ability to repatriate profits by distribution of dividends to our Shareholders or to fund our other business activities outside of the PRC.

Moreover, the value of Renminbi may be influenced by factors such as changes in the PRC government's policies, the PRC's domestic and international economic and political developments, as well as the supply and demand in the local market. Since 1994 and until recently, the conversion of Renminbi into US dollars was based on the rates set by PBOC, which were set daily based on the previous day's PRC interbank foreign exchange market rate and current exchange rates on the world financial markets. Since then, the official exchange rate for the conversion of the Renminbi to US dollars has been generally stable. However, we cannot assure that the exchange rate will remain stable in the future. On 21 July 2005, PBOC announced a reform of its exchange rate system and revalued Renminbi to RMB8.11 = US\$1.00. Under the reform, Renminbi will no longer be pegged to US dollars but will instead be allowed to fluctuate within a narrow and managed band against a basket of foreign currencies (including US dollars). Moreover, the PRC government has recently, and is expected to adopt further reforms to its exchange rate system in the future including revaluing Renminbi and making Renminbi freely convertible. However, it is not predictable if or when these further reforms will occur. Although we do not currently sell our products outside the PRC

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and thus a change in the exchange rate of Renminbi may not have a substantial impact on our overall operations, any fluctuation in the foreign exchange rate of Renminbi may however affect the cost of our imported equipment and the Hong Kong dollar value of any future dividends that we may declare. Fluctuation in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. Historically, SinoSoft UK, our predecessor holding company and the listing vehicle for our Group's listing on AIM, had entered into foreign exchange transactions with a financial institution since 2008 to minimise its foreign exchange exposure on the unused portion of the net proceeds from the initial public offering on AIM instead of transferring such proceeds into the PRC as our Group had no immediate cash flow need at the relevant time. Although such transactions had generally generated returns for SinoSoft UK, it had recorded losses in the amount of approximately US\$4.7 million in 2010. For details of such foreign exchange transactions carried out by SinoSoft UK, please refer to the section headed "History, Reorganisation and group structure — History and development — Delisting of SinoSoft UK from AIM" in this prospectus.

We rely on dividends and other distributions on equity paid by our operating subsidiaries for our cash needs, and any limitation on the ability of our operating subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business

Our Company is a holding company and conducts substantially all of our business through our operating subsidiaries. We depend on dividends paid by our PRC subsidiaries for our cash needs, including the funds necessary to pay dividends and other cash distributions to our Shareholders, to service any debt we may incur and to pay our operating expenses.

The payment of dividends by entities organised in the PRC is subject to certain limitations. In particular, regulations in the PRC currently permit payment of dividends by our PRC subsidiaries to us only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Our PRC subsidiaries are also required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their statutory common reserves until the cumulative amount of such reserves reaches 50% of their registered capital. These reserves are not distributable as cash dividends. In addition, our PRC subsidiaries are required to allocate a portion of their after-tax profit to their enterprise expansion fund and the staff welfare and bonus fund at the discretion of their boards of directors. Moreover, if our PRC subsidiaries incur debt on their own in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries to pay dividends or other distributions to us may have a material adverse effect on our ability to grow, make investments or acquisitions, pay dividends to our Shareholders, and otherwise fund or conduct our business.

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Any changes in the PRC government's policies regarding foreign investments in the PRC may adversely affect our business, financial condition and results of operations

Foreign investments are subject to foreign investment policies and laws of the PRC. Under the latest Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) that came into effect on 30 January 2012, our business does not fall under the prohibited or the restricted categories for foreign investments. There is no assurance that our business would not fall under such prohibited or restricted categories subsequent to any change to the foreign investment policies and laws of the PRC. We may also be subject to more stringent restrictions on our operations and business. These may adversely affect our financial condition and results of operations.

The PRC Employment Contract Law may adversely affect our business operations or financial position

On 29 June 2007, the National People's Congress of the PRC enacted the Labour Contract Law (勞動合同法), which became effective on 1 January 2008, to impose more stringent rules on employers for entering into labour contracts and dismissal of employees. Further, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have served more than one year with an employer are entitled to a paid vacation ranging from 5 to 15 days, depending on their length of service. Employees who waive such vacation entitlement at the request of their employers shall be compensated at three times of their normal salaries for each waived vacation day. As a result of these new protective labour measures, our labour costs may increase and our future operations may be adversely affected.

Moreover, we are required to contribute to a number of employee social insurance schemes such as pension insurance, work injury insurance, maternity insurance and medical insurance. We provide social insurance to our employees in accordance with local government authorities' implementation policies. We believe that such policies could be less stringent than as required by the PRC labour laws and regulations. Therefore, we may be required to incur additional expenses to comply with such laws and regulations, which in turn may affect our results of operations.

Our operations could be materially and adversely affected by natural disasters, acts of God, acts of war and terrorism, health epidemics or other outbreaks which are beyond our control

Our business is subject to natural disasters or other acts of God which are beyond our control and may adversely affect the economy, infrastructure, livelihood and society in the PRC or the world as a whole. Acts of war and terrorism, if they happen in the PRC, may also injure our employees, cause loss of lives, damage our production facilities, disrupt our distribution channels and destroy our markets, any or all of which could materially impact our revenue,

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costs, financial conditions and growth potentials. The potential for war or terrorist acts may also cause uncertainty leading to our business to suffer. Our business and operating results may be materially and adversely affected as a result. An outbreak of severe communicable disease in the PRC (in particular the new H7N9 bird flu recently identified in the eastern provinces of the PRC including Jiangsu, which is the province in which most of our business operations are conducted) could result in a material slowdown of economic growth in the PRC and its surrounding regions and disrupt our operations, as well as those of our customers and suppliers, which could have a material adverse effect on our operations, financial conditions and business.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our Shares may not develop

Following the completion of the Global Offering, the Stock Exchange will be the only market on which our Shares are listed. While the shares of our predecessor, Sinosoft UK, were traded on AIM from 6 March 2006 to 3 December 2010, we cannot assure you that an active public trading market for our Shares will develop or be sustained if developed. The Offer Price for our Shares will be determined based upon the negotiations between our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters). It may not necessarily be indicative of the market price of the Shares after the Global Offering is complete. An investor who purchases Shares in the Global Offering may not be able to resell such Shares at or above the Offer Price and, as a result, may lose all or part of the investment in such Shares. In addition, as there will be a gap of several days between the pricing and trading of the Offer Shares, the initial trading price of our Shares could be lower than the Offer Price due to a variety of reasons including material negative events affecting us.

Payment of dividends will depend upon our operating results, future profits, financial position and other factors

In 2010 we did not declare any dividend. In 2011 we declared and fully paid a dividend of US\$10,430,000. In January 2013, we further declared a dividend of US\$3,261,380, which was fully paid on 5 February 2013. These dividends were declared and paid according to our historical financial information which was based on our performance in the past. Any dividends to be proposed by our Directors in the future depend on various factors including, but not limited to, our operating results, future profits, financial position, working capital requirements, general economic conditions or any other factors which our Directors considered relevant. As such, our historical dividend distributions may not reflect our future dividend distribution policy.

Potential investors should be aware that the amount of dividends paid previously should not be used as a reference or basis for predicting future dividends. There is no assurance by our Directors that we will declare any dividend in the future. See the section headed “Financial information — Dividend policy” in this prospectus.

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The liquidity, trading price and the trading volume of the Shares may be volatile

The liquidity, trading price and trading volume of the Shares may fluctuate in response to factors such as:

- actual or anticipated fluctuations in our interim or annual results of operations;
- changes in financial estimates by securities analysts;
- investor perceptions of us and the investment environment in Hong Kong and the PRC;
- changes in policies and developments related to the software and IT industries;
- changes in pricing policies adopted by us and/or our competitors;
- any announcements made by us and/or our competitors;
- the employment or departure of key personnel; and
- release of lock-up or other transfer restrictions on the outstanding Shares or sales or perceived sales of additional Shares by our Company, the Selling Shareholder or other Shareholders.

The stock markets operated by the Stock Exchange has also from time to time experienced significant price and volume fluctuations that affect the market prices of securities listed on it.

As the Offer Price of our Shares is higher than our net tangible asset value per Share, you will experience immediate and substantial dilution

The Offer Price of the Shares is higher than the net tangible asset value per Share issued to existing Shareholders. Accordingly, subscribers or purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma adjusted net tangible asset value of HK\$0.50 per Share (assuming an Offer Price of HK\$1.36 per Offer Share, being the mid-point of the indicative Offer Price range), and existing Shareholders will receive an increase in the net tangible asset value per Share of their Shares.

Shareholders' interest may be diluted as a result of additional equity fund raising

We may need to raise additional funds in the future to finance expansion of our operations or other new acquisitions or projects. If additional funds are raised through the issue of new Shares or other equity-linked securities of us, other than on a pro rata basis to the then existing Shareholders, the percentage ownership of such Shareholders may be reduced, and such new securities may confer rights, options or preferences superior to those of the Shares.

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Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to issue within six months from the Listing Date.

It may be difficult to effect service of process upon or secure judgments against certain Directors and officers

Our PRC subsidiaries are incorporated in the PRC and a substantial portion of our assets are located within the PRC. It may not be possible for investors to effect service of process upon our PRC subsidiaries within the PRC or to enforce any judgments obtained from non-PRC courts against our PRC subsidiaries. The PRC does not have treaties or arrangements providing for the recognition or enforcement of civil judgments made by the courts in many other jurisdictions (except pursuant to the arrangement between the Hong Kong Government and the Supreme People's Court of the PRC as described in the following paragraph). Therefore, the recognition and enforcement in the PRC of judgments obtained in such jurisdictions may be difficult or even impossible. In addition, there are doubts as to the enforceability in original actions brought in the PRC of actions predicated on the laws of other jurisdictions.

On 14 July 2006, the Hong Kong Government and the Supreme People's Court of the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排). Under such arrangement, which became effective on 1 August 2008, a party with a final judgment rendered by a designated Hong Kong court requiring payment of money in a civil and commercial case pursuant to a written choice-of-court agreement may apply to the relevant People's Court in the PRC for recognition and enforcement of the judgment in the PRC and vice versa. A choice of court agreement in writing is any written agreement entered into between the parties after the effective date of such arrangement under which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute concerned. It follows that without a choice-of-court agreement, the parties would not be able to benefit from such arrangement, rendering it impossible to enforce a judgment rendered by a Hong Kong court in the PRC or vice versa. Even in the case where a choice-of-court agreement is in place, the outcome of any action taken under such arrangement may still be uncertain as the interpretation of relevant cases has not been fully developed.

Investors should not place undue reliance on statistics and industry or market information derived from various official or other sources that are contained in this prospectus

Certain statistics, industry data or other information contained in the sections headed "Summary" and "Industry overview" in this prospectus are derived from various official or other official sources and commissioned market research reports. Whilst our Directors have taken all reasonable care to ensure that the facts and statistics are accurately reproduced from such

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sources, such information has not been independently verified by our Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, their respective affiliates, directors and advisers, or any other parties involved in the Global Offering. Such information may be inconsistent, inaccurate, incomplete or out-of-date. None of our Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, their respective directors and advisers or any other parties involved in the Global Offering makes any representation as to the accuracy or completeness of such information which may not be consistent with other information and may not be complete or up to date.

Investors should give careful consideration as to the amount of weight or importance placed on such statistics, industry data and other information relating to the economy and the industry.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering which included, among other things, certain financial information, projections, valuations and other information about our Group and the Global Offering. In particular, we note that South China has made certain announcements in relation to our disputes with Janful and Nanhua (see the section headed “Business — Legal proceedings” in this prospectus). We have not authorised the disclosure of any such information in the press or media and we do not accept any responsibility for the accuracy or completeness of press coverage or other media reports that have not been prepared or approved by us in advance of publication. We make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any such report, projections, valuation or forward-looking information about us, or any of the assumptions underlying such information. We disclaim statements in the press or other media that are inconsistent or conflict with the information contained in this prospectus. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

The protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions, so investors may experience difficulties in enforcing their shareholder rights

Our Company is incorporated in the Cayman Islands and our corporate affairs are governed by the Memorandum and the Articles, the Cayman Islands Companies Law and the common law applicable in the Cayman Islands.

The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands law on protection of minorities is set out in paragraph 3(f) in Appendix III to this prospectus.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, all applicants applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong. This normally means that at least two of the applicant's executive directors must be ordinarily resident in Hong Kong. The business and operations of our Group are primarily located, managed and conducted in Jiangsu, PRC. Substantially all customers of our Group are also located in the PRC. None of our executive Directors are ordinarily based in Hong Kong. We do not and, in the foreseeable future, will not have any management presence in Hong Kong.

Accordingly, we have applied for a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and ourselves:

- (a) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorised representatives are Mr. Yu, an executive Director and Dr. Ngai Wai Fung, the company secretary of our Company. Dr. Ngai Wai Fung is an ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of the two authorised representatives is authorised to communicate on our behalf with the Stock Exchange. We have been registered as a non-Hong Kong company under the Companies Ordinance and Dr. Ngai Wai Fung has been also authorised to accept service of legal process and notices in Hong Kong on our behalf.
- (b) Each of the authorised representatives has means to contact all members of our Board (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and our Directors, we will implement a policy that (a) each executive Director and independent non-executive Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses (if applicable) to the authorised representatives; (b) in the event that an executive Director or independent non-executive Director expects to travel or is out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorised representatives; and (c) all the executive Directors, independent non-executive Directors and authorised representatives will provide their office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) In addition, each of the Directors (including the independent non-executive Directors), who are not ordinarily resident in Hong Kong, have confirmed that they possess or will apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange within a reasonable period.

- (d) In compliance with Rule 3A.19 of the Listing Rules, our Company has appointed a compliance adviser to act as the additional channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The contact person of the compliance adviser will be fully available to answer enquiries from the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable laws in the countries of their respective citizenship, residence and domicile.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus 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 document misleading.

The Global Offering is made solely on the basis of the information contained and the representation made in this prospectus and the related Application Forms. No person is authorised in connection with the Global Offering to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, any of their respective directors or affiliates of any of them or any other person or party involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer which forms part of the Global Offering. For applicants under the Public Offer, this prospectus and the related Application Forms contain the terms and conditions of the Public Offer.

The Listing is sponsored by CMB International. The Public Offer is fully underwritten by the Public Offer Underwriters and the International Placing is expected to be fully underwritten by the International Placing Underwriters. The Global Offering is subject to our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price. The Global Offering is jointly lead managed by the Joint Lead Managers.

If, for any reason, the Offer Price is not agreed among our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For further information, please refer to the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representation made in this prospectus and the related Application Forms. No person is authorised to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, any of their respective directors or affiliates of any of them or any other person or party involved in the Global Offering.

Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of Offer Shares, to confirm, that he is aware of the restrictions on offers and sale of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances contravene any such restrictions.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Capitalisation Issue and the Share Option Scheme). Save as disclosed in this prospectus, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

HONG KONG BRANCH REGISTER AND STAMP DUTY

All Offer Shares sold pursuant to applications made in the Public Offer will be registered on our Company's branch register of members to be maintained in Hong Kong by our branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Our Company's principal register of members will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Dealings in Offer Shares registered in the branch register of members of our Company maintained in Hong Kong will be subject to Hong Kong stamp duty.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in the Offer Shares. None of our Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposition of Offer Shares.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for Public Offer Shares is set out in the section headed “How to apply for Public Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Public Offer, the International Placing and the Global Offering, including its conditions, are set out in the sections headed “Structure and conditions of the Global Offering” and “Further terms and conditions of the Public Offer” in this prospectus.

ROUNDING

Certain monetary amounts included in this prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangement have been made for the shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advice for details of this settlement arrangements and how such arrangements will affect their rights and interests.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
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Executive Directors

Xin Yingmei (辛穎梅)	Block 10 Dongyuanbendao Baijiahu Villa Garden Nanjing, Jiangsu PRC	Chinese
Yu Yifa (余義發)	Room 1809, Unit 3 Time Square No. 8 Dongbao Road Gulou District Nanjing, Jiangsu PRC	Singaporean

Independent non-executive Directors

Kang Choon Kiat (江春杰)	18 Ewe Boon Road #03-05 Singapore	Singaporean
Kwauk Teh Ming, Walter (郭德明)	Flat 18-B Greenland Court 56 Macdonnell Road Central Hong Kong	Canadian
Zong Ping (宗平)	Room 2306 No. 2 Moonlight Square Gulou District Nanjing, Jiangsu PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	CMB International Capital Limited Units 1803-4, 18th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
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DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators	CMB International Capital Limited Units 1803-4, 18th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	China International Capital Corporation Hong Kong Securities Limited 29th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited Units 1803-4, 18th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
	RHB OSK Securities Hong Kong Limited 12th Floor World-Wide House 19 Des Voeux Road Central Central Hong Kong
Financial adviser to our Company	China International Capital Corporation Hong Kong Securities Limited 29th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Legal advisers to our
Company**

As to Hong Kong law:
Sidley Austin
Level 39
Two International Finance Centre
8 Finance Street
Central, Hong Kong

As to PRC law:
Jingtian & Gongcheng
34th Floor, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing 100025
PRC

As to Cayman Islands law:
Conyers Dill & Pearman (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Legal advisers to the Sole
Sponsor and the
Underwriters**

As to Hong Kong law:
Pang & Co. in association with Loeb & Loeb LLP
21st Floor, CCB Tower
3 Connaught Road Central
Hong Kong

As to PRC law:
FenXun Partners
Suite 1008, China World Office 2
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
PRC

**Auditors and reporting
accountants**

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

Receiving bankers

Wing Lung Bank Limited
Wing Lung Bank Building
45 Des Voeux Road Central
Central
Hong Kong

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters in the PRC	No. 26 Tianpu Road Jiangpu Street Pukou District Nanjing City Jiangsu PRC
Principal place of business in Hong Kong	3907-08, 39/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company's website address	<u>www.sinosoft-technology.com</u> <i>(information contained in this website does not form part of this prospectus)</i>
Company secretary	Dr. Ngai Wai Fung <i>FCIS, FCS(PE), CPA, FCCA</i>
Authorised representatives	Mr. Yu Yifa Room 1809, Unit 3 Time Square No. 8 Dongbao Road Gulou District Nanjing, Jiangsu PRC Dr. Ngai Wai Fung 26A Wah Shan Mansion 17 Taikoo Shing Road Quarry Bay Hong Kong
Compliance adviser	TC Capital Asia Limited Suite 1904, 19th Floor, Tower 6 The Gateway, Harbour City Kowloon Hong Kong

CORPORATE INFORMATION

Audit committee	Mr. Kwauk Teh Ming, Walter (Chairman) Mr. Kang Choon Kiat Mr. Zong Ping
Remuneration committee	Mr. Kang Choon Kiat (Chairman) Mr. Kwauk Teh Ming, Walter Mr. Yu Yifa
Nomination committee	Ms. Xin Yingmei (Chairlady) Mr. Kwauk Teh Ming, Walter Mr. Zong Ping
Investment management committee	Mr. Kang Choon Kiat (Chairman) Mr. Kwauk Teh Ming, Walter Mr. Zong Ping
Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal bankers	Shanghai Pudong Development Bank No. 333 Tian Ping Nan Road Bai Xia District Nanjing, Jiangsu PRC China Merchants Bank No. 206 Zhong Shan Bei Road Gu Lou District Nanjing, Jiangsu PRC

INDUSTRY OVERVIEW

This section contains certain information which is derived from official government publications and Independent Third Party publications, which include a report we commissioned from Ipsos Hong Kong Limited and a report we purchased from CSIA. The information extracted from the Ipsos Report and the CSISI Reports reflects estimates of market conditions based on samples, and is prepared primarily as a marketing research tool. References to Ipsos Hong Kong Limited and CSIA should not be considered as opinion of Ipsos Hong Kong Limited and CSIA as to the value of any security or the advisability of investing in us.

Our Directors believe that the official government publications and sources of the information extracted from the Ipsos Report and the CSISI Reports are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information extracted from the official government publications, the Ipsos Report and the CSISI Reports has not been independently verified by us, the Selling Shareholder, or any of our or its, affiliates or advisers, nor by the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Sole Sponsor, Underwriters or any of their respective directors, affiliates or advisers or any party involved in the Global Offering. Further, the information from official government publications may not be consistent with information available from other sources within or outside the PRC. We, the Selling Shareholder, our affiliates or advisers, the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Sole Sponsor, Underwriters or their respective directors, affiliates or advisers, or any party involved in the Global Offering do not make any representation as to the accuracy, completeness or fairness of such information and, accordingly, you should not unduly rely on such information.

SOURCES OF INFORMATION

Report commissioned from Ipsos Hong Kong Limited

We engaged the business consulting unit of Ipsos Hong Kong Limited to undertake a research on the defined software market in the PRC, which includes export tax software market, e-Government software market and information integration software market at a fee of approximately HK\$268,000. The research is set out in the Ipsos Report. Our Directors confirm that Ipsos Hong Kong Limited, including all of its subsidiaries, divisions and units, is independent of and not connected with us in any way.

Ipsos Hong Kong Limited, on behalf of itself, its subsidiaries and units, has confirmed that the Ipsos Report was prepared in its ordinary course of business, and has given its consent for us to quote from the Ipsos Report and to use information contained in the Ipsos Report in this prospectus.

INDUSTRY OVERVIEW

The information contained in the Ipsos Report is derived by means of data and intelligence gathering methodology which includes: (i) desk research conducted by the business consulting unit of Ipsos Hong Kong Limited including specialised industry literature, government/regulatory sources, online data sources, third-party reports and surveys, industry reports and analyst reports, industry associations and the database maintained by Ipsos Hong Kong Limited; and (ii) primary research by interviews with key stakeholders and industry experts.

According to the business consulting unit of Ipsos Hong Kong Limited, Ipsos Hong Kong Limited is a member of Ipsos, which is a market research and consulting group with offices in across 84 countries. Services of the business consulting unit of Ipsos Hong Kong Limited include market profiling, sizing, share and segmentation analysis, distribution and value chain analysis, and forecasting and scenario planning.

The Ipsos Report is based on the assumptions: (i) the PRC economy is assumed to maintain a steady growth across the forecast period; (ii) the supply of software in PRC is assumed to be stable and without shortage over the forecast period; (iii) it is assumed that there is no external shock such as natural disasters or the wide outbreak of diseases to affect the demand and supply of software during the forecast period; (iv) the data, except for export tax software in 2012, in the report only counts for the sales and revenues directly generated from software, but not including hardware and training value etc. generated, or free offering; and (v) all data for 2012 in the report are in estimation unless otherwise stated.

This prospectus, particularly in the sections headed “Industry overview” and “Business” contains some information extracted from the Ipsos Report.

Reports purchased from China Software Industry Association

We purchased the CSISI Reports 2010, 2011 and 2012 at the total cost of approximately RMB7,200. CSIA is a nation-wide organisation led by MIIT and is an Independent Third Party. It was founded in 1984 and is engaged in software research and development, publishing, sales, training, software industry consultation, market research, information system research and development, information services, etc. It was registered at the Ministry of Civil Affairs of the PRC and is an approved and authoritative organisation of the PRC software industry.

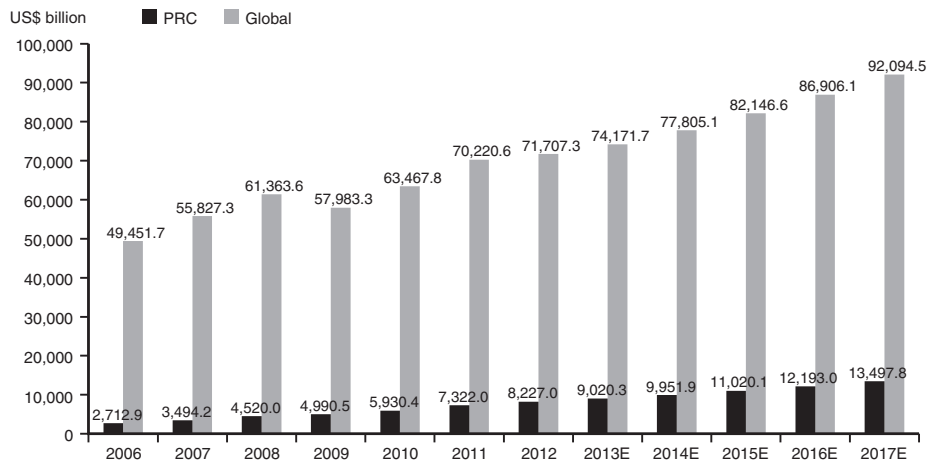
Rapid growth of the PRC economy

The PRC economy has grown rapidly since the economic reform initiated by the PRC government in the early 1980s. The PRC’s gradual economic reform, which included the designation of special economic zones in cities such as Shenzhen had provided a platform for a certain degree of free trade, which contributed greatly to the rapid expansion of the PRC economy in the past decade. In 2010, the PRC surpassed Japan as the second largest economy in the world, only after the United States. According to the National Bureau of

INDUSTRY OVERVIEW

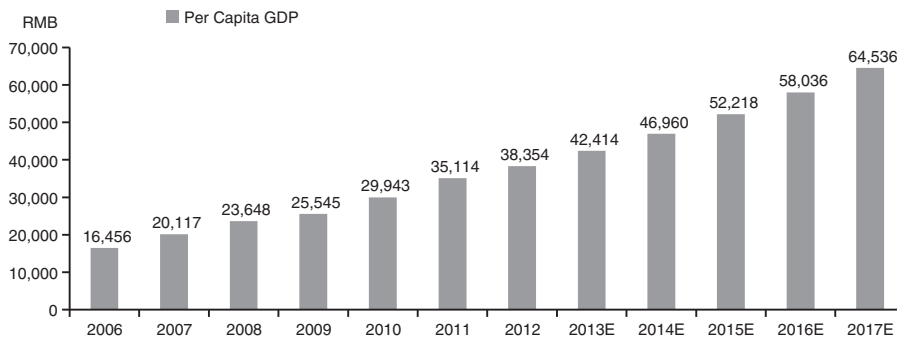
Statistics of China, the PRC's nominal gross domestic product, or GDP, grew at a CAGR of approximately 14.3%, from approximately RMB26,581 billion in 2007 to approximately RMB51,932 billion in 2012. Nominal GDP per capita in the PRC grew at a CAGR of approximately 13.8%, from approximately RMB20,177 in 2007 to approximately RMB38,354 in 2012, and was among the highest of developing countries in the Asia Pacific region. According to the World Economic Outlook Database, last updated in April 2013, issued by the International Monetary Fund (the "IMF"), the nominal GDP of the PRC is projected to grow at a CAGR of approximately 10.6% from 2013 to 2017, attaining a nominal GDP of approximately US\$13,497.8 billion in 2017. From 2006 to 2012, the global GDP growth maintained moderate growth. The nominal global GDP growth grew at a CAGR of approximately 6.3% from 2006 to 2012 and is projected to grow at a CAGR of approximately 5.4% from 2013 to 2017. The chart below sets out the historical and projected nominal GDP in the PRC as compared to the global GDP for the periods indicated.

Nominal GDP (the PRC vs. Global), 2006-2017E



Source: Historical data of the PRC (2006-2012) and projected data of the PRC (2013E-2017E): IMF

Per capita nominal GDP in the PRC, 2006-2017E



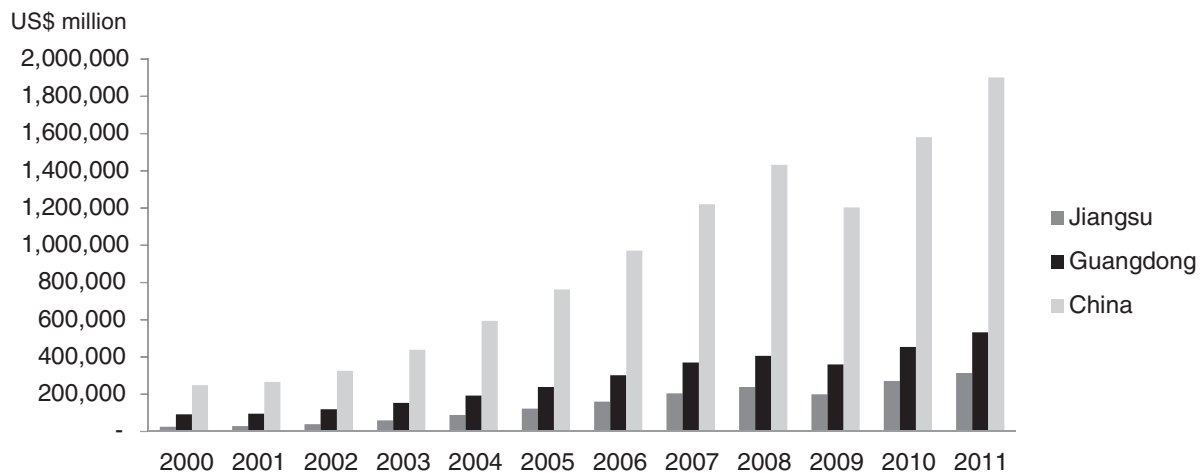
Source: Historical data (2006-2012) and projected data (2013E-2017E): IMF

INDUSTRY OVERVIEW

Export of the PRC

According to the statistics from China Customs and CSISI Report 2012, the total value of exports in 2009 dropped by approximately 15.9% as compared to the previous year, to approximately US\$1,201.7 billion due to the outbreak of the global financial crisis. It has been the first time to record a year-on-year drop in the total export value in the PRC in the past two decades. Entering into 2010, demand from the overseas has started to pick up and the annual export value in the PRC amounted to approximately US\$1,577.9 billion, exceeding the export value before the outbreak of the global financial crisis in 2009 and representing a significant growth of approximately 31.3% compared to the previous year. In 2011, annual exports increased to approximately US\$1,898.8 billion representing a significant growth of approximately 20.3%. The chart below shows the total exports in the PRC from 2000 to 2011.

2000-2011 PRC and Regional Export Value



Source: China Customs and CSISI Report 2012.

According to the Ipsos Report, Jiangsu is ranked within the top two provinces in the PRC by import and export values and the level of foreign investment in 2012. The GDP of the region was approximately 10.4% of the total GDP of the PRC, and the export refund value of the region was approximately 16.8% of the total in the PRC in 2012.

Jiangsu was ranked second in the PRC in terms of total export value from 2009 to 2011, following Guangdong province. The total export value of Jiangsu was approximately US\$270.5 billion and US\$312.6 billion in 2010 and 2011 respectively, which represented approximately 17.1% and 16.5% of total export value of the PRC in the same period.

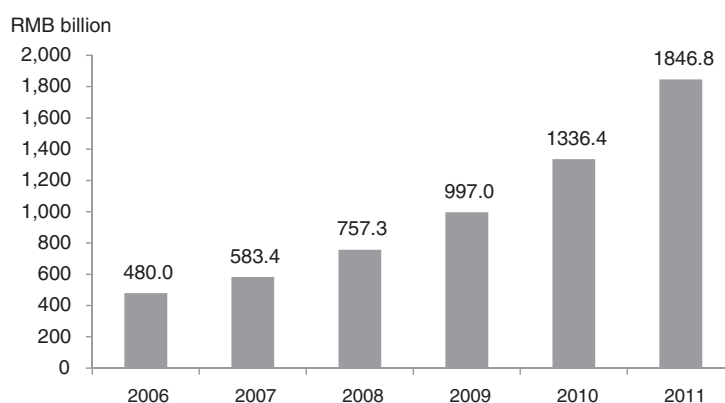
INDUSTRY OVERVIEW

We believe our leading position in Jiangsu in the export tax software business will benefit from the recovery of the export industry of Jiangsu following the financial crisis in 2008 and continue to grow.

Overview of the electronic information industry in the PRC

According to the CSISI Report 2012, the total revenue of the PRC electronic information industry increased by approximately 28.3% from approximately RMB6,081.8 billion for the year 2009 to approximately RMB7,800.0 billion for the year 2010 and further increased 19.7% to approximately RMB9,337.7 billion for the year 2011, and in which the total revenue of the software and information services industry increased by approximately 85.2% from approximately RMB997.0 billion for the year 2009 to approximately RMB1,846.8 billion for the year 2011, which accounted for approximately 16.4%, 17.1%, and 19.8% of the total revenue of the PRC electronic information industry for the year 2009, 2010 and 2011, respectively.

Revenue of the PRC software and information services industry for the years 2006 to 2011

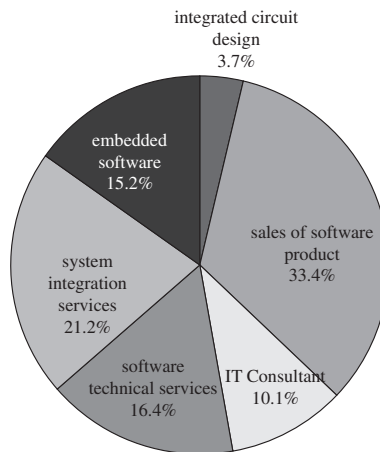


Source: CSISI Report 2012

INDUSTRY OVERVIEW

The PRC software and information services industry, which includes the sales of software products, software technical services, system integration services, embedded software and integrated circuit design, is an emerging market. According to CSISI Report 2012, the structure of the PRC software and information services industry in terms of revenue is shown as follows:

The structure of the PRC software and information services industry for the year 2011 in terms of revenue



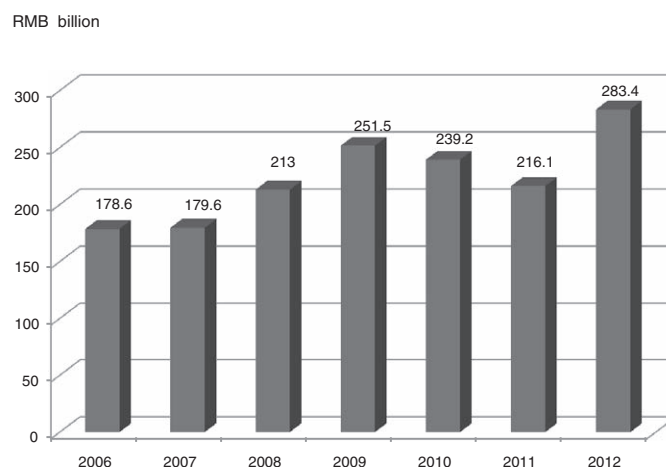
Source: CSISI Report 2012

Although the PRC software and information services industry had been negatively affected by the global financial crisis during the end of the year 2008, the increasing domestic market demand for the software and information services still attracted a lot of investment for the development of this industry. According to the Ipsos Report, based on the source from MIIT there were about 26,202 software companies in the PRC in 2012 as compared to about 20,719 in 2008, which represented an increase of approximately 26.5% over the period. When compiling the total number of software companies in the PRC in 2011, Ipsos advised that MIIT only took into account the software companies having annual revenue of more than RMB 5 million.

The following graph shows the total amount of investment made on information transmission, computer related services and software industry in urban area in China over the years from 2006 to 2012. There had been an increasing focus on this industry as illustrated by an increasing investment amounts from approximately RMB178.6 billion for the year 2006 to approximately RMB251.5 billion for the year 2009. The amount of investment slightly decreased for the years 2010 and 2011 to approximately RMB239.2 billion and RMB216.1 billion respectively. And the amount of investment increased to RMB283.4 billion for the year 2012.

INDUSTRY OVERVIEW

Investment on information transmission, computer related services & software industry for the years 2006-2012



Source: National Bureau of Statistics of China

Key market drivers

The PRC government is committed to develop the software industry and has promulgated several policies to support the industry, such as favourable tax treatment, human resources support and supply of R&D resources to encourage the development of the software industry. This is expected to boost the future growth of the PRC software and information services industry.

Another key growth driver is that the development of e-Government systems has been highlighted as one of the strategic goals of the national informatisation development, and the PRC government has encouraged the implementation of e-Government systems so as to foster transparency of governance and the interactions between citizens, business entities and government agencies. The PRC government agencies are encouraged to, among other things, purchase services from professional software enterprises and information service enterprises to build up their e-Government platforms. This factor is expected to have a positive impact of the future development of the e-Government software market.

In addition, the increase in IT investment and the upsurge in export activities of the PRC market have also provided a favourable condition for the development of the PRC software and information services industry.

INDUSTRY OVERVIEW

Key market restraints

The Directors believe that the prospect of the PRC software and information services industry is attractive to newcomers and can potentially create intense competition. According to the Ipsos Report, there were about 26,202 software companies in the PRC in 2012 as compared to about 20,719 in 2008, which represented an increase of approximately 26.5% over the period.

Barriers to entry

According to the Ipsos Report, the entry barriers to the PRC software and information services industry include the followings:

Qualification and certification

Level 5, the highest level, qualification for CMM (Capability Maturity Model) or CMMI (Capability Maturity Model Integration) certification are difficult to obtain. Up to the Latest Practicable Date, it only had about 60 certifications awarded in China. Without the competitive edge in professional qualifications and certifications, software companies will be at disadvantages to compete and survive in the software market in the PRC. These qualifications and certifications set basic entry barriers for software companies looking to enter the PRC market.

Sales channels

The leading companies in the PRC have already established stable customer relationship through long-term cooperation and services. The chance to switch to new software companies is low. This poses challenges for new entrants to build up a solid customer base in the short term and to survive in the long term.

Industry experience

New entrants without sufficient industry knowledge will struggle to understand the sophisticated needs of clients on their business processes and applications environment. In addition, market users may feel reluctant to use the services and products of new entrants which will hinder the market opportunities of them.

Research and development

High calibre technical and management personnel are relatively limited in the industry. Companies therefore may have to pay high salary to attract talents, which could create high fixed cost for a start-up. Software products are high-technology products which have high reliance on R&D, and investment in R&D will require high capital which can potentially be a bottleneck constraint to the development of software enterprises in the PRC.

INDUSTRY OVERVIEW

Market share of defined software by products in China and Jiangsu

China	*Export tax software and related services (**Paid version for basic edition)	*Export tax software and related services (**Free version for basic edition)	*e-Government solutions	Information integration software	System integration solutions	Others	Total
2010							
Market Revenue in China (RMB million)	23.1	62.3	4,371.0	11,569.0	6,011.0	93,663.6	115,700.0
Segment Share (%)	—	—	3.8	10.0	5.2	81.0	100.0
Our Group's segment revenue (RMB million)	23.1	—	34.0	25.9	69.3	—	
Our Group's segment share in China (%)	100	—	0.8	0.2	1.2	—	
2011							
Market Revenue in China (RMB million)	30.6	73.3	5,158.3	13,674.2	7,128.2	110,230.1	136,294.7
Segment Share (%)	—	—	3.8	10.0	5.2	81.0	100.0
Our Group's segment revenue (RMB million)	30.6	—	61.6	28.4	56.7	—	
Our Group's segment share in China (%)	100	—	1.2	0.2	0.8	—	
2012							
Market Revenue in China (RMB million)	—	122.3	6,035.2	16,039.8	8,451.6	128,901.4	159,550.3
Segment Share (%)	—	0.1	3.8	10.1	5.3	80.7	100.0
Our Group's segment revenue (RMB million)	—	39.0	63.1	55.7	55.7	—	
Our Group's segment share in China (%)	—	31.9	1.0	0.3	0.7	—	

INDUSTRY OVERVIEW

Jiangsu	*Export tax software and related services (**Paid version for basic edition)	*Export tax software and related services (**Free version for basic edition)	*e-Government solutions	Information integration software	System integration solutions	Others	Total
2010							
Market Revenue in Jiangsu (RMB million)	23.1	—	472.0	1,279.0	630.0	9,415.9	11,820.0
Segment Share (%)	0.2	—	4.0	10.8	5.3	79.7	100.0
Our Group's segment revenue (RMB million)	23.1	—	34.0	25.9	69.3	—	
Our Group's segment share in Jiangsu (%)	100	—	7.2	2.0	11.0	—	
2011							
Market Revenue in Jiangsu (RMB million)	30.6	—	627.1	1,523.4	752.5	11,132.2	14,065.8
Segment Share (%)	0.2	—	4.5	10.8	5.4	79.1	100.0
Our Group's segment revenue (RMB million)	30.6	—	61.6	28.4	56.7	—	
Our Group's segment share in Jiangsu (%)	100	—	9.8	1.9	7.5	—	
2012							
Market Revenue in Jiangsu (RMB million)	—	39.0	677.2	1,800.2	896.3	13,112.1	16,524.8
Segment Share (%)	—	0.2	4.1	10.9	5.4	79.4	100.0
Our Group's segment revenue (RMB million)	—	39.0	63.1	55.7	55.7	—	
Our Group's segment share in Jiangsu (%)	—	100	9.3	3.1	6.2	—	

Sources: Ipsos Report

Note: * Revenue excluding VAT refund

** Paid version for basic edition refers to revenue generated from selling basic edition of export tax software and the additional functions and customisations on top of it, as well as the related services such as training. Free version for basic edition refers to revenue generated from offering free basic edition of export tax software, but charge for additional functions and customisations on top it as well as the related services such as training.

As revenue generated from advanced products and services is strongly linked to the sales of basic export tax software products in 2010 and 2011, the revenue cannot be split completely as basis of categorisation.

INDUSTRY OVERVIEW

According to the Ipsos Report, the total market revenue of the software market grew at a CAGR of approximately 17.4% and 18.2% in the PRC and Jiangsu respectively from the year 2010 to the year 2012. The Group offered both free and paid export tax software products but was the only market player offering paid export tax software products in the PRC for the years ended 31 December 2010 and 2011, which the major competitors of the Group were offering free export tax software. As a result, our Group's segment revenue of its export tax software business is equivalent to the market sizes of paid export tax software in the PRC and Jiangsu for the years ended 31 December 2010 and 2011 (i.e. ranked the first in the PRC and Jiangsu in terms of market share and revenue generation).

In January 2012, our Group started to offer free download of the Skytech ETM System on website and ceased its sales. The Group was ranked second in the PRC and first in Jiangsu in terms of revenue generated on export tax software and related services in 2012. The revenue of e-Government software increased at a CAGR of approximately 17.5% and 19.8% respectively in the PRC and Jiangsu, while the revenue of information integration software increased at a CAGR of approximately 17.7% and 18.6% respectively in the PRC and Jiangsu for same period, and the revenue contributed by the system integration solutions segment increased at the CAGR of approximately 18.6% and 19.3% in the PRC and Jiangsu for the same period.

Other than the four products mentioned in above tables, other products includes (i) products application software such as Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Supply Chain Management (SCM), (ii) application development and deployment software for functions such as database management, and (iii) system infrastructure software for the usage of security, storage, etc.

Export tax software market

According to the Ipsos Report, export tax software enhances the efficiency of export taxation filing process and has led a trend to become a necessity for export enterprises in China, especially in major exporting provinces, such as Jiangsu, that carry strong flows of exports. Export tax software does not only make the processes of export tax exemption, deduction and rebate to be more time and cost efficient, but also eliminates a lot of manipulation mistakes such as duplication of information and delays. Jiangsu and Hainan provinces are the earliest adopters of export tax software in the PRC.

In order to communicate and transmit their taxation information for registration, export enterprises must adopt the same software as the local governments. Therefore, local government has the most dominating power to select the types of system and software and the software providers for adoption and, a good business relationship with governments is an important criterion to distinguish a successful software company from its competitors. Currently, as the Jiangsu Tax Bureau has adopted our export tax management system, enterprises that need to execute export tax rebate/exemption filing could do so through our filing-suite software.

INDUSTRY OVERVIEW

Regarding the competitive landscape of export tax software products in PRC, each local government usually adopts the export tax system by selecting a single software provider, and export companies in the region that wish to perform tax filings electronically will need to comply with the related local government to adopt the export tax software from the designated software provider. Therefore, the export tax system providers compete to win the bids from local governments. Building long term relationship with local governments is important for export tax system providers to gain the continual adoption by these local governments. This situation applies to the whole nation, including the Jiangsu.

Export is an important activity in Jiangsu, where the GDP of Jiangsu was approximately 10.4% of the total GDP of the PRC for the year 2012, and the export refund value of the province was approximately 16.8% of the total export refund value of the PRC for the year 2012. Export tax software has shown an increasing adoption and usage growth rate in the region. In Jiangsu, there are about 50,000 manufacturers and export companies, which nearly all of them are now using export tax software. The number of new registrations of export companies in Jiangsu is about 6,000 per year, which gives the momentum to uplift the usage of export tax software in the region. In addition, the export rebate rate has been increasing since 2008. Given that tax refund is an important feature of the export tax software, and using export tax software can shorten the tax rebate process and indirectly increase the speed of cash flow in the export enterprises, the usage of export tax software is strongly encouraged by the provincial government of Jiangsu to strengthen the competitiveness of the local companies. For the three years ended 31 December 2012, our revenue contributed by export tax software and related services has increased from approximately RMB23.1 million in 2010 to approximately RMB39.0 million in 2012, which represents a CAGR of approximately 29.9%.

INDUSTRY OVERVIEW

The tables below show the share by revenue of the export tax software providers in the PRC and Jiangsu:

Export tax software provider in China in 2010 (Paid version for basic edition)

Rank	Name of company	Revenue in 2010	Share by revenue in 2010
		<i>(RMB million)</i>	<i>(%)</i>
1	Our Group	23.1	100.0
	Total	23.1	100.0

Export tax software provider in Jiangsu in 2010 (Paid version for basic edition)

Rank	Name of company	Revenue in 2010	Share by revenue in 2010
		<i>(RMB million)</i>	<i>(%)</i>
1	Our Group	23.1	100.0
	Total	23.1	100.0

Export tax software provider in China in 2011 (Paid version for basic edition)

Rank	Name of company	Revenue in 2011	Share by revenue in 2011
		<i>(RMB million)</i>	<i>(%)</i>
1	Our Group	30.6	100.0
	Total	30.6	100.0

Export tax software provider in Jiangsu in 2011 (Paid version for basic edition)

Rank	Name of company	Revenue in 2011	Share by revenue in 2011
		<i>(RMB million)</i>	<i>(%)</i>
1	Our Group	30.6	100.0
	Total	30.6	100.0

INDUSTRY OVERVIEW

Export tax software providers in China in 2012 (Free version for basic edition)

Rank	Name of company	Revenue in 2012	Share by revenue in 2012
		<i>(RMB million)</i>	<i>(%)</i>
1	Dalian Dragon Dream Information Technology Co. Ltd. (大連龍圖資訊技術有限公司)	83.3	68.1
2	Our Group	<u>39.0</u>	<u>31.9</u>
	Total	<u>122.3</u>	<u>100.0</u>

Export tax software provider in Jiangsu in 2012 (Free version for basic edition)

Rank	Name of company	Revenue in 2012	Share by revenue in 2012
		<i>(RMB million)</i>	<i>(%)</i>
1	Our Group	<u>39.0</u>	<u>100.0</u>
	Total	<u>39.0</u>	<u>100.0</u>

Our revenue generated from export tax software and related services comprised (i) a series of software products (including advanced products on payment scheme) which aims to automate the application process of export tax rebate and enable exporters to manage, organise and analyse export tax rebate documentation easily and effectively; and (ii) related services such as provision of consultation and training on export tax management. In January 2012, we started to offer free download of the Skytech ETM System on our website and ceased its sales with a view to expanding our customer base and attract more customers for our high-end tax rebate application suites with advanced functions that were on payment scheme. The revenue generated from export tax software subsequently rose by approximately RMB8.1 million in 2012, more than offsetting the reduction in revenue of approximately RMB3.6 million in relation to the free offering of the Skytech ETM System.

e-Government market

According to the Ipsos Report, the PRC has completed Phase 1 of the National e-Government Extranet Project (國家電子政務外網工程) by December 2009, the purposes of which are to enhance the transparency and efficiency of the administration and strengthen the linkage among different government agencies. Over 400,000 terminals have been linked to e-Government systems consisting of 70 central departments and more than 10,000 local government agencies.

INDUSTRY OVERVIEW

e-Government software enables the government agencies to communicate, interact, and connect with citizens, enterprises, and other government agencies, which allows the management of government agencies to become more efficient. Enhanced transparency of the government agencies make communications more convenient and reduce costs of manpower. With the increasing need for the exchange of real-time information, the complexity of function and processing speed of the e-Government software have been enhanced by simplifying the redundancy and duplication of different functioned systems.

Regarding the competitiveness landscape of e-Government solutions in the PRC, as government agencies are of the major clients of software companies, local suppliers are more competitive under the policy which gives priority to local companies in tenders and bids. The leading players have large local user base, and local providers dominate the e-Government software markets in Jiangsu region because the Jiangsu government has encouraged the use of local software resources, which are well-developed, compared to other cities in the PRC. Government agencies will consider the following criteria to select, through the method of open bidding, the providers of the e-Government software: (i) reliable data security; (ii) high expandability and efficiency; (iii) strong track record and past experiences, and (iv) satisfactory after-sales services

E-Government software has been widely adopted in Jiangsu, the usage development level of which is higher than the national average. Jiangsu adopts e-Government software to enhance the efficiency of government-related activities and administration, to provide services to the public with higher quality, and to reduce paper use.

The tables and diagrams below show the share by revenue of the top five e-Government software providers in the PRC and Jiangsu:

Top five e-Government software providers in China in 2010

Rank	Name of company	Revenue in 2010	Share by Revenue in 2010
		<i>(RMB million)</i>	<i>(%)</i>
1	Yonyou Software Co. Ltd. (用友軟件股份有限公司)	489.73	11.2
2	Taiji Computer Corporation Ltd. (太極計算機股份有限公司)	438.70	10.0
3	Aisino Corporation Inc. (航天信息股份有限公司)	376.28	8.6
4	Neusoft Corporation Ltd. (東軟集團股份有限公司)	316.36	7.2
5	China National Software & Service Co. Ltd. (中國軟件與技術服務股份有限公司)	202.41	4.6
	Others	<u>2,547.52</u>	<u>58.4</u>
	Total	<u><u>4,371.00</u></u>	<u><u>100.0</u></u>

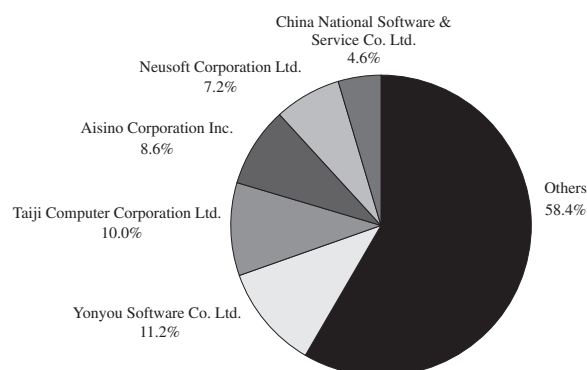
INDUSTRY OVERVIEW

Top five e-Government software providers in Jiangsu in 2010

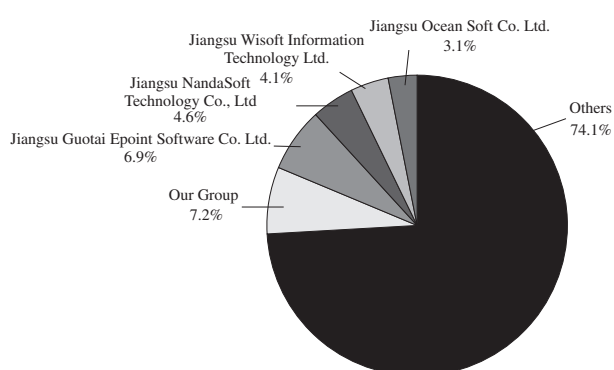
Rank	Name of company	Revenue in 2010 <i>(RMB million)</i>	Share by Revenue in 2010 <i>(%)</i>
1	Our Group	33.99	7.2
2	Jiangsu Guotai Epoint Software Co. Ltd. (江蘇國泰新點軟件有限公司)	32.62	6.9
3	Jiangsu NandaSoft Technology Co. Ltd. (南大蘇富特科技股份有限公司)	21.74	4.6
4	Jiangsu Wisoft Information Technology Ltd. (江蘇中科惠軟信息技術有限公司)	19.20	4.1
5	Jiangsu Ocean Soft Co. Ltd. (江蘇歐索軟件有限公司)	14.81	3.1
	Others	<u>349.64</u>	<u>74.1</u>
	Total	<u>472.00</u>	<u>100.0</u>

For the year ended 31 December 2010

Share by revenue of the top five e-Government software providers in China in 2010



Share by revenue of the top five e-Government software providers in Jiangsu in 2010



Source: Ipsos Report

INDUSTRY OVERVIEW

Top five e-Government software providers in China in 2011

Rank	Name of company	Revenue in 2011	Share by revenue in 2011
		<i>(RMB million)</i>	<i>(%)</i>
1	Taiji Computer Corporation Ltd. (太極計算機股份有限公司)	468.97	9.1
2	Yonyou Software Co. Ltd. (用友軟件股份有限公司)	438.35	8.5
3	Aisino Corporation Inc. (航天信息股份有限公司)	401.90	7.8
4	Neusoft Corporation Ltd. (東軟集團股份有限公司)	394.17	7.6
5	China National Software & Service Co. Ltd. (中國軟件與技術服務股份有限公司)	316.60	6.1
	Others	<u>3,138.31</u>	<u>60.9</u>
	Total	<u><u>5,158.30</u></u>	<u><u>100.0</u></u>

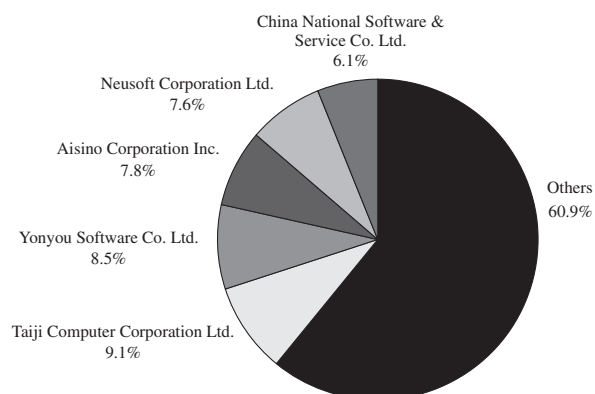
Top five e-Government software providers in Jiangsu in 2011

Rank	Name of company	Revenue in 2011	Share by revenue in 2011
		<i>(RMB million)</i>	<i>(%)</i>
1	Our Group	61.60	9.8
2	Jiangsu Guotai Epoint software Co. Ltd. (江蘇國泰新點軟件有限公司)	57.92	9.2
3	Jiangsu NandaSoft Technology Co. Ltd. (南大蘇富特科技股份有限公司)	27.33	4.4
4	Jiangsu Wisoft Information Technology Ltd. (江蘇中科惠軟信息技術有限公司)	24.93	4.0
5	Jiangsu Ocean Soft Co. Ltd. (江蘇歐索軟件有限公司)	16.83	2.7
	Others	<u>438.49</u>	<u>69.9</u>
	Total	<u><u>627.10</u></u>	<u><u>100.0</u></u>

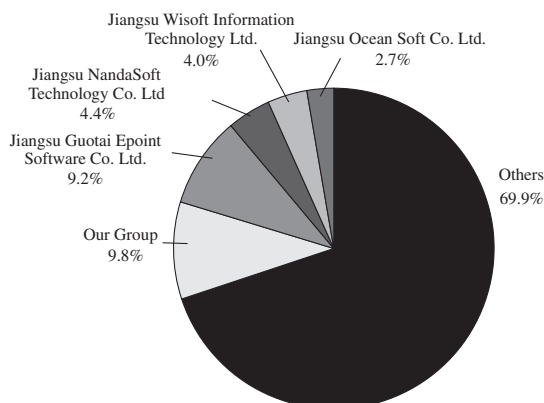
INDUSTRY OVERVIEW

For the year ended 31 December 2011

Share by revenue of the top five e-Government software providers in China in 2011



Share by revenue of the top five e-Government software providers in Jiangsu in 2011



Source: Ipsos Report

Top five e-Government software providers in China in 2012

Rank	Name of company	Revenue in 2012	Share by Revenue in 2012
		(RMB million)	(%)
1	Taiji Computer Corporation Ltd. (太極計算機股份有限公司)	534.62	8.9
2	Yonyou Software Co. Ltd. (用友軟件股份有限公司)	481.30	8.0
3	Neusoft Corporation Ltd. (東軟集團股份有限公司)	473.00	7.8
4	Aisino Corporation Inc. (航天信息股份有限公司)	397.88	6.6
5	China National Software & Service Co. Ltd. (中國軟件與技術服務股份有限公司)	327.68	5.4
	Others	<u>3,820.72</u>	<u>63.3</u>
	Total	<u><u>6,035.20</u></u>	<u><u>100.0</u></u>

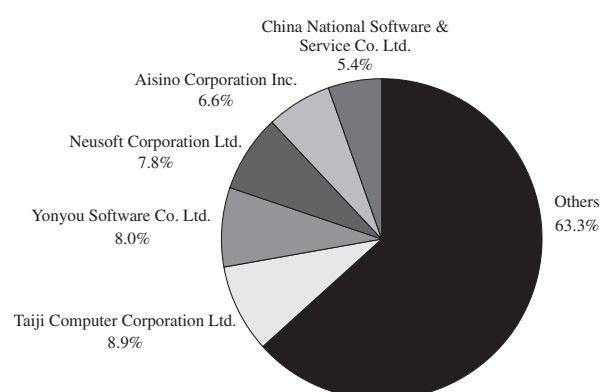
INDUSTRY OVERVIEW

Top five e-Government software providers in Jiangsu in 2012

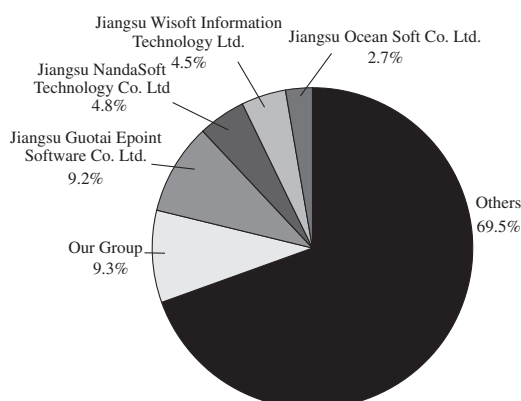
Rank	Name of company	Revenue in 2012 <i>(RMB million)</i>	Share by Revenue in 2012 <i>(%)</i>
1	Our Group	63.10	9.3
2	Jiangsu Guotai Epoint software Co. Ltd. (江蘇國泰新點軟件有限公司)	62.21	9.2
3	Jiangsu NandaSoft Technology Co. Ltd. (南大蘇富特科技股份有限公司)	32.31	4.8
4	Jiangsu Wisoft Information Technology Ltd. (江蘇中科惠軟信息技術有限公司)	30.59	4.5
5	Jiangsu Ocean Soft Co. Ltd. (江蘇歐索軟件有限公司)	18.60	2.7
	Others	<u>470.39</u>	<u>69.5</u>
	Total	<u>677.20</u>	<u>100.0</u>

For the year ended 31 December 2012

Share by revenue of the top five e-Government software providers in China in 2012



Share by revenue of the top five e-Government software providers in Jiangsu in 2012



Source: Ipsos Report

For the period of 2010 to 2012, our Group's ranking remained the top in Jiangsu in terms of revenue for providing e-Government software. The revenues of the top five providers of e-Government software in the PRC together shared approximately 40.8%, 38.9% and 36.7% of the total market revenue for the year 2010, 2011 and 2012 respectively. The revenue of the top five providers of the e-Government software in Jiangsu together shared approximately 25.9%, 30.1% and 30.5% of the total market for the year of 2010, 2011 and 2012 respectively.

INDUSTRY OVERVIEW

Carbon emission monitoring software market

In 2010, China central government started promoting the taxes on carbon emission. The tax rates will be charged in direct proportion of the activeness in manufacturing and operation, after the completion of the research report of “The Framework Design of Carbon Taxes in China” (中國碳稅稅制框架設計). Therefore, since 2010, there has been a need for carbon emission monitoring software to connect between government and enterprises for the filing of carbon emission information for taxation. By adopting carbon emission monitoring software, enterprises can understand the carbon emission in different steps during productions or different departments, so that it is better to manage and reduce the energy consumed, and thus lower the cost of operation. Moreover, enterprises can enhance the image and credibility through the disclosure of carbon emission information to win the confidence of consumers and investors.

Regarding the competitive landscape of carbon emission monitoring software, per Ipsos Report, there were only three carbon emission monitoring software providers in the PRC in 2012, our Group being one of them. We were the only provider of carbon management solutions in Jiangsu during 2011 to 2012. Besides enterprises, local governments are the main customers of carbon emission monitoring software. The technology quality of the software products, the design, project experience and after-sales service are the key considerations for choosing service providers.

Carbon emission monitoring software is still at the developing stage, which has emerged because of the government’s “Twelfth Five-year Plan” (十二五規劃) to promote the reduction of carbon emission to protect the environment as the economy grows.

Information integration software market

A number of developments in system hardware have made a dramatic impact on database technology in recent years. Servers now have multiple processors that can have two or even four cores. At the hardware level, systems can execute many more threads than before.

With the total cost reducing, more enterprises are increasingly applying information integration and business intelligence into their businesses. Today, relational database management software remains the key product for information integration to record and manipulate financial and business data.

Regarding the competitive landscape of information integration software market, per Ipsos Report, foreign brands dominate the information integration market overwhelmingly. The leading RDBMS (Rational Database Management System) products are from Oracle, IBM, Microsoft, Sybase and Teradata, which rounded out the top five. They altogether have taken up nearly 90% of the market in the PRC. Supported by government policy, a few local manufacturers have developed their own proprietary information integration products, thus increasing their sales in information integration rapidly over the past years.

INDUSTRY OVERVIEW

Finance, telecommunication and government sector account for more than approximately 60% demand for information integration. They expect the software/system to be open-sourced, efficient, reliable, scalable with high security to safeguard company information.

Top five information integration software providers in China in 2010

Rank	Name of company	Revenue in 2010	Share by revenue in 2010
		<i>(RMB million)</i>	<i>(%)</i>
1	Oracle (China) Software & System Co. Ltd. (甲骨文 (中國)軟件系統有限公司)	4,824.13	41.7
2	IBM China Co. Ltd. (IBM 中國有限公司)	2,510.40	21.7
3	Microsoft (China) Co. Ltd. (微軟(中國)有限公司)	2,325.30	20.1
4	Sybase Software (China) Co. Ltd. (賽貝斯軟件 (中國)有限公司)	204.77	1.8
5	Teradata Information System (Beijing) Co. Ltd. (美商天睿信息系統(北京)有限公司)	146.34	1.3
	Others	<u>1,558.06</u>	<u>13.4</u>
	Total	<u><u>11,569.00</u></u>	<u><u>100.0</u></u>

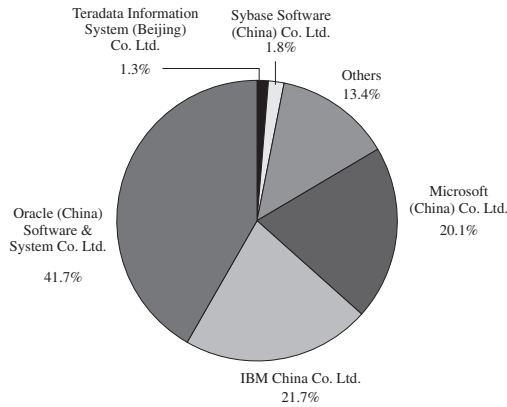
Top five information integration software providers in Jiangsu in 2010

Rank	Name of company	Revenue in 2010	Share by revenue in 2010
		<i>(RMB million)</i>	<i>(%)</i>
1	Oracle (China) Software & System Co. Ltd. (甲骨文 (中國)軟件系統有限公司)	473.23	37.0
2	IBM China Co. Ltd. (IBM 中國有限公司)	319.75	25.0
3	Microsoft (China) Co. Ltd. (微軟(中國)有限公司)	275.63	21.6
4	Sybase Software (China) Co. Ltd. (賽貝斯軟件 (中國)有限公司)	29.55	2.3
5	Our Group	25.90	2.0
	Others	<u>154.94</u>	<u>12.1</u>
	Total	<u><u>1,279.00</u></u>	<u><u>100.0</u></u>

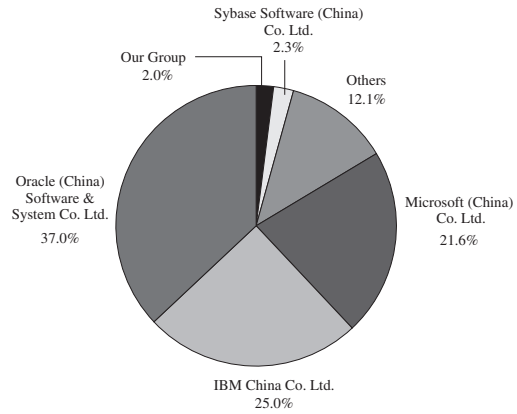
INDUSTRY OVERVIEW

For the year ended 31 December 2010

Share by revenue of the top five information integration software providers in China in 2010



Share by revenue of the top five information integration software providers in Jiangsu in 2010



Source: Ipsos Report

Top five information integration software providers in China in 2011

Rank	Name of company	Revenue in 2011 <i>(RMB million)</i>	Share by revenue in 2011 <i>(%)</i>
1	Oracle (China) Software & System Co. Ltd. (甲骨文(中國)軟件系統有限公司)	5,633.75	41.2
2	IBM China Co. Ltd. (IBM 中國有限公司)	2,980.97	21.8
3	Microsoft (China) Co. Ltd. (微軟(中國)有限公司)	2,762.18	20.2
4	Sybase Software (China) Co. Ltd. (賽貝斯軟件(中國)有限公司)	236.56	1.7
5	Teradata Information System (Beijing) Co. Ltd. (美商天睿信息系統(北京)有限公司)	177.76	1.3
	Others	1,882.98	13.8
	Total	<u>13,674.20</u>	<u>100.0</u>

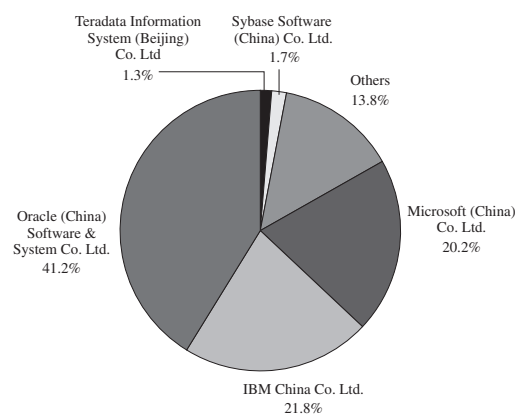
INDUSTRY OVERVIEW

Top five information integration software providers in Jiangsu in 2011

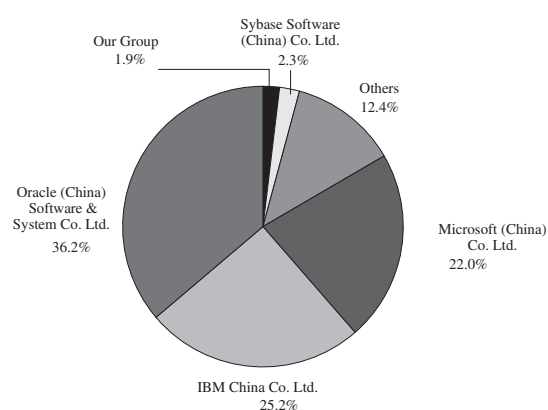
Rank	Name of company	Revenue in 2011 <i>(RMB million)</i>	Share by revenue in 2011 <i>(%)</i>
1	Oracle (China) Software & System Co. Ltd. (甲骨文(中國)軟件系統有限公司)	551.48	36.2
2	IBM China Co. Ltd. (IBM 中國有限公司)	383.91	25.2
3	Microsoft (China) Co. Ltd. (微軟(中國)有限公司)	335.16	22.0
4	Sybase Software (China) Co. Ltd. (賽貝斯軟件 (中國)有限公司)	35.19	2.3
5	Our Group	28.40	1.9
	Others	<u>189.26</u>	<u>12.4</u>
	Total	<u><u>1,523.40</u></u>	<u><u>100.0</u></u>

For the year ended 31 December 2011

**Share by revenue of the
top five information integration software
providers in China in 2011**



**Share by revenue of the
top five information integration software
providers in Jiangsu in 2011**



Source: Ipsos Report

INDUSTRY OVERVIEW

Top five information integration software providers in China in 2012

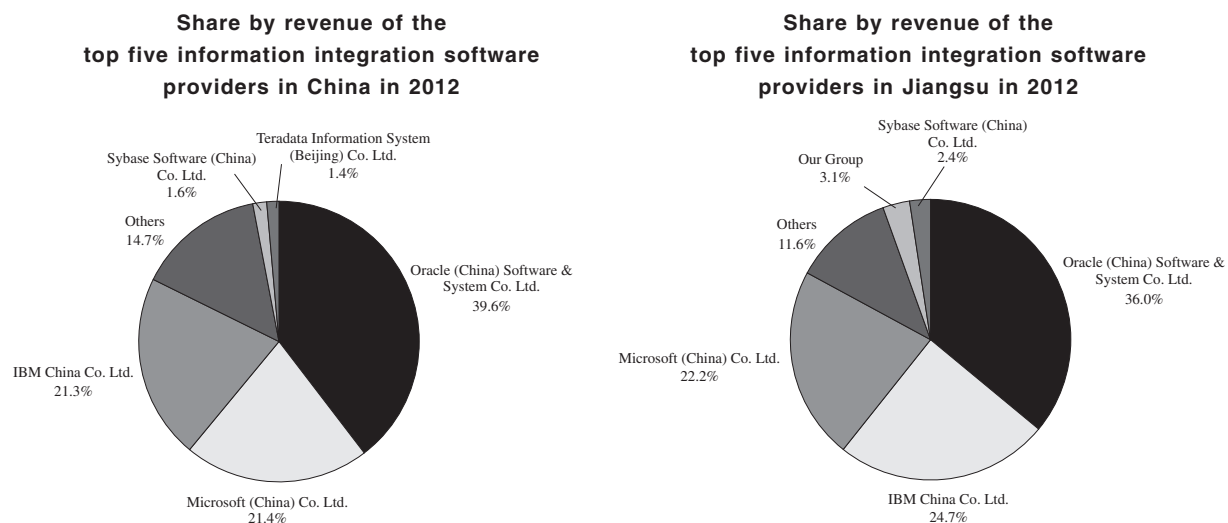
Rank	Name of company	Revenue in 2012	Share by revenue in 2012
		<i>(RMB million)</i>	<i>(%)</i>
1	Oracle (China) Software & System Co. Ltd. (甲骨文(中國)軟件系統有限公司)	6,351.75	39.6
2	Microsoft (China) Co. Ltd. (微軟(中國)有限公司)	3,432.51	21.4
3	IBM China Co. Ltd. (IBM 中國有限公司)	3,416.47	21.3
4	Sybase Software (China) Co. Ltd. (賽貝斯軟件 (中國)有限公司)	256.64	1.6
5	Teradata Information System (Beijing) Co. Ltd. (美商天睿信息系統(北京)有限公司)	218.14	1.4
	Others	<u>2,364.29</u>	<u>14.7</u>
	Total	<u><u>16,039.80</u></u>	<u><u>100.0</u></u>

Top five information integration software providers in Jiangsu in 2012

Rank	Name of company	Revenue in 2012	Share by revenue in 2012
		<i>(RMB million)</i>	<i>(%)</i>
1	Oracle (China) Software & System Co. Ltd. (甲骨文(中國)軟件系統有限公司)	648.06	36.0
2	IBM China Co. Ltd. (IBM 中國有限公司)	444.64	24.7
3	Microsoft (China) Co. Ltd. (微軟(中國)有限公司)	399.64	22.2
4	Our Group	55.66	3.1
5	Sybase Software (China) Co. Ltd. (賽貝斯軟件 (中國)有限公司)	43.20	2.4
	Others	<u>209.00</u>	<u>11.6</u>
	Total	<u><u>1,800.20</u></u>	<u><u>100.0</u></u>

INDUSTRY OVERVIEW

For the year ended 31 December 2012



Source: Ipsos Report

For the three years ended 31 December 2012, foreign companies were the key players in this market for providing information integration software in the PRC and Jiangsu. The top five providers of information integration software products in the PRC together shared over approximately 85% of the total market revenue in PRC during the period, and the top five providers of information integration software products in Jiangsu together shared over approximately 87% of the total market revenue in Jiangsu during the same period.

Main business profiles of the top ranking players mentioned above for export tax software provider, e-Government software providers and information integration software providers are listed below:

Name of company	Headquarters /regional headquarters location	Service and business coverage
Dalian Dragon Dream Information Technology Co. Ltd. (大連龍圖資訊技術有限公司)	Dalian, PRC	It mainly offers export tax software and related services, and also provides business intelligence management software in China.
Taiji Computer Corporation Ltd. (太極計算機股份有限公司)	Beijing, PRC	It offers e-Government software, system integration software, and services including system integration, system operation maintenance, and consulting services on IT planning and design, platform management etc. in China.

INDUSTRY OVERVIEW

Name of company	Headquarters /regional headquarters location	Service and business coverage
Aisino Corporation Inc. (航天信息股份有限公司)	Beijing, PRC	It is listed in the Shanghai Stock Exchange, and offers e-Government software, information security software, network and terminal technology establishment, industrial automation control technology establishment, and computer hardware and peripheral devices in China.
Neusoft Corporation Ltd. (東軟集團股份有限公司)	Shenyang, PRC	It is listed on the Shanghai Stock Exchange, and offers e-Government software, product engineering solutions and related platform software, system integration to customers in China, US, Europe, Middle East and Africa.
China National Software & Service Co. Ltd. (中國軟件與技術服務股份有限公司)	Beijing, PRC	It offers e-Government software, information security and network system and software, cloud computing technology, and self-controlled system in China.
Yonyou Software Co. Ltd. (用友軟件股份有限公司)	Beijing, PRC	It offers e-Government software, cloud computing technology, and enterprise management software including enterprise resource planning (ERP) software, supply chain management (SCM) software, human resources management (HRM) software, business intelligence (BI) software, and office automation (OA) software to customers in China, Hong Kong, Macau, Asia Pacific region and Europe.
Jiangsu Guotai Epoint Software Co. Ltd. (江蘇國泰新點軟件有限公司)	Zhangjiagang, PRC	It offers e-Government software, system integration design and establishment in China.

INDUSTRY OVERVIEW

Name of company	Headquarters /regional headquarters location	Service and business coverage
Jiangsu NandaSoft Technology Co. Ltd. (南大蘇富特科技股份有限公司)	Nanjing, PRC	It offers e-Government software, network security software, internet application software, education software and business application software in China. It also offers computer hardware, design and establishment consulting service.
Jiangsu Wisoft Information Technology Ltd. (江蘇中科惠軟信息技術有限公司)	Wuxi, PRC	It offers e-Government software, and other business management software in china, especially in Jiangsu area.
Jiangsu Ocean Soft Co. Ltd. (江蘇歐索軟件有限公司)	Suzhou, PRC	It offers e-Government software and other business communication platform software in China.
Oracle (China) Software Systems Co. Ltd. (甲骨文 (中國)軟件系統有限公司)	California, US/PRC	It was established in China in 1991 and belongs to one of the world's leading information management software providers offering different information management software including information integration software and database software.
IBM China Co. Ltd. (IBM 中國有限公司)	New York, US/PRC	It was established in China in 1992 and belongs to one of the world's leading information technology providers, and offers advanced information technology, computer hardware and software including information integration software, and information technology consulting service.

INDUSTRY OVERVIEW

Name of company	Headquarters /regional headquarters location	Service and business coverage
Microsoft (China) Co. Ltd. (微軟(中國)有限公司)	Washington, US/PRC	It was established in China in 1995 and belongs to one of the world's leading software providers. It developed operating system software and also other software including information integration software, communication software, software development platform, and other business management software and solutions. In addition, it sells games and control panels.
Sybase Software (China) Co. Ltd. (賽貝斯軟件(中國) 有限公司)	California, US/PRC	It offers information integration software, mobile information platform and software, data warehouse applications and software, and mobile application development platform.
Teradata Information System (Beijing) Co. Ltd. (美商天睿信息系統 (北京)有限公司)	California, US/PRC	It offers information integration software, and analytic data solutions including integrated data warehousing, big data analytics software, and business intelligence (BI) software.

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

PRC Legal System

The PRC legal system is formulated on the framework of the Constitution of the PRC (中華人民共和國憲法) (the “**PRC Constitution**”) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations and rules of various departments of the State Council, rules of local government and international treaties of which the PRC government is a signatory. Decided court cases do not constitute legally binding precedents, although they are used for the purpose of judicial reference and guidance.

The National People’s Congress of the PRC (the “**NPC**”) and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to formulate and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC.

The State Council is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the People’s Congresses of provinces and municipalities and their standing committees may enact local rules and regulations and the People’s Government of provinces and municipalities may promulgate administrative rules and directives applicable to their own administrative area. These local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC regarding the Strengthening of Interpretation of Laws (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on 10 June 1981, the Supreme People’s Court has the power to issue general interpretations on the application of laws in judicial proceedings in addition to its power to issue specific interpretations in specific cases. The State Council and its ministries and commissions are also vested with the power to issue interpretations of the rules and regulations promulgated by itself. At the regional level, the power to issue interpretations of regional laws is vested in the regional legislative and administration organs which promulgate such laws. All such interpretations carry the force of law.

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

Judicial System

Under the PRC Constitution and the Law of Organisation of the People's Courts of the PRC (中華人民共和國人民法院組織法), the judicial system is made up of the Supreme People's Court, the People's Courts at various local levels, military courts and other special People's Courts. The local People's Courts are divided into three levels, namely, the Basic People's Courts, Intermediate People's Courts and Higher People's Courts. The Basic People's Courts are divided into civil, criminal, administrative and economic divisions. The Intermediate People's Courts have divisions similar to those of the Basic People's Courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of People's Courts at lower levels are subject to supervision of People's Courts at higher levels. The People's Procuratorates also have the right to exercise legal supervision over the proceedings of People's Courts of the same or lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the People's Courts of all levels.

The People's Court adopts a two-tier appeal system. At first instance a party may, before a judgment or order takes effect, appeal against the judgment or order of a local People's Court to the People's Court of the next higher level. Judgments or orders at the second instance of the same level of the People's Court or at the next higher level of the People's Court are final and binding. Judgments or orders at the first instance of the supreme People's Court are also final and binding. If, however, the Supreme People's Court or a People's Court of a higher level finds an error in a final and binding judgment of any People's Court of a lower level which has taken effect, or the presiding judge of a People's Court finds an error in a final and binding judgment which has taken effect in a court over which he presides, a retrial of the case may be ordered according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) (the "**Civil Procedure Law**") adopted on 9 April 1991 and lastly amended on 31 August 2012. The Civil Procedure Law governs the institution of a civil action, the jurisdiction of the People's Courts, the procedures for the conduct of a civil action, trial procedures and procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's country of domicile. The jurisdiction may also be selected by express agreement of the contractual parties provided that the jurisdiction of the People's Court so selected is connected with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or performed in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected.

In respect of litigation, a foreign individual or enterprise is accorded the same rights and subject to the same obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or order made by a People's Court or an award made

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

by an arbitration body in the PRC, the aggrieved party may apply to the People's Court to enforce the judgment, order or award. There are time limits on the right to apply for such enforcement. The time limit applicable to applications to enforce a judgment is two years, commencing from the last day of the time limit for satisfaction of the judgment specified in the legal documentations; where the legal documentation provides for satisfaction of the judgment in stages, the time limit shall commence from the last day of the period for satisfaction of the judgment at the relevant stage; where the legal documentation does not provide a time limit for satisfaction of the judgment, the time limit shall commence from the effective date of the legal documentation.

A party seeking to enforce a judgment or order of a People's Court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognised and enforced according to PRC enforcement procedures by the People's Courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the People's Court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (中華人民共和國仲裁法) (the "**Arbitration Law**") was promulgated by the Standing Committee of the NPC on 31 August 1994 and came into effect on 1 September 1995. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a People's Court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party may apply to the People's Court for enforcement. A People's Court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee.

A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

In respect of contractual and non-contractual commercial-law-related disputes which are recognized as such for the purposes of PRC Law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award (“the **New York Convention**”) adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC at the time of the accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in disputes considered under PRC Law to be arising from contractual and non-contractual mercantile legal relations.

Foreign Exchange Control

The lawful currency of the PRC is Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchanges. SAFE, under the authority of PBOC, is empowered to administer all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

PBOC, with the authorisation of the State Council, issued on 28 December 1993 the Notice on the Further Reform of the Foreign Exchange Control System (中國人民銀行關於進一步改革外匯管理體制的通知). On 29 January 1996, the State Council promulgated the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) which took effect on 1 April 1996 and lastly revised on 5 August 2008. On 20 June 1996, PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which took effect on 1 July 1996. On 25 October 1998, PBOC and SAFE issued the Joint Announcement on Abolishment of Foreign Exchange Swap Business (關於停辦外匯調劑業務的通知) which stated that from 1 December 1998, all foreign exchange transactions for FIEs may only be conducted through authorised banks.

These regulations contain detailed provisions regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organisations in the PRC.

Under the new regulations, the previous dual exchange rate system for Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. PBOC, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, publishes on each bank business day the Renminbi exchange rates against major foreign currencies. In general, all organisations and individuals within the PRC, including FIEs, are required to remit their foreign exchange earnings to the PRC. In relation to PRC enterprises, their recurrent foreign exchange earnings are generally required to be sold to designated banks unless specifically

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

approved otherwise. Foreign investment enterprises (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and wholly foreign owned enterprises), on the other hand, are permitted to retain certain percentage of their recurrent foreign exchange earnings and the sums retained may be deposited into foreign exchange bank accounts maintained with designated banks. Capital foreign exchange earnings must be deposited into foreign exchange bank accounts maintained with designated banks and can generally be retained in such accounts.

At present, control on the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from designated banks, subject to the production of relevant supporting documents without the need for any prior approvals of SAFE.

In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by an FIE to its foreign investment party, then, subject to the due payment of tax on such dividends, the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks; where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan of that enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval or registration procedure of the foreign exchange administration authority is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee or make any investment outside of the PRC or engage in business of distribution and trading for securities and derivative products outside PRC, registration is still required from SAFE (or its designated authorities). Further, the approval from the relevant authorities may be required before registration can be made effective with SAFE (or its designated authorities).

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by PBOC and subject to certain limits, freely determine the applicable exchange rate.

Company Law

The establishment and operation of corporate entities in the PRC is governed by the Company Law of the PRC (中華人民共和國公司法) (the “**PRC Company Law**”), which was promulgated by the Standing Committee of the NPC on 29 December 1993 and became effective on 1 July 1994. The PRC Company Law was subsequently amended on 25 December 1999, 28 August 2004 and 27 October 2005. The newly amended the PRC Company Law on 27 October 2005 became effective from 1 January 2006.

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

The PRC Company Law generally governs two types of companies: limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its debtors is limited to the value of assets owned by the company. Liabilities of shareholders of a limited liability company are limited to the contributions which they have made. A joint stock limited company is a company with a registered share capital divided into shares of equal par value, and liabilities of its shareholders are limited to the amount of capital they are legally obliged to contribute for the shares for which they have subscribed. According to the latest revised PRC Company Law, the principle of “piercing the corporate veil” is adopted and creditors are allowed, under certain circumstances, to have access to recourse against the assets of the shareholders of a limited liability company or a joint stock limited company for repayment of the debt of the company.

The latest revised PRC Company Law has adopted provisions with respect to one-person limited liability companies, which legitimate the incorporation of one-shareholder limited liability companies in addition to wholly state-owned enterprises. However, if the shareholder of a one-person limited liability company is unable to prove that the property of its invested company is independent from its own property, the shareholder shall bear joint and several liabilities for the debts of such one-person limited liability company.

Wholly Foreign-Owned Enterprise

Wholly foreign-owned enterprises are governed by the Law on Foreign-invested Enterprises of the PRC (中華人民共和國外資企業法), which was promulgated on 12 April 1986 and subsequently amended on 31 October 2000, and its Implementation Regulations which were promulgated on 12 December 1990 and subsequently amended on 12 April 2001 (together the “**Foreign Enterprises Law**”).

(a) Procedures for establishment of a wholly foreign-owned enterprise

The establishment of a wholly foreign-owned enterprise will have to be approved by MOFCOM (or its delegated authorities). If two or more foreign investors jointly apply for the establishment of a wholly foreign-owned enterprise, a copy of the contract between the parties must also be submitted to MOFCOM (or its delegated authorities) for its record. A wholly foreign-owned enterprise must also obtain a business licence from the State Administration for Industry and Commerce (國家工商行政管理總局) (the “**SAIC**”) or its local branches before it can commence business.

(b) Nature

A wholly foreign-owned enterprise is a limited liability company under the Foreign Enterprises Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s)

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

is limited to the amount of registered capital contributed. A foreign investor may make its contributions by installments and the registered capital must be contributed within the period as approved by MOFCOM (or its delegated authorities) in accordance with relevant regulations.

(c) *Profit distribution*

A wholly foreign-owned company is required to set aside at least 10% of its respective accumulated profits each year, if any, to fund certain reserve funds, until the accumulative amount of such fund reaches 50% of its registered capital. At the discretion of a wholly foreign-owned company, it may allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Dividend Distribution and Remittance

Distribution of dividends is principally governed by the Foreign Enterprises Law. Under the applicable regulations, an FIE may only distribute dividends out of the portion of income in excess of: (a) the amount of income taxes payable; (b) the respective amounts to be set aside for the reserve fund and the workers' bonus and benefit fund; and (c) the amount to be retained to compensate for any previous financial losses not yet compensated for. The amount to be set aside for the reserve funds must not be less than 10.0% of the enterprise's after-tax profit. The undistributed profits during the previous accounting years can be distributed together with the profits available for distribution during the current accounting year.

Upon the payment in foreign currencies of any liabilities on its current accounts, an FIE may distribute and remit its after-tax profit as dividends outside of the PRC through its foreign exchange account in one of the designated banks, so long as such distribution is supported by a resolution of its board of directors and other related documents. No prior approval from the foreign exchange department is needed.

Under PRC law, an FIE is required to distribute dividends among its shareholders in accordance with their shares of equity interests in the enterprise.

Return Investment via Overseas Special Purpose Companies

According to Circular No. 75, issued on 21 October 2005, a domestic resident shall, before establishing or controlling an overseas special purpose company (the "SPC"), bring the prescriptive materials to the local branch of SAFE (the "SAFE Branch") to go through the procedures for foreign exchange registration of overseas investments. SAFE Branch shall, after examining and checking the materials to be inerrant, affix the special seal for foreign exchange business for capital account transactions on the Certificate of Foreign Exchange Registration of Overseas Investments (境外投資外匯登記證) or the Form of Foreign Exchange Registration of Overseas Investments of the Domestic Individual Resident (境內居民個人境外投資外匯登記表). Where a domestic resident contributes the assets or stock rights of a domestic enterprise it owns into a SPC, or engages in stock right financing abroad

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

after contributing assets or stock rights into a SPC, it shall go through the procedures for modification of foreign exchange registration of overseas investments with regard to the net asset equities of the SPC it holds. After a SPC accomplishes overseas financing, the domestic resident may, according to the plan on use of funds as stated in the business plans or the prospectus, transfer the funds which ought to be arranged for use inside PRC into PRC. A domestic resident may, after accomplishing the procedures for foreign exchange registration of overseas investments or for modification thereof in accordance with the legal provisions, pay the profits, dividends, liquidation expenses, stock right assignment expenses, capital decrease expenses, etc. to the SPC. Where a SPC meets with a major capital modification event such as capital increase or decrease, stock right assignment or exchange, merger or division, investment with long-term stock rights or credits, provision of guaranty to a foreign party, etc., and is not involved in return investment, the domestic resident shall, within 30 days as of the major event, apply to the SAFE Branch for going through the procedures for modification or filing of the foreign exchange registration of the overseas investments.

PRC Taxation

Enterprise Income Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC laws and accounting principles. On 16 March 2007, NPC, the PRC legislature, enacted the EIT Law, which became effective on 1 January 2008. Under the EIT Law, FIEs and domestic companies are subject to a uniform income tax rate of 25.0%. The EIT Law provides a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the EIT Law and which were entitled to a preferential lower income tax rate under the then effective tax laws or regulations. According to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) dated 26 December 2007, the income tax rate of the enterprises which have been entitled to an income tax rate of 15.0% will be increased to 18.0% for 2008, 20.0% for 2009, 22.0% for 2010, 24.0% for 2011 and 25.0% for and after 2012. For those enterprises which are enjoying tax holidays, such tax holidays may continue until their expiration in accordance with the original tax regulations, but where the tax holiday has not yet started because of losses, such tax holiday shall be deemed to commence from the first effective year of the EIT Law.

While the EIT Law equalises the income tax rates for FIEs and domestic companies, preferential tax treatment will continue to be given to companies in certain encouraged sectors and to entities classified as high-technology companies supported by the PRC government, whether FIEs or domestic companies. According to the EIT Law, entities that qualify as “high-tech enterprises especially supported by the PRC government” will benefit from a tax rate of 15.0% as compared to the uniform tax rate of 25.0%. However, according to the implementation rules of the EIT Law, enacted by the State Council dated 6 December 2007 and effective 1 January 2008, there are a number of requirements for a company to qualify as a “high-tech enterprises especially supported by the PRC government,” including those relating

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

to business scope, and the new accreditation rules of the “high-tech enterprise especially supported by the PRC government” are yet to be promulgated by the relevant authorities.

According to the EIT Law, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such an enterprise may be recognised as a PRC tax resident enterprise and subject to an EIT rate of 25%. SAT issued the Notice of SAT on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (國家稅務總局關於境外注冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) on 22 April 2009. The notice defines the Chinese-controlled companies incorporated in foreign jurisdictions (“**Overseas Chinese Companies**”) which may be determined to be Chinese resident enterprises for enterprise income tax purposes. According to the notice, an Overseas Chinese Company is defined as an enterprise that is incorporated under the laws of a foreign jurisdiction and primarily controlled by a domestic Chinese enterprise or enterprise group as a shareholder. However, according to this definition, the notice does not apply to foreign-incorporated enterprises that are controlled by PRC individual residents or foreign-incorporated companies and there have been no official implementation rules regarding the determination of the “de facto management bodies” for foreign enterprises which are not controlled by PRC enterprises. Therefore, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents.

According to the EIT Law, dividends received by a qualified PRC tax resident from another qualified PRC tax resident are exempted from enterprise income tax. However, the PRC foreign exchange control authorities, who enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for EIT purposes.

On 14 April 2008, SAT, the Ministry of Finance and the Ministry of Science and Technology jointly issued the Administrative Measures for Certification of High and New Technology Enterprises (高新技術企業認定管理辦法), according to which enterprises which are recognised as high and new technology enterprises may apply for preferential tax treatments in accordance with the EIT Law and the implementation measures thereof. High and new technology enterprises refer to resident enterprises that have been registered for more than one year within China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan), have been engaged in continuous research and development and the transformation of their scientific and technological achievements within the fields as prescribed in the Hi-tech Fields with Key State Support (國家重點支持的高新技術領域), have developed their core independent intellectual property and have furthermore been engaged in operation based on the said intellectual property rights.

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Value-added Tax

The VAT Provisional Regulations of the PRC (中華人民共和國增值稅暫行條例) promulgated by the State Council came into effect on 1 January 2009. Under these regulations and the Implementing Rules of the VAT Provisional Regulations of PRC (中華人民共和國增值稅暫行條例實施細則), VAT is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

The Policies on Encouraging the Development of the Software and the Integrated Circuit Industries (鼓勵軟件產業和集成電路產業發展的若干政策) (the “**Policies**”) was promulgated by the State Council on 24 June 2000. Under the Policies, the software products produced and distributed by an average taxpayer of VAT shall be subject to a statutory rate of VAT at 17% before 2010, and the part of actual tax burdens more than 3% shall be refunded upon payment for software product R&D and extended reproduction of the enterprise.

The Circular of the State Council on Printing and Distributing Certain Policies on Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知) (the “**Circular**”) was promulgated by the State Council on 28 January 2011. According to the Circular, the PRC government will continue the preferential tax treatment of the VAT over the software products.

Business Tax

In accordance with the Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例) which was promulgated on 13 December 1993 and amended on 10 November 2008 and came into effect on 1 January 2009, business that provide services (except entertainment business), assign intangible assets or sell immovable property became liable to business tax at a rate ranging from 3.0% to 5.0% of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

The amount of tax payable shall be calculated in RMB. Taxpayers that settle their amounts of business income in foreign exchange shall convert the amounts into RMB at the foreign exchange market rate.

According to the Circular, the PRC will continue its policy of giving relevant preferential tax treatment of business tax and exemption of business tax to qualified software enterprises, and the relevant formalities shall be simplified.

Dividends withholding tax

According to the EIT Law and its implementation rules, dividends payable to foreign investors will be subject to the PRC withholding tax at the rate of 10.0% unless the foreign investor’s jurisdiction of incorporation has a tax treaty with the PRC that provides for a different

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withholding arrangement. Singapore has a tax treaty with the PRC, which provides for a withholding tax at a rate of not higher than 5.0% for dividend payments foreign shareholders receives from PRC entities in which it holds an interest of 25.0% or more. However, on 24 August 2009, SAT released the Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Use) (非居民享受稅收協定待遇管理辦法(試行)) (the “**Measures**”), which took effect on 1 October 2009. Pursuant to the Measures, it is needed to obtain approval from the competent branch of SAT in order to enjoy the preferential withholding tax of no more than 5.0% in accordance with the tax treaty between the PRC and Singapore. In addition, SAT promulgated the Notice of Taxation on How to Understand and Determine the “Beneficial Owners” in Tax Agreements (Guo Shui Han [2009] No. 601 (國家稅務總局關於如何理解和認定稅收協議中“受益所有人”的通知) (國稅函[2009]601號) (the “**Circular 601**”) on 27 October 2009, which provides that tax treaty benefits will be denied to “conduit” or shell companies without business substance, and a beneficial ownership analysis will be used based on a “substance-over-form” principle to determine whether or not to grant tax treaty benefits.

The Circular of SAT on Strengthening Corporate Income Tax Management on Non-resident Enterprises Equity Transfer Income (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the “**Circular 698**”), which was issued by SAT on 10 December 2009, provides that except for the purchase and sale of equity through a public securities market, where a foreign corporate investor indirectly transfers the equity of a PRC resident enterprise by disposing of the equity of an overseas holding company (“**Indirect Transfer**”) located in a tax jurisdiction that: (i) has an effective tax rate of less than 12.5%; or (ii) does not tax its residents on their foreign income, the foreign corporate investor shall report the Indirect Transfer to the competent PRC tax authority within 30 days from the date when the equity transfer agreement was made. In this case, the PRC tax authority will examine the true nature of the Indirect Transfer. Should it deem the foreign investor to have made the Indirect Transfer without reasonable commercial purpose and in order to avoid the PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purpose and re-characterise the Indirect Transfer. As a result, gains derived from such Indirect Transfer by the foreign investor may be subject to EIT.

Regulations Relating to Tender Processes

The Tendering and Bidding Law of the PRC (中華人民共和國招標投標法), which came into effect on 1 January 2000, and the Implementing Rules on the Tendering and Bidding Law (招標投標法實施條例), which came into effect on 1 February 2012, are the principal rules relating to tender processes in the PRC. Under the regulations, tendering includes public tendering and invitational tendering. A tenderer who adopts the public tender method shall issue a tender announcement and a tenderer who adopts the invitational tender method shall issue invitations for submission of bidding to three or more specified legal persons or other specified organisations capable of undertaking the project. Legal entities, other organisations or individuals having stakes with bid inviters which may impact the fairness of the bid invitation activities shall not participate in the bidding. A bidder shall have the capability to undertake the project subject to tender and may not collude with other bidders in submitting their bid price quotations or discriminate fair competition by other bidders to prejudice the legitimate rights and interests of the tenderer or other bidders. It is also forbidden for bidders to offer bribes to

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the tenderers or members of the bid assessment committees for winning. Besides, a bidder may not submit his bid price quotation below cost for competition, and may not submit his bid in the name of another person or resort to any other false and deceptive method for winning. If an act set forth affects the fairness of the bidding result, the result shall be voided and invalidated.

On 1 January 2003, the Government Procurement Law of the PRC (中華人民共和國政府採購法) came into effect. According to the procurement law, among several forms, public bidding should be designated as the primary form of government procurement. Government procurement shall follow a specific procedure and the relevant parties are prohibited from colluding with each other to infringe upon state interests, the public interests of society, or the legitimate rights and interests of others involved or excluding other suppliers from competition by any means whatsoever. Suppliers are also prohibited from winning a bid or concluding any transaction by offering a bribe or by any other illicit means towards the procurement party, procurement agency, member of the bid appraisal committee, member of the competitive negotiation team, or member of the inquiry team.

Regulation in Respect of System Integration

Pursuant to the Administrative Measures on Computer Information System Integration Qualification (Trial Implementation) (計算機信息系統集成資質管理辦法(試行)) promulgated by the Ministry of Information Technology (replaced by MIIT in 2008) and became effective as of 1 January 2000, enterprises may not carry on the business of provision of computer Information system integration services unless they possess the qualification certified by the relevant government authorities in charge as authorised by MIIT.

The qualification for provision of computer systems services is divided into four grades, and the capacity to undertake projects corresponding to each grade is different. For instance, enterprises accredited with Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成一級資質) are capable of carrying on independently the varieties of computer information system construction projects of national class, provincial (ministry) class, industrial class, municipal class and lower levels, and large, medium, small sized company class. Enterprises accredited with Grade 2 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成二級資質) are capable of carrying on independently various computer information system construction projects of provincial (ministry) class, industrial class, municipal class and lower levels, and large, medium, small sized company class or carrying on construction national class projects of computer information system jointly with other enterprises. Certified companies shall carry out annual internal inspections and submit the results to the Qualification Certification Office for the record. The Qualification Certification Office shall carry out annual inspections of certified companies once every two years and certificate renewal inspections once every four years. In addition, the Qualification Certification Office shall carry out any necessary unscheduled supervision and inspection.

SUMMARY OF THE RELEVANT PRC LAWS AND REGULATIONS

Regulations in Respect of the PRC Software Market

In the PRC, software development and its related industries have been strongly encouraged and supported by the PRC government. On 24 June 2000, the State Council issued the Policies to stimulate the development of the PRC software and integrated circuit industries. Pursuant to the Policies, software enterprises in the PRC are entitled to a number of preferential treatments, including those in relation to the investment in the PRC software and integrated circuit industries, favorable tax rates, export incentives, autonomy in determining employees' benefits and professional training support.

Pursuant to the Policies, software enterprises in the PRC are encouraged to develop innovative and premium software products to satisfy the demand of the PRC market and to further promote exportation. In addition, it is the intention of the Policies to attract more foreign capital and human resources investment in the PRC software industry by way of granting preferential treatments.

According to the Circular, the PRC government will keep carrying on the preferential treatments set down in the Policies and adopt a series of new measures to further encourage the development of the PRC software and integrated circuit industries.

According to the Recognition Standard and Administrative Measures for Software Enterprises (Trial Implementation) (軟件企業認定標準及管理辦法(試行)) issued by the Ministry of Information Technology (replaced by MIIT in 2008), the Ministry of Education, the Ministry of Science and Technology and SAT on 16 October 2000, software enterprises which are entitled to the encouragement policies as stipulated in the Policies shall be certified in accordance with some standards and procedures.

Regulations Relating to Software Product Registration

Pursuant to the Administrative Measures for Software Products (軟件產品管理辦法) (the “**Software Measures**”) issued by MIIT on 1 March 2009 and took effect on 10 April 2009, “software products” as mentioned in the Software Measures refer to computer software products which are provided to users, which are contained in information system or equipment or which are provided in the technology service such as integration of computer information systems and application of computer systems, and “domestic software” refers to software products which are developed and produced within the Chinese territory. Registration and record-keeping systems are implemented for such software products. Competent authorities will accept and examine the application for registration and issue a registration number and a registration certificate for the software product. Domestic software products which are in conformity with the Software Measures and have been registered and filed for record may enjoy relevant policies on encouragement as specified in Industry Policies. The developer and producer of a software product may directly engage in the sales of its software products. MIIT together with the relevant national departments shall conduct supervision and inspection over activities concerning the national development, production, selling, import and export of software products.

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On 13 October 2011, SAT and the Ministry of Finance issued the Circular on VAT Policy on Software Products (關於軟件產品增值稅政策的通知) (the “**VAT Circular**”). According to the VAT Circular, software products which have obtained the software product registration certificate issued by the competent authority, upon the examination and approval of the competent tax authority, can enjoy the preferential VAT policy.

Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including trademarks, patents and copyrights. The PRC has adhered to the main international conventions on intellectual property rights and has become a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organisation in December 2001.

Copyright. China adopted its first copyright law in 1990. NPC amended the Copyright Law of the PRC (中華人民共和國著作權法) (the “**PRC Copyright Law**”) in 2001 to widen the scope of works and rights that are eligible for copyright protection. The amended PRC Copyright Law extends copyright protection software products, among others. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. Unlike patent and trademark registration, copyrighted works do not require registration for protection. Protection is granted to individuals from countries belonging to the copyright international conventions or bilateral agreements of which China is a member.

Trademark. The Trademark Law of the PRC (中華人民共和國商標法), adopted in 1982 and revised in 1993 and 2001, protects registered trademarks. The Trademark Office under SAIC handles trademark registrations and grants a term of ten years to registered trademarks. Trademark licence agreements must be filed with the Trademark Office for record. The PRC has a “first-to-register” system that requires no evidence of prior use or ownership.

Patent. Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (the “**Patent Law**”), which was amended on 27 December 2008 and became effective, as amended, on 1 October 2009, the “invention”, the “utility model” and the “design” are protected under the Patent Law. After the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorisation of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import the product directly obtained by the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. The duration of a patent right for inventions shall be 20 years and the duration of a patent right for utility models and designs shall be 10 years, both from the date of application.

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Regulations Relating to Computer Software Copyright Protection

The State Council issued the Regulations for Protection of Computer Software (計算機軟件保護條例), which became effective from 1 January 2002, to govern issues in connection with protection of copyright of computer software (including computer programmes and related documentation). Subsequently, the State Bureau of Copyright formulated the Measures on the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) on 20 February 2002. These regulations protect copyright of software developed by PRC citizens and entities, regardless of where and whether it has been published. They also protect the copyright of software developed by foreign citizens and entities first published in the PRC or pursuant to the relevant treaties rectified by the PRC and his/her home country or resident country.

For computer software to be protected under these regulations, it must be independently developed by the developer and must be already in a material form. It does not extend to encompass any ideas, process, processing methods and mathematic concepts.

Software copyright holders may register the copyright with the relevant copyright registration administration organization, which is treated as preliminary evidencing document of the subject matter. Under these regulations, software copyright holders enjoy the right of publication, right of authorship, right of amendment, right of replication, right of distribution, right of rent, right of online distribution, right of translation and other rights which shall be enjoyed by software copyright holders.

The term of copyright protection for software developed by nature person is fifty years, ending on 31 December of the fiftieth year after his/her death. The term of copyright protection for software developed by legal person or other entities is fifty years ending on 31 December of the fiftieth year after the software was first published. However, no protection is available to software which has not been published in fifty years after the completion of development.

Any licence and/or transfer of software copyright shall be recorded in agreements in writing, which may be registered (at the discretion of the contractual parties) at the authorised software registration institute.

Regulations Relating to Internet Domain Names

The Administrative Measures for the Internet Domain Names of China (中國互聯網絡域名管理辦法) (the “**Domain Name Management Measures**”), which was promulgated by the Ministry of Information Technology (replaced by MIIT in 2008) on 5 November 2004 and became effective on 20 December 2004, is the principal law regulating the administration of internet domain name system of China and domain name registration services. According to the Domain Name Management Measures, MIIT is responsible for the administration of the internet domain names of China. The establishment of any domain name registry or domain name registrar within the territory of the PRC shall be subject to the approval of MIIT. The domain name registration service shall follow the principle of “first come, first serve”. Disputes relating to domain names can be solved by the People’s Courts, an arbitration organisation or

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a designated neutral dispute resolution institution. The decision made by a neutral dispute resolution institution may only concern the change of information of the holder of the domain name under dispute and shall defer to legally effective judgments of the People's Courts or arbitral awards of the arbitration organisation when there is a conflict.

Safety and Labour Protection

The Production Safety Law of the PRC (中華人民共和國安全生產法), promulgated on 29 June 2002 and became effective since 1 November 2002, is the principal law governing the supervision and administration of production safety and labour protection. The law requires that production or operation entities with more than 300 workers shall establish an administrative department for production safety or be staffed with full-time personnel for the administration of production safety, and that entities with workers less than 300 shall be staffed with full-time or part-time personnel for the administration of production safety. Safety facilities of new construction, re-construction or expansion projects shall be designed, constructed, and put into production and used simultaneously with main construction of the projects.

The Employment Contract Law of the PRC (中華人民共和國勞動合同法) was promulgated on 29 June 2007 and became effective on 1 January 2008. This law governs the establishment of employment relationships between employers and employees, and the conclusion, performance, termination of, and the amendment to, employment contracts. To establish an employment relationship, a written employment contract shall be signed. In the event that no written employment contract was signed at the time of establishment of an employment relationship, a written employment contract shall be signed within one month after the date on which the employer first employs the employee. Further, under the newly promulgated Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have served more than one year with an employer are entitled to a paid vacation ranging from five to fifteen days, depending on their length of service. Employees who waive such vacation entitlement at the request of employer shall be compensated at three times of their normal salaries for each waived vacation day.

Catalogue for the Guidance Foreign Investment Industries

Industries in the PRC are generally classified by NDRC into three types for foreign investment purposes: (i) industries that are encouraged by the PRC government for foreign investment, (ii) industries that are subject to certain restrictions for foreign investment and (iii) industries that are prohibited from foreign investment. According to the latest Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) promulgated by NDRC and MOFCOM on 31 October 2007, which became effective on 30 January 2012, the PRC software industry is classified as an encouraged industry.

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M&A Rules

On 8 August 2006, MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), SAT, SAIC, CSRC and SAFE, jointly adopted the Regulations on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rules”) which came into effect on 8 September 2006 and was amended on 22 June 2009. These regulations apply to, among other matters, a foreign investor’s purchase of equity interests in a domestic PRC enterprise or subscription of a domestic company’s capital increase, resulting in the conversion of the domestic PRC company into a newly established FIE, or a foreign investor’s establishment of an FIE and purchase through such FIE, of the assets of a domestic PRC enterprise and operation of such assets, or a foreign investor’s purchase of the assets of a domestic PRC enterprise and use of such assets to invest in and establish an FIE to operate such assets. The M&A Rules provide that application shall be made to MOFCOM for examination and approval of the acquisition of any company inside the PRC affiliated to a domestic PRC company, enterprise or natural person, which is made in the name of a foreign company lawfully established or controlled by such domestic PRC company, enterprise or natural person.

HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 6 January 2011. Pursuant to the Reorganisation as more particularly described in the paragraph headed “Reorganisation” below in this section, our Company has become the holding company of our Group for the purpose of the Listing and holds, through Infotech Holdings, the entire interests of five operating subsidiaries of our Group, namely, Nanjing Skytech, Jiangsu Skyinformation, Nanjing Skytech Quan Shui Tong, Wuxi Skytech and Zhenjiang Skyinformation.

Business development

Our history can be traced back to the establishment of Nanjing Skytech in December 1998 in Nanjing, Jiangsu, the PRC, by Ms. Xin, our chairlady, executive Director and chief executive officer, together with six other founding shareholders. Prior to the establishment of Nanjing Skytech, Ms. Xin was the general manager and vice chairlady of Honest Electronics Corporation Ltd. (奧尼斯特電子集團有限公司), where she became acquainted with Mr. Ma Ming who worked at Nanjing Honest Electronics Co., Ltd. (南京奧尼斯特有限公司), a company which was in the same group as Honest Electronics Corporation Ltd.. In the course of business while she was with Honest Electronics Corporation Ltd., Ms. Xin became acquainted with Mr. Wang Zhongwei, Mr. Ma Chongsong, Mr. Zhang Hong and Mr. Liu Biao. In 1998, Ms. Xin established Nanjing Skytech together with Mr. Wang Xiaogang (who is the spouse of Ms. Xin), Mr. Ma Ming, Mr. Wang Zhongwei, Mr. Ma Chongsong, Mr. Zhang Hong and Mr. Liu Biao. Capitalising on the Chinese governmental initiatives, particularly in the digitisation of export tax management and deployment of e-Government application, we have developed into an advanced provider of administrative and enterprise application software in the PRC.

In the early stage of our development, our activities were primarily focused in Jiangsu, which was one of the first Chinese provinces to embark on the digitisation of export tax management in China.

In 2001, we implemented our export tax management system for the Jiangsu Tax Bureau, which is the first version of export tax rebate approval processing system that we developed. In conjunction with the implementation, we also developed an export tax rebate application filing software, known as the “Skytech ETM System”. The launch of the Skytech ETM System has facilitated exporting enterprises in Jiangsu to submit their export tax rebate filings electronically. Our Skytech ETM System, which is compatible with the export tax management system and used by the Jiangsu Tax Bureau, has penetrated the market of export tax filing software in Jiangsu. Our first information integration software was launched in the same year.

In April 2002, we secured our first e-Government solutions project for a district government in Nanjing, in respect of which we provided office automation solutions.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On the back of our growing business and operational development, our Group was successfully listed on AIM in March 2006 through Sinosoft UK, our predecessor holding company and the listing vehicle for our Group's listing on AIM, after its acquisition of the entire issued share capital of Infotech Holdings (which served as an intermediate holding company) by way of a share exchange in consideration of 179,000 of Sinosoft UK's ordinary shares of £1 each. Both Sinosoft UK and Infotech Holdings were investment holding companies with no material business activities.

In December 2006, we were accredited CMMI Level 3 in recognition of the standard of our planning, engineering, software development, managing and maintenance procedures.¹

In 2007, Nanjing Skytech obtained Grade 2 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成二級資質) from MIIT.

In 2009, Nanjing Skytech acquired Jiangsu Skyinformation for a consideration of RMB4,107,000, which was determined with reference to the net asset value of Jiangsu Skyinformation at the time of the transfer and completed the merger with its own subsidiary, Nanjing Skytech Software Technology Company Limited (南京擎天軟件科技有限公司), as part of our strategic corporate growth, details of which are set out in the sub-paragraphs headed "Corporate development — Nanjing Skytech" and "Corporate development — Jiangsu Skyinformation" in this section.

In 2010, Nanjing Skytech received Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成一級資質) from MIIT, being the highest level in the national qualification framework in respect of system integration in the PRC. Nanjing Skytech was recognised as a "Key Software Enterprise under the National Plan" (國家規劃佈局內重點軟件企業) and thus enjoyed a preferential EIT rate of 10% in 2010. In the same year, Sinosoft UK was delisted from trading on AIM pursuant to the Tender Offer. For details, please see the paragraph headed "Delisting of Sinosoft UK from AIM" below in this section.

1 Our CMMI Level 3 certificate bore the names of both Sinosoft UK and Nanjing Skytech. The Software and Information Service Division of the Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會軟件與信息服務業處), after verifying with the relevant accreditation institution, had confirmed that Nanjing Skytech possesses CMMI Level 3 qualification. Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會) is the regulatory authority of software industry in Jiangsu, and the major responsibilities of its Software and Information Service Division (軟件與信息服務業處) include the management of qualification accreditation of software enterprises. We have been advised by our PRC legal advisers that the Software and Information Service Division of the Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會軟件與信息服務業處) had the authority to make such confirmation. For the avoidance of doubt, we communicated with the relevant accreditation authority in 2011 and decided that we would change the name on the certificate to Nanjing Skytech only when we renewed our CMMI accreditation, because (i) there was no urgency since Nanjing Skytech's CMMI Level 3 qualification had always been recognised in project biddings in the past; and (ii) we were then applying for CMMI Level 5 accreditation. The application for re-issuance of the certificate would unnecessarily distract our administrative resources.

HISTORY, REORGANISATION AND GROUP STRUCTURE

In 2011 we launched our carbon management solutions and completed the first deployment in Wuxi, Jiangsu in June 2011.

In 2012, we rolled out our Skytech Platform for Comprehensive Management of Cities (擎天城市綜合治理平台), which applied cloud-computing and data management technologies. In the same year we were accredited with CMMI Level 5, which put us among the 60 PRC enterprises which possess the highest maturity level under the CMMI accreditation system regarding the standard of planning, engineering, software development, managing and maintenance procedures as at the Latest Practicable Date.

In 2013 Nanjing Skytech was again recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) and had enjoyed a preferential EIT rate of 10% in 2011 and 2012.

The key milestones in the history of our corporate and operational development to date are set out below:

Year

1998	Nanjing Skytech was founded by Ms. Xin and other founding shareholders
2001-2005	Research and development resulting in the launch of three basic categories of software and solutions: export tax software (both the government-end management suite and the enterprise application suite), e-Government solutions and information integration software
2006	Nanjing Skytech was accredited CMMI Level 3 Sinosoft UK was admitted to AIM
2007	Nanjing Skytech obtained Grade 2 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成二級資質)
2009	Nanjing Skytech acquired Jiangsu Skyinformation and completed the merger with its wholly owned subsidiary, Nanjing Skytech Software Technology Company Limited (南京擎天軟件科技有限公司)
2010	Nanjing Skytech received Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成一級資質) Nanjing Skytech was recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) in 2010 Sinosoft UK was delisted from trading on AIM

HISTORY, REORGANISATION AND GROUP STRUCTURE

2011	Launch of carbon management solutions and first deployment in Wuxi, Jiangsu
2012	Rolling out of the Skytech Platform for Comprehensive Management of Cities (擎天城市綜合治理平台), which applied cloud-computing and data management technologies Nanjing Skytech was accredited CMMI Level 5
2013	Nanjing Skytech was recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) in 2011 and 2012

Corporate development

Infotech Holdings

Infotech Holdings was established in Singapore on 15 October 2004 as a private company limited by shares, with an authorised share capital of SGD100,000 divided into 100,000 ordinary shares of SGD1.00 each. On 15 October 2004, one share was allotted and issued at par to each of the subscribers, Lee Kuan Wei and Li Te-Wei David, respectively. On 10 November 2004, each of Lee Kuan Wei and Li Te-Wei David transferred one share to Long Capital International Limited at par, respectively. On 12 October 2005, 200 shares, 500 shares, 500 shares, 1,200 shares and 7,598 shares were allotted and issued at par to China Pride, Joint Allied, Team United, Telewise Group and Long Capital, respectively. On 14 December 2005, the authorised capital of Infotech Holdings was increased to SGD200,000 divided into 200,000 shares of SGD1.00 each. On the same day, 3,380 shares, 8,450 shares, 8,450 shares, 20,280 shares and 128,440 shares were allotted and issued at par to China Pride, Joint Allied, Team United, Telewise Group and Long Capital, respectively. On 24 February 2006, China Pride, Joint Allied, Team United, Telewise Group and Long Capital transferred their respective 3,580 shares, 8,950 shares, 8,950 shares, 21,480 shares and 136,040 shares at par to Sinosoft UK. On 20 January 2011, Sinosoft UK transferred the entire issued share capital of Infotech Holdings to our Company for a consideration of SGD1.00.

Infotech Holdings is principally engaged in investment holding.

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Nanjing Skytech

Nanjing Skytech was established in the PRC on 14 December 1998 as a limited liability company with an initial registered capital of RMB1,500,000 and as at the date of its establishment, Nanjing Skytech was owned by the following persons and their respective contributions are set forth in the table below.

Shareholder	Capital contribution (RMB)	Approximate equity interest
Ms. Xin	750,000	50.0%
Mr. Wang Xiaogang (汪曉剛)	300,000	20.0%
Mr. Wang Zhongwei (王仲瑋)	90,000	6.0%
Mr. Ma Ming (馬明)	90,000	6.0%
Mr. Ma Chongsong (馬崇松)	90,000	6.0%
Mr. Zhang Hong (張虹)	90,000	6.0%
Mr. Liu Biao (劉飆)	90,000	6.0%
Total	<u>1,500,000</u>	<u>100%</u>

On 11 November 1999, the registered capital of Nanjing Skytech was increased from RMB1,500,000 to RMB3,000,000. Upon completion of such capital increase, Nanjing Skytech was owned by the following persons and their respective capital contributions are set forth in the table below.

Shareholder	Capital contribution (RMB)	Approximate equity interest
Ms. Xin	1,500,000	50.0%
Mr. Wang Xiaogang (汪曉剛)	600,000	20.0%
Mr. Wang Zhongwei (王仲瑋)	180,000	6.0%
Mr. Ma Ming (馬明)	180,000	6.0%
Mr. Ma Chongsong (馬崇松)	180,000	6.0%
Mr. Zhang Hong (張虹)	180,000	6.0%
Mr. Liu Biao (劉飆)	180,000	6.0%
Total	<u>3,000,000</u>	<u>100%</u>

Due to the termination of Mr. Wang Zhongwei's employment in Nanjing Skytech, on 6 December 2000, Ms. Xin entered into an equity transfer agreement with Mr. Wang Zhongwei pursuant to which Mr. Wang Zhongwei agreed to transfer 6% interest in Nanjing Skytech to Ms. Xin for a consideration of RMB180,000, which was determined with reference to the registered capital of Nanjing Skytech as at the date of such transfer. Mr. Wang Zhongwei agreed to transfer his 6% interest in Nanjing Skytech to Ms. Xin at cost given that Nanjing Skytech was operating at a loss at the relevant time. At the time of such transfer, the net asset value of Nanjing Skytech was approximately RMB2,665,400. There was no trust arrangement in

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respect of Mr. Wang Zhongwei's previous holding of 6% interest in Nanjing Skytech. Upon completion of such transfer, Nanjing Skytech was owned as to 56% by Ms. Xin, 20% by Mr. Wang Xiaogang, 6% by Mr. Ma Ming, 6% by Mr. Ma Chongsong, 6% by Mr. Zhang Hong and 6% by Mr. Liu Biao.

On 21 November 2002, the registered capital of Nanjing Skytech was increased from RMB3,000,000 to RMB5,000,000. Upon completion of such capital increase, Nanjing Skytech was owned by the following persons and their respective capital contributions are set forth in the table below.

Shareholder	Capital contribution (RMB)	Approximate equity interest
Ms. Xin	3,680,000	73.6%
Mr. Wang Xiaogang (汪曉剛)	600,000	12.0%
Mr. Ma Ming (馬明)	180,000	3.6%
Mr. Ma Chongsong (馬崇松)	180,000	3.6%
Mr. Zhang Hong (張虹)	180,000	3.6%
Mr. Liu Biao (劉飆)	180,000	3.6%
Total	<u>5,000,000</u>	<u>100%</u>

Note: Save for Ms. Xin (our executive Director, chief executive officer, our chairlady and one of our Controlling Shareholders), Mr. Wang Xiaogang (the spouse of Ms. Xin), Mr. Ma Ming, and Mr. Zhang Hong (members of our senior management), whose biographies have been disclosed in the section headed "Directors, senior management and employees" of this prospectus, other shareholders of Nanjing Skytech are Independent Third Parties.

On 7 August 2003, the registered capital of Nanjing Skytech was increased from RMB5,000,000 to RMB10,000,000. Upon completion of such capital increase, Nanjing Skytech was owned by the following persons and their respective capital contributions are set forth in the table below.

Shareholder	Capital contribution (RMB)	Approximate equity interest
Ms. Xin	7,360,000	73.6%
Mr. Wang Xiaogang (汪曉剛)	1,200,000	12.0%
Mr. Ma Ming (馬明)	360,000	3.6%
Mr. Ma Chongsong (馬崇松)	360,000	3.6%
Mr. Zhang Hong (張虹)	360,000	3.6%
Mr. Liu Biao (劉飆)	360,000	3.6%
Total	<u>10,000,000</u>	<u>100%</u>

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Due to the termination of Mr. Ma Chongsong's employment relationship with Nanjing Skytech, after Mr. Ma Chongsong's resignation on 28 August 2004, Ms. Xin entered into an equity transfer agreement with Mr. Ma Chongsong on 1 September 2004, pursuant to which Mr. Ma Chongsong agreed to transfer his 3.6% interest in Nanjing Skytech to Ms. Xin, for a total consideration of RMB360,000, which was determined with reference to the registered capital of Nanjing Skytech as at the date of such transfer. Mr. Ma Chongsong agreed to transfer his 3.6% interest in Nanjing Skytech to Ms. Xin at cost given that Ms. Xin was the only purchaser who agreed to acquire Mr. Ma Chongsong's interest in Nanjing Skytech at the relevant time. At the time of such transfer, the net asset value of Nanjing Skytech was approximately RMB13,875,000.

As a commercial decision to realise part of his investment in Nanjing Skytech, Mr. Ma Ming entered into an equity transfer agreement with Ms. Xin on 16 September 2004, pursuant to which Mr. Ma Ming agreed to transfer his 1.6% interest in Nanjing Skytech to Ms. Xin, for a total consideration of RMB 160,000, which was determined with reference to the registered capital of Nanjing Skytech as at the date of such transfer. Mr. Ma Ming agreed to transfer his 1.6% interest in Nanjing Skytech to Ms. Xin at cost given that Ms. Xin was the only purchaser who agreed to acquire Mr. Ma Ming's interest in Nanjing Skytech at the relevant time. At the time of such transfer, the net asset value of Nanjing Skytech was approximately RMB13,875,000.

In recognition of the contribution from Mr. Liu Biao and Mr. Zhang Hong, on 16 September 2004, Ms. Xin entered into an equity transfer agreement with each of Mr. Liu Biao and Mr. Zhang Hong, pursuant to which Ms. Xin agreed to transfer 1.4% interest in Nanjing Skytech to Mr. Liu Biao and Mr. Zhang Hong for a consideration of RMB140,000, respectively. Such acquisition was made by Mr. Liu Biao and Mr. Zhang Hong out of their own funding, which was determined with reference to the registered capital of Nanjing Skytech as at the date of such transfer. At the time of such transfer, Mr. Liu Biao and Mr. Zhang Hong were employees of Nanjing Skytech. Mr. Liu Biao assisted in the reorganisation of our Group and his main responsibilities were to advise on our Group's investment and merger and acquisitions decisions. Mr. Liu Biao resigned as the investment officer of Sinosoft UK and administrative officer of Nanjing Skytech on 9 July 2010, but remained as a director of Nanjing Skytech and Jiangsu Skyinformation until April 2012 and May 2012, respectively, as it was agreed under the Share Purchase Agreement that none of the founders shall terminate his/her employment with the Company or any other members of the Group prior to the Listing. For details of the Share Purchase Agreement, please refer to the paragraph headed "Pre-IPO Investment" in this section. As such, Mr. Liu Biao remained as a director of Nanjing Skytech and Jiangsu Skyinformation until he resigned as a director of Nanjing Skytech and Jiangsu Skyinformation in April 2012 and May 2012, respectively, subsequent to further negotiation with Alibaba.com and with the consent of Alibaba.com. Mr. Zhang Hong was mainly responsible to assist the chief executive officer in corporate strategy and business planning as well as for the overall corporate development and technology management. As a member of our senior management, Mr. Zhang Hong is also responsible for the research and development of our computer programmes and software. Given that the transfers were effected as employee incentives, Ms. Xin agreed to transfer 1.4% of her interest in Nanjing Skytech to Mr. Liu Biao and Mr. Zhang Hong at cost, respectively. At the time of such transfers, the net asset value of Nanjing Skytech was approximately RMB13,875,000.

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There was no trust arrangement in respect of the above 3.6%, 1.6% and 2.8% interest in Nanjing Skytech being transferred. Upon completion of such transfers, Nanjing Skytech was owned as to 76% by Ms. Xin, 12% by Mr. Wang Xiaogang, 2% by Mr. Ma Ming, 5% by Mr. Zhang Hong and 5% by Mr. Liu Biao.

On 1 December 2004, Ms. Xin, Mr. Wang Xiaogang, Mr. Ma Ming, Mr. Zhang Hong and Mr. Liu Biao transferred their respective 76%, 12%, 2%, 5% and 5% interests in Nanjing Skytech to Infotech Holdings for a total consideration of RMB16,344,832.27, which was determined with reference to the valuation of the net asset value of Nanjing Skytech of approximately RMB16,344,832 as at 31 July 2004 conducted by Jiangsu Zongheng Accountants Firm (江蘇縱橫會計師事務所). There was no trust arrangement in respect of such interests in Nanjing Skytech being transferred. Upon completion of such transfers, Nanjing Skytech was wholly owned by Infotech Holdings and Nanjing Skytech became a wholly foreign owned enterprise established under the laws of PRC on 4 January 2005. Such transfers were made for the purpose of reorganisation of our Group in view of a possible listing in the future.

On 10 June 2008, the registered capital of Nanjing Skytech was increased from RMB10,000,000 to RMB30,000,000. On 25 December 2012, the registered capital of Nanjing Skytech was increased from RMB46,175,000 to RMB68,000,000.

On 8 April 2009, the shareholders of Nanjing Skytech passed a resolution to approve its merger with Nanjing Skytech Software Technology Company Limited (南京擎天軟件科技有限公司), a wholly owned subsidiary of Nanjing Skytech at the relevant time. Upon completion of the merger, the registered capital of Nanjing Skytech was RMB46,175,000.

Nanjing Skytech is principally engaged in software development, system integration, information integration, sales of related computer products and provision of solution services.

Jiangsu Skyinformation

Jiangsu Skyinformation was established in the PRC on 8 September 2005 as a limited liability company with an initial registered capital of RMB2,000,000. As at the date of its establishment, Jiangsu Skyinformation was owned as to 60% by Nanjing Skytech Investment Consultancy Company Limited (南京擎天投資諮詢有限公司) (“**Nanjing Skytech Investment**”) and 40% by Mr. Zhang Guorong, who became acquainted with Ms. Xin in the course of business. Nanjing Skytech Investment was then owned as to 76% by Ms. Xin, 12% by Mr. Wang Xiaogang, 5% by Mr. Liu Biao, 5% by Mr. Zhang Hong and 2% by Mr. Ma Ming.

Given that the business development of Jiangsu Skyinformation was not satisfactory at that time due to the unsatisfactory marketing of its products and the insufficiency of resources for its management team to devote substantial time to the business of Jiangsu Skyinformation, in order to realise Nanjing Skytech Investment’s investment in Jiangsu Skyinformation, on 26 January 2007, Nanjing Skytech Investment entered into an equity transfer agreement with Mr. Tang Xiaopeng, pursuant to which Nanjing Skytech Investment agreed to transfer its 60% interest in Jiangsu Skyinformation to Mr. Tang Xiaopeng for a consideration of RMB1,200,000,

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which was determined with reference to the registered capital of Jiangsu Skyinformation as at the date of such transfer after arm's length negotiation between Nanjing Skytech Investment and Mr. Tang Xiaopeng. Upon completion of such transfer, Jiangsu Skyinformation was owned as to 60% by Mr. Tang Xiaopeng and 40% by Mr. Zhang Guorong.

On 7 March 2007, the registered capital of Jiangsu Skyinformation was increased from RMB2,000,000 to RMB12,000,000. Upon completion of such capital increase, Jiangsu Skyinformation was owned by the following persons and their respective capital contributions are set forth in the table below.

Shareholder	Capital contribution (RMB)	Approximate equity interest
Mr. Zhang Guorong (張國榮) ⁽¹⁾	7,800,000	65.0%
Mr. Zhang Jing (張京) ⁽²⁾	1,500,000	12.5%
Mr. Sun Gang (孫鋼) ⁽²⁾	1,500,000	12.5%
Mr. Tang Xiaopeng (湯小鵬)	1,200,000	10.0%
Total	12,000,000	100%

Notes:

- (1) Mr. Zhang Guorong was a shareholder of Jiangsu Skyinformation since the date of its establishment on 8 September 2005. Other than his interest in Jiangsu Skyinformation, Mr. Zhang Guorong has no other relationship with our Group.
- (2) As both Mr. Zhang Jing and Mr. Sun Gang were experienced in the development and marketing of software products, and Mr. Zhang Guorong and Mr. Tang Xiaopeng, the then shareholders of Jiangsu Skyinformation were seeking for new investors at the relevant time, they approached Mr. Zhang Jing and Mr. Sun Gang and invited them to invest in Jiangsu Skyinformation. Mr. Zhang Jing and Mr. Sun Gang became shareholders of Jiangsu Skyinformation on 13 April 2007. The initial capital contribution to Jiangsu Skyinformation made by Mr. Zhang Jing and Mr. Sun Gang was RMB1,500,000 and RMB1,500,000, respectively. Each of Mr. Zhang Jing and Mr. Sun Gang has no relationship with our Group prior to becoming a shareholder of Jiangsu Skyinformation. They ceased to be a shareholder of Jiangsu Skyinformation upon the completion of the acquisition of Jiangsu Skyinformation by Nanjing Skytech in 2009. Save as disclosed herein, each of Mr. Zhang Jing and Mr. Sun Gang is an Independent Third Party.

The additional capital contribution from Mr. Zhang Guorong was made by way of injection of certain intangible assets (being the authorship of computer software) to Jiangsu Skyinformation. Such capital contribution was determined with reference to the valuation of the intangible assets of RMB7,096,500 conducted by Nanjing Changchen Land Real Estate Asset Valuation Co., Limited (南京長城土地房地產估價資產評估事務所). The capital contributions of Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng were made by way of cash injection and self-funding.

Jiangsu Skyinformation has engaged in software development since its establishment. Our Group considered that the software developed by Jiangsu Skyinformation was in line with our Group's overall business strategies and development at the relevant time and would be beneficial to our business development and that our Group could market its own software

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products through Jiangsu Skyinformation. Further, according to the State Council's policy notice, namely the Notice Regarding the State Council's Issue of Certain Policies to Encourage the Software Industry and the Integrated Circuit Industry (No.18 [2000] of the State Council) (國務院鼓勵軟件產業和集成電路產業發展的若干政策 (國發[2000]18號)), which was subsequently substituted by the State Council's policy notice. Notice Regarding the State Council's Issue of Certain Policies to Further Encourage the Software Industry and the Integrated Circuit Industry (No.4 [2011] of the State Council) (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展的若干政策的通知 (國發[2011]4號)), software companies in the PRC engaged in software development business can enjoy exemption of business tax as well as preferential treatment to its EIT, with full exemption applicable to the first two taxable profit years and a 50% discount to the subsequent three profit years. Jiangsu Skyinformation has been classified as a software company as a result of its software development business, and obtained the certificate as software company by the Information Industry Bureau of the Jiangsu Province (江蘇省信息產業廳) on 19 September 2008 which enabled it to enjoy exemption of business tax as well as preferential treatment to its EIT. The acquisition of Jiangsu Skyinformation would benefit our Group as a whole in light of the tax benefits applicable to Jiangsu Skyinformation. Accordingly, on 31 May 2009, Nanjing Skytech as purchaser entered into an equity transfer agreement with each of Mr. Zhang Guorong, Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng to acquire their respective 65%, 12.5%, 12.5% and 10% interests in Jiangsu Skyinformation for a consideration of RMB7,800,000, RMB1,500,000, RMB1,500,000 and RMB1,200,000, respectively, in an aggregate consideration of RMB12,000,000, which was determined with reference to the registered capital of Jiangsu Skyinformation as at the date of such transfers.

Due to a change in the transaction structure, instead of acquiring all tangible and intangible assets of Jiangsu Skyinformation, the parties have agreed that only the intangible assets of Jiangsu Skyinformation would be transferred to Nanjing Skytech. Accordingly, on 24 July 2009, Nanjing Skytech, Mr. Zhang Guorong, Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng entered into a supplemental equity transfer agreement to amend the terms of the equity transfer agreement dated 31 May 2009, pursuant to which only the intangible assets of Jiangsu Skyinformation were agreed to be transferred to Nanjing Skytech and the remaining assets, including cash, receivables and other tangible assets of Jiangsu Skyinformation were to be transferred to each of Mr. Zhang Guorong, Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng. The aggregate consideration which was in the sum of RMB12,000,000 was adjusted downward to RMB4,107,000 after arm's length negotiation between Nanjing Skytech and Mr. Zhang Guorong, Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng, with reference to the value of the intangible assets of Jiangsu Skyinformation in the amount of approximately RMB4,107,000 and the value of the remaining assets in the amount of approximately RMB7,600,000 according to the valuation provided in the asset valuation report dated 9 July 2009 prepared by an Independent Third Party. As at 30 June 2009, the net asset value of Jiangsu Skyinformation was approximately RMB11,500,000. There was no trust arrangement in respect of the previous shareholding of Mr. Zhang Guorong, Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng in Jiangsu Skyinformation. Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng were not employees of our Group when the equity transfer agreement and supplemental equity transfer agreement were entered into. After the completion of the above transfers, Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng became our employees

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and Mr. Zhang Jing and Mr. Tang Xiaopeng remained as our employees. Each of Mr. Zhang Guorong, Mr. Zhang Jing, Mr. Sun Gang and Mr. Tang Xiaopeng is an Independent Third Party. Given that Jiangsu Skyinformation is primarily engaged in the development and sale of information integration software, which is in line with our Group's business activities and could enable our Group to enjoy the benefits of tax reduction according to the relevant taxation policy, the acquisition of the entire interest in Jiangsu Skyinformation would be beneficial to the business of Nanjing Skytech, which is primarily engaged in the development and sale of e-Government software and information and the provision of system integration solutions, and at the same time would enable our Group to grow organically. Upon the completion of such transfers, Jiangsu Skyinformation was wholly owned by Nanjing Skytech.

The Directors considered the acquisition of Jiangsu Skyinformation as an acquisition of assets in accordance with IFRS 3 "Business Combination" as (i) Jiangsu Skyinformation did not have an integrated set of activities and assets that were capable of providing economics benefits to our Group, and (ii) the major assets of Jiangsu Skyinformation were the intellectual property rights in the two software products at the date of acquisition. After the acquisition, the revenue and profit contributed by Jiangsu Skyinformation were derived from new projects and customers contributed by our Group.

Jiangsu Skyinformation is principally engaged in the development and sale of software and system related products and services.

Wuxi Skytech

Wuxi Skytech was established in the PRC on 14 January 2011 as a limited liability company with an initial registered capital of RMB5,000,000. Wuxi Skytech is wholly owned by Jiangsu Skyinformation.

Wuxi Skytech is principally engaged in the development and sale of software and system related products and services.

Nanjing Skytech Quan Shui Tong

Nanjing Skytech Quan Shui Tong was established in the PRC on 18 December 2012 as a limited liability company with an initial registered capital of RMB10,000,000. Nanjing Skytech Quan Shui Tong is wholly owned by Nanjing Skytech.

Nanjing Skytech Quan Shui Tong is principally engaged in the development and sale of software and system related products and services.

Zhenjiang Skyinformation

Zhenjiang Skyinformation was established in the PRC on 5 June 2013 as a limited liability company with an initial registered capital of RMB5,000,000. Zhenjiang Skyinformation is wholly owned by Nanjing Skytech.

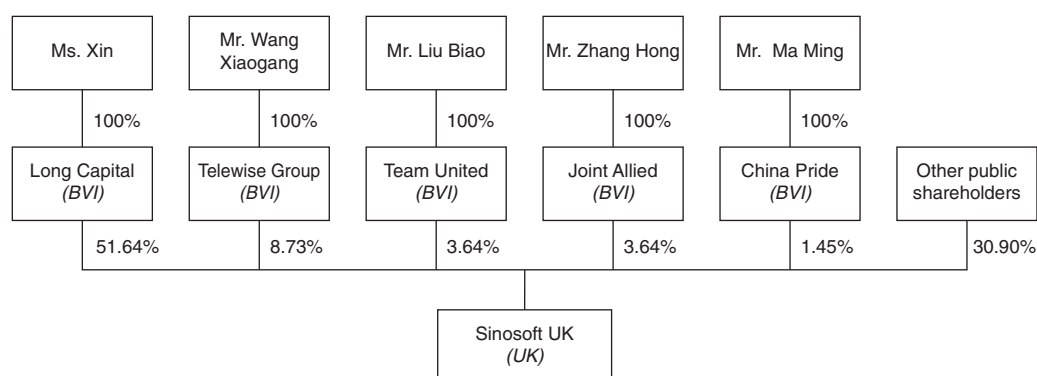
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Zhenjiang Skyinformation is principally engaged in the development and sale of software and system related products and services.

Delisting of Sinosoft UK from AIM

On 1 October 2010, Sinosoft UK, the former holding company of our Group, announced that it proposed to (i) cancel the admission of its ordinary shares to trading on AIM (the “**Delisting**”), (ii) repurchase its ordinary shares by way of the tender offer (the “**Tender Offer**”), and (iii) apply to the High Court of Justice in England for the confirmation of the reduction of its capital by way of cancellation of its share premium account.

The following chart sets forth the shareholding structure of Sinosoft UK immediately before the Delisting:



Our Company is not aware of any non-compliance event by Sinosoft UK during its listing period on AIM.

As the board of directors of Sinosoft UK recognised that not all shareholders would be able or willing to continue to own shares in Sinosoft UK following the Delisting, it made arrangement for Sinosoft UK to make the Tender Offer, pursuant to which a maximum of 51,180,000 ordinary shares of Sinosoft UK (the “**Tender Offer Shares**”) may be purchased, representing approximately 30.9% of the issued share capital of Sinosoft UK, at a price of 8 pence per ordinary share, for a maximum aggregate cash consideration of £4,094,400.

The Tender Offer was conditional upon, among their things, the approval of (i) the Delisting by the shareholders of Sinosoft UK holding at least 75% of the total number of issued shares of Sinosoft UK, the cancellation of share premium account and other matters by the shareholders of Sinosoft UK, (ii) the Tender Offer not having been terminated in accordance with certain provisions in the Tender Offer, and (iii) the capital reduction being approved by the High Court of Justice in England. The special resolutions in relation to the Delisting, the Tender Offer and the cancellation of share premium account of Sinosoft UK were duly passed by shareholders in the general meeting held on 9 November 2010.

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The Tender Offer was completed on 1 December 2010 with 44,222,034 Tender Offer Shares being purchased by Sinosoft UK, representing approximately 26.7% of the issued share capital of Sinosoft UK. Sinosoft UK was subsequently delisted from AIM on 3 December 2010. The net asset value of the group of Sinosoft UK was approximately US\$28.3 million as at 30 June 2010. Following the completion of the Tender Offer, 6,957,966 Tender Offer Shares (representing approximately 4.2% of the then existing issued share capital of Sinosoft UK), which Sinosoft UK failed to purchase under the Tender Offer, were remained to be held by other public shareholders of Sinosoft UK, out of which (i) 914,955 Tender Offer Shares were then being acquired by Long Capital upon the Delisting; and (ii) the remaining 6,043,011 Tender Offer Shares were consolidated from every 850,000 the then ordinary shares of Sinosoft UK into one new ordinary shares of Sinosoft UK which in effect reduced the number of shares in issue and the number of shareholders of Sinosoft UK. As a result of the share consolidation, the number of fractional entitlements to new ordinary shares, representing fractions of a new ordinary share attributable to shareholders holding less than 850,000 of the then existing ordinary shares or holding a number of the then existing ordinary shares which is not a multiple of 850,000. In accordance with the articles of association of Sinosoft UK, the fractional entitlements to new ordinary shares of Sinosoft UK resulting from the share consolidation were aggregated, and the resultant new ordinary shares of Sinosoft UK were to be sold on behalf of the shareholders to Long Capital.

The reasons for the Delisting, amongst others, were:

- (i) *Delisting would dispense with the relatively significant compliance costs and administrative burdens of maintaining a listing on AIM*

Costs of maintaining a listed status on AIM was approximately US\$650,000 a year. Given the low liquidity of the shares of Sinosoft UK on AIM based on historical trading records, the board of directors of Sinosoft UK was of the view that the valuation and trading liquidity of Sinosoft UK did not reflect the actual value of the shares of a company engaged in the provision of administrative and enterprise application software in the PRC, and hence did not justify the costs and burdens of maintaining a listing on AIM and complying with the relevant regulation.

- (ii) *Delisting would minimise the losses arising from foreign exchange transactions which Sinosoft UK had entered into*

As the proceeds from the initial public offering of Sinosoft UK on AIM was denominated in GBP, but the balance of unused portion of such net proceeds was presented in USD, which is the functional currency of Sinosoft UK, to minimise its foreign exchange exposure on the unused portion of such net proceeds, Sinosoft UK had entered into foreign exchange transactions, which include a bundle of fixed deposits, dual currency deposits and collateralised foreign exchange transactions with a financial institution since 2008 instead of transferring its net proceeds from the initial public offering on AIM into the PRC. Part of such net proceeds was intended to be used for potential acquisitions or investments. During the relevant period, Sinosoft UK was in negotiations with third parties regarding potential

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investments opportunities which it had identified, therefore the foreign exchange transactions were entered into as a temporary arrangement. However, the negotiations of such potential acquisitions or investments were never materialised. As at 31 December 2008 and 2009, the balance of unused portion of the net proceeds was approximately US\$5.3 million for each year. Some of the foreign exchange transactions entered by Sinosoft UK in 2009 were financed by the available loan facility offered by the same financial institution which Sinosoft UK had entered into foreign exchange transaction with.

Although such transactions had generally generated returns for Sinosoft UK, it recorded losses in May 2010. The then directors of Sinosoft UK believed that as the European Union was undergoing a financial crisis sparked off by the debt crisis in Greece in early 2010, such crisis had resulted in the fluctuations of various currencies of the members of the European Union, including the GBP. In order to avoid the perceived fall in GBP (the currency which Sinosoft UK's net position was held in at the relevant time) in May 2010, the then investment officer of Sinosoft UK, Mr. Liu Biao, decided to enter into a series of transactions to convert GBP to AUD (which was one of the widely traded currencies) with a view that Australia would less likely to be affected by the crisis in the European Union compared to the United Kingdom, and as a result the conversion from AUD to USD would likely be more favourable than the conversion from GBP to USD. However, within the next few days following the transactions, USD strengthened against AUD such that a net loss of approximately US\$3.8 million was incurred upon converting AUD back to USD. The aggregate amount of net gain from foreign exchange entered into by Sinosoft UK amounted to approximately RMB3.06 million and RMB8.06 million, respectively for the years 2008 and 2009 and amounted to a net loss of approximately RMB31.9 million for the year 2010. Although there was a policy of Sinosoft UK with regards to stop loss limits, this was not carried out by Mr. Liu Biao and the loss was not timely reported to the board of directors of Sinosoft UK at the relevant time. Arising from this incident, Mr. Liu Biao resigned as the investment officer of Sinosoft UK and administrative officer of Nanjing Skytech in July 2010. Mr. Liu Biao was one of the shareholders of Sinosoft UK during its listing on AIM. During the listing of Sinosoft UK on AIM, and prior to the completion of the Tender Offer, Mr. Liu Biao's shareholding in Sinosoft UK was approximately 3.6%, and upon completion of the Delisting and the Tender Offer, Mr. Liu Biao's shareholding in Sinosoft UK increased to approximately 4.9%. The total number of shares held by Mr. Liu Biao in Sinosoft UK had not changed during the period of time when Sinosoft UK was listed on AIM up to the Delisting and the aforementioned acquisition by Long Capital.

The Delisting would allow Sinosoft UK to use the unused portion of the net proceeds as part of the surplus cash to return to shareholders of Sinosoft UK. As such, this would reduce the foreign exchange risk and exposure on the unused portion of the net proceeds, and will minimise losses arising from foreign exchange transactions.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Arising from the losses suffered from the foreign exchange transactions and considering the overall position of Sinosoft UK, the then directors of Sinosoft UK believed that it would be more favourable for Sinosoft UK to delist and continue its growth strategy away from the public market at least in the near term. In particular, the Delisting would allow Sinosoft UK to grow without the pressure a listed company may face to deliver short term performance over long term positioning and growth, and greater shareholder value would be derived by operating Sinosoft UK's business off market for the immediate future.

Sinosoft UK was the only member of our Group which had entered into such foreign exchange transactions, and such foreign exchange transactions were only for the purpose of minimising the foreign exchange exposure of Sinosoft UK on the unused portion of the net proceeds from the initial public offering of Sinosoft UK on AIM. The then executive directors of Sinosoft UK, Ms. Xin and Mr. Yu, did not have any personal interest or received any personal benefit in any of the foreign exchange transactions entered into by Sinosoft UK. To the best of their knowledge, Ms. Xin and Mr. Yu are not aware of any regulatory investigations or disciplinary actions taken by the London Stock Exchange or any criminal charges pressed by the relevant authorities in the UK, against Sinosoft UK or any one of its directors prior to the Delisting and to date.

Notwithstanding such entry to the foreign exchange transactions, the then directors of Sinosoft UK had no intention to change, and have never changed the use of proceeds set out in the admission document when it was listed on AIM. The foreign exchange transactions were a temporary arrangement to minimise the foreign exchange risk and exposure on such unused portion of the net proceeds, and it was never the intention of the then directors of Sinosoft UK to engage in such transactions on a recurring and permanent basis. It was always the intention of the then directors of Sinosoft UK to use the net proceeds in such manner as set out in the AIM admission document.

We have adopted certain internal control measures regarding foreign exchange transactions and other investment transactions. Please refer to the section headed "Business — Internal control" in this prospectus for details.

- (iii) *Delisting would allow our Group to focus our resources on business operations in the PRC*

Delisting would allow our Group to utilise and deploy our resources, management and cost in the PRC for greater efficiency and competitiveness, which in turn would allow our executive management to focus on driving the business forward.

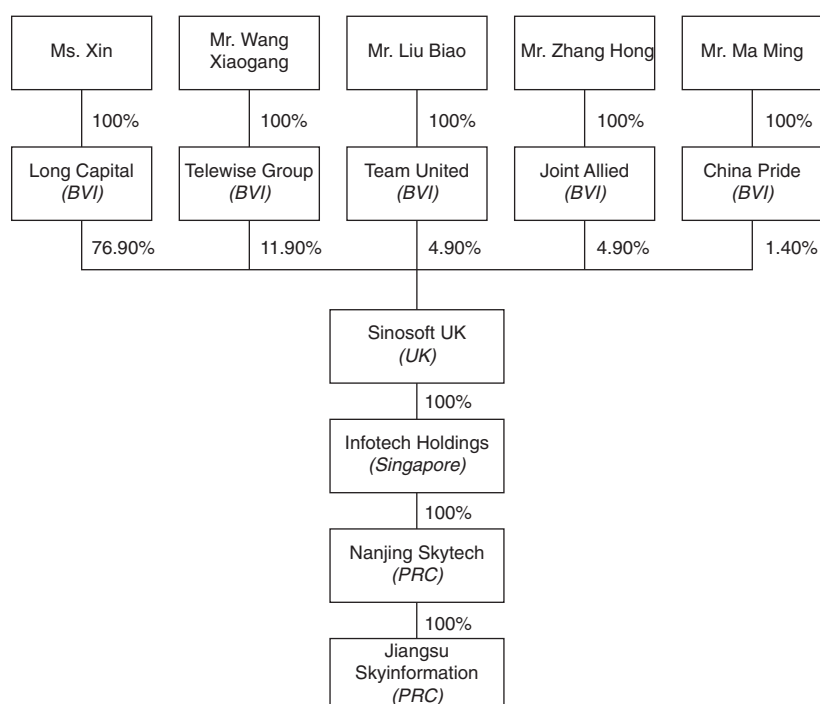
REORGANISATION

In January 2011, we commenced the Reorganisation in preparation for the Global Offering.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Prior to the Reorganisation, our PRC operations were held by Sinosoft UK. For the purpose of reducing the administrative costs of maintaining a UK incorporated company as the listing vehicle, we undertook a restructuring exercise whereupon our Company became the holding company of our Group and our PRC operations were transferred to our Company, the ultimate holding company and listing vehicle of our Group in anticipation of the Listing.

The following chart sets forth our Group's corporate and shareholding structure after the Delisting and completion of the abovementioned Tender Offer, but before the Reorganisation and completion of the Global Offering:



Incorporation of our Company

Our Company was incorporated in the Cayman Islands on 6 January 2011 to be the ultimate holding company of our Group. The initial authorised share capital of our Company was HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each. As at the date of its incorporation, one share of our Company was transferred from the initial subscriber, Codan Trust Company (Cayman) Limited, a nominee company which is an Independent Third Party, to Long Capital. In recognition of Mr. Yu's contribution to our Group, Ms. Xin and the other founding shareholders invited Mr. Yu to invest in our Company.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 17 January 2011, 76,011 shares, 12,000 shares, 5,000 shares, 4,162 shares, 2,576 shares and 250 shares of our Company were allotted to Long Capital, Telewise Group, Team United, Joint Allied, China Pride and Mr. Yu, respectively at par, credited as fully-paid. Mr. Yu subscribed for 250 shares of our Company at par value of HK\$25, which has been fully settled. Mr. Yu got acquainted with our Group since he joined us in April 2009 and is an executive Director and the chief financial officer of our Company. For details of Mr. Yu's background, please refer to the section headed "Directors, senior management and employees" in this prospectus. Mr. Wang Xiaogang (the beneficial owner of Telewise Group) is the spouse of Ms. Xin and the senior vice president of the Group. Mr. Zhang Hong (the beneficial owner of Joint Allied) and Mr. Ma Ming (the beneficial owner of China Pride) are our vice presidents. Save as aforesaid, the minority shareholders of our Company (other than Mr. Yu) and their respective beneficial owners are independent of our Company, the aforementioned shareholders of our Company, our Directors, our senior management and their respective associates.

Exclusion of Sinosoft UK from our Group

As part of the Reorganisation for the purpose of the Global Offering, we had excluded Sinosoft UK from our Group for the following reasons:

(i) *To streamline our Group's PRC software-related business*

The principal business of our Group is software-related business. Following the Delisting, our management had planned to streamline the corporate structure of our Group by retaining the strategic subsidiaries which operate our principal business and excluding Sinosoft UK, which is solely a holding company, from our Group as the maintenance of Sinosoft UK would be administratively burdensome and not cost efficient.

In addition, the streamlining of our Group's corporate structure to include only strategic subsidiaries which operated the principal business of our Group and excluding Sinosoft UK was specifically requested by our investor and current shareholder, Alibaba.com as part of the negotiations under the Pre-IPO Investment as (i) the software-related business of our Group (i.e. directly through the operating subsidiaries) was the only subject that Alibaba.com intended to invest in; (ii) Alibaba.com had concerns or reservations to become a shareholder of Sinosoft UK and thereby subject to any reporting obligations or costs required in the UK; and (iii) Alibaba.com contemplated that our Group should seek a listing in Hong Kong following completion of the Pre-IPO Investment. As Alibaba.com was of the similar view with our management that including Sinosoft UK in our Group, whether as a listing vehicle or a subsidiary, was not commercially and administratively beneficial to our Group which was at that time contemplating a listing in Hong Kong, we agreed to use a Cayman company as the ultimate holding company of our Group's software-related business and also as the vehicle of the Pre-IPO Investment accordingly. In view of the foregoing, our Directors are of the view that it is in the best interests of our Group from a commercial consideration to exclude Sinosoft UK from our Group. Details of the Pre-IPO Investment are set out in the paragraph below headed "Pre-IPO Investment".

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (ii) *It is administratively burdensome and not cost efficient to maintain Sinosoft UK as a listing vehicle or as a company within our Group*

Sinosoft UK was incorporated in the UK as a listing vehicle for the sole purpose of acting as a holding company of our Group's PRC operations for its then listing on AIM. Sinosoft UK had never been engaged in the principal business of our Group, which is software-related business, since its incorporation to date. Given that Sinosoft UK is no longer listed on AIM, it would not be cost effective and would be administratively burdensome to continue maintaining a UK incorporated company as a listing vehicle or a company within our Group. Given Sinosoft UK's registered status, if Sinosoft UK was retained within our Group, Sinosoft UK would have to comply with certain administrative requirements, and correspondingly incur administrative costs as a private limited company such as banking related charges, fees payable to auditors and company secretary, and business registration fee payable to the UK government. As such, since our Group does not have any business operations in the UK, retaining Sinosoft UK in our Group will not be beneficial, commercially and administratively, to our Group.

Sinosoft UK has passed a special resolution on 19 December 2012 to approve the voluntary winding up and it is currently in the liquidation process.

Acquisition of Infotech Holdings from Sinosoft UK

Pursuant to the sale and purchase agreement dated 20 January 2011 entered into between Sinosoft UK as vendor and our Company as purchaser, Sinosoft UK transferred the entire issued share capital of Infotech Holdings to our Company for a consideration of SGD1.00. After the completion of the acquisition, Infotech Holdings was wholly owned by our Company.

PRE-IPO INVESTMENT

On 10 December 2010, the senior management of Alibaba.com had a preliminary discussion with our Group's management to explore the opportunities of a long term strategic cooperation and partnership between our Group and Alibaba.com, and pursuant to such meeting, we began to discuss with Alibaba.com details of such strategic cooperation and partnership which included a potential listing on the Stock Exchange. On 26 January 2011, Alibaba.com entered into the Share Purchase Agreement with Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming, pursuant to which Alibaba.com agreed to acquire as to 19,051 shares of our Company (representing approximately 19.05% of the shares of our Company then in issue) from Long Capital, as to 3,007 shares of our Company (representing approximately 3.01% of the shares of our Company then in issue) from Telewise Group, as to 1,253 shares of our Company (representing approximately 1.25% of the shares of our Company then in issue) from Team United, as to 1,043 shares of our Company (representing approximately 1.04% of the shares of our Company then in issue) from Joint Allied, as to 646 shares of our Company (representing approximately 0.65% of the shares of our Company then in issue) from China Pride for a consideration of RMB128,594,250, RMB20,297,250, RMB8,457,750, RMB7,040,250 and RMB4,360,500, respectively (collectively, the "**Consideration**"). The

HISTORY, REORGANISATION AND GROUP STRUCTURE

Consideration was fully paid by Alibaba.com on 31 January 2011. The Consideration was arrived after arm's length negotiations with Alibaba.com with reference to the agreed assessment of the value of our Group at the time of signing the Share Purchase Agreement. The Pre-IPO Investment was completed on 31 January 2011. Taking into account the Capitalisation Issue, such 25% shareholding would be represented by 187,500,000 Shares of our Company and consequently, the price paid by Alibaba.com is approximately RMB0.9 per Share (equivalent to approximately HK\$1.12 per Share). Assuming an Offer Price of HK\$1.36 per Offer Share (being the mid-point of the indicative Offer Price range), the price paid by Alibaba.com is equivalent to a discount of approximately 17.6% to such price per Offer Share. We believe that the introduction of Alibaba.com would complement our Group's business development taking into account the experience of Alibaba.com in the e-Commerce business in the PRC.

Our Company, Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong, Mr. Ma Ming and Alibaba.com entered into the Shareholders' Agreement, pursuant to which Alibaba.com has been granted the following rights:

Approval by Alibaba.com. For so long as Alibaba.com holds not less than 10% of the issued share capital of our Company, on a fully-diluted basis, the prior written consent of Alibaba.com is required to approve certain major decisions of our Company, including any dissolution, liquidation or winding-up of any member of our Group whose total assets represent no less than five percent (5%) of the total assets of the Group on a consolidated basis, any amendment of memorandum and articles of association of any member of our Group, any creation or authorising the creation of or issue of any new share (including ordinary shares and/or preferred shares) in our Company, any purchase or redemption of any equity securities of any member of our Group, any adoption of any employee benefit plan of any member of our Group (other than an employee benefit plan which will become effective only upon closing of a Qualified IPO (as defined below)), any sale, transfer, lease, sublease, creation of pledge or encumbrances on or other disposition by our Company or any member of our Group to third party of any material property or asset, real, personal or mixed other than in the ordinary course of business, any declaration of share dividend unless permitted, any sale, transfer, license out, creation of pledge or encumbrance on or other disposition of any material technology or intellectual property other than licenses granted in the ordinary course of business, any change of capital structure of any member of our Group, any significant investment in or acquisition of any other person, or any assets, business or business organisation, any entering into by our Company or any member of our Group of any significant agreement, contract or arrangement not contemplated in the annual budget of our Group or the closing of any offerings to the general public of the ordinary shares of our Company other than a Qualified IPO (as defined below).

For the purpose of the Shareholders' Agreement, the term "**Qualified IPO**" means the completion of the first firm commitment, underwritten offering to the general public of our Shares which (i) results in our Shares being listed on a Qualified Exchange (as defined below); and (ii) is effected pursuant to the securities laws or rules applicable to an offering of securities

HISTORY, REORGANISATION AND GROUP STRUCTURE

on a Qualified Exchange. The term “**Qualified Exchange**” means the main board of the Stock Exchange, the New York Stock Exchange, the Nasdaq Global Market System, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or any other internationally recognised exchange or quotation system that is approved in writing by Alibaba.com.

No Issuances to Competitors. Without the prior written consent of Alibaba.com, none of the members of our Group shall issue or sell any securities to any competitor of Alibaba.com.

Pre-emptive Rights. Our Company has granted to each of Long Capital, Telewise Group, Team United, Joint Allied, China Pride and Alibaba.com a right of first refusal to purchase a pro rata share of new securities which our Company may, from time to time, propose to sell and issue.

Transfer Restrictions. Without prior approval in writing by Alibaba.com, prior to a Qualified IPO (as defined above), none of Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming shall, directly or indirectly, sell, assign, transfer, pledge, hypothecate, grant an option to purchase, solicit an offer or otherwise encumber or disposes of all or any part of his/her/its shares unless permitted, including in a Qualified IPO. Without prior approval in writing by Ms. Xin, prior to a Qualified IPO, Alibaba.com shall not, directly or indirectly, sell, assign, transfer, pledge, hypothecate, grant an option to purchase, solicit an offer or otherwise encumber or disposes of all or any part of its shares unless permitted.

Special Rights. Alibaba.com also has special rights such as information rights and access rights.

Put Option. If a Qualified IPO has not occurred within 48 months after 31 January 2011, for a period of 90 days thereafter, Alibaba.com may give a written notice to each of Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming that it wishes to exercise the put option requesting Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong or Mr. Ma Ming to purchase all of the shares of our Company owned by Alibaba.com at a per share price denominated in US dollars equal to RMB168,750,000 divided by the number of shares of our Company acquired by Alibaba.com under the Share Purchase Agreement (as adjusted proportionally as a result of any subsequent share consolidation and/or sub-division of the total issued share capital of our Company).

Non-competition Undertakings. Each of Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming has undertaken to Alibaba.com that she/he/it will not, without the prior written consent of Alibaba.com, (i) before completion of a Qualified IPO, and for a period of 12 months after Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming cease to be employed by any member of our Group, whichever is earlier, (a) be engaged or directly or indirectly interested in carrying on any businesses which competes with the business of our Group, (b) solicit the customers, in relation to goods or services sold to any person by any

HISTORY, REORGANISATION AND GROUP STRUCTURE

member of our Group in the course of its business of that relevant person in respect of similar goods or services, (c) solicit or entice away from the employment of any member of our Group any person who is at present an employee of any member of our Group, or (d) interfere or endeavour to interfere with the continuance of provision of goods and services to any member of our Group by a provider or supplier of goods or services to any member of our Group including any individual who provided services to our Group by way of a consultancy agreement; (ii) at any time thereafter, in relation to any trade, business or company, use in contravention of law any business or trade name or any permutation, combination, derivation or part used by any member of our Group in its name or in the name of any of its products, services or their derivative terms, or the Chinese or English equivalent or any similar word in such a way as is likely to be confused with the name of any member of our Group or the products or services or any other products or services of any member of our Group; and (iii) assist any other person to do any of the things set out in (i) and (ii) above.

Pursuant to the Share Purchase Agreement, the shares of our Company subscribed by Alibaba.com are not subject to any lock-up arrangement after the Listing, and such shares will not be counted as part of the public float given that Alibaba.com will be a connected person of our Company upon Listing. However, it is intended that the Shares held by Alibaba.com will be subject to a lock-up arrangement pursuant to the International Placing Underwriting Agreement. Please refer to the section headed “Underwriting — Underwriting arrangements and expenses — International Placing” in this prospectus.

All special rights granted to Alibaba.com under the Shareholders’ Agreement, including but not limited to the rights set out in the paragraphs headed “Approval by Alibaba.com”, “No issuances to competitors”, “Pre-emptive rights”, “Transfer restrictions”, “Special rights”, “Put option” and “Non-competition undertakings” in this section, will be terminated upon Listing.

Compliance

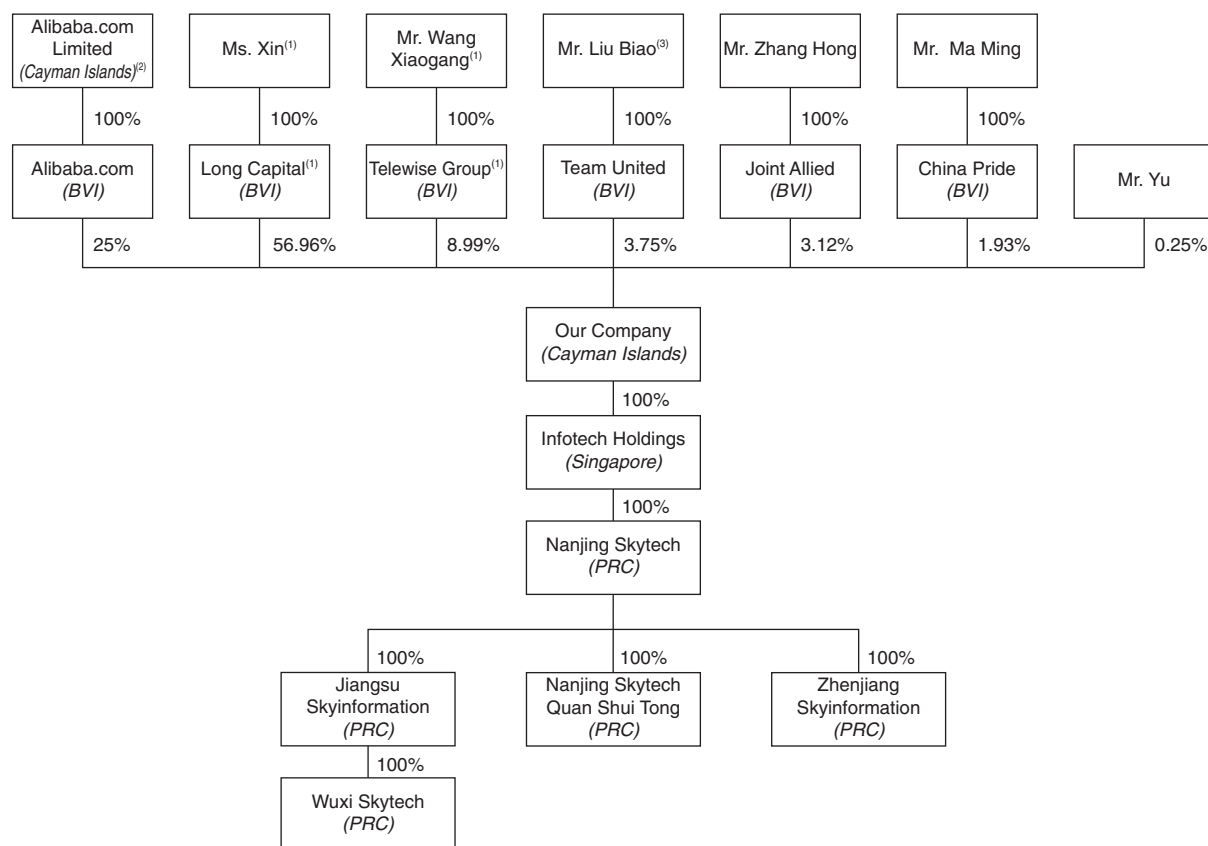
All the terms, conditions and covenants of the above agreements entered into with Alibaba.com has been complied with in all material aspects as at the Latest Practicable Date.

Background of Alibaba.com

Alibaba.com, a company incorporated in the BVI with limited liability on 20 September 2006, is principally engaged in the business of investment holding and is a subsidiary within the Alibaba Group, which is a family of internet-based business.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart sets forth our Group's corporate and shareholding structure after the Reorganisation, but before the Capitalisation Issue and completion of the Global Offering:



Notes:

- (1) After the completion of the Reorganisation, but before the Capitalisation Issue and completion of the Global Offering, each of Long Capital and Telewise Group holds as to 56.96% and 8.99% of the then issued share capital of our Company, respectively. Long Capital is wholly owned by Ms. Xin and Telewise Group is wholly owned by Mr. Wang Xiaogang. Mr. Wang Xiaogang is the spouse of Ms. Xin and Ms. Xin and Mr. Wang Xiaogang are therefore deemed to be interested in each other shares by virtue of the SFO. Accordingly, Long Capital, Ms. Xin together with Telewise Group and Mr. Wang Xiaogang are our Controlling Shareholders. As at the Latest Practicable Date, save for the Shareholders' Agreement, no other shareholders' agreement had been entered into among Long Capital, Telewise Group, Ms. Xin and Mr. Wang Xiaogang.
- (2) As at the Latest Practicable Date, Alibaba.com Limited was held as to 80.02% by Alibaba Group Holding Limited and 19.98% by Alibaba Group Treasury Limited, and Alibaba Group Treasury Limited is a wholly owned subsidiary of Alibaba Group Holding Limited. As at the Latest Practicable Date, more than one-third of the shares in Alibaba Group Holding Limited were held by SoftBank Corp., a company listed on the Tokyo Stock Exchange, directly or indirectly through its wholly owned subsidiaries.
- (3) Mr. Liu Biao's interest in the Company was determined with reference to his 5% equity interest in Nanjing Skytech prior to the transfer of his entire interest in Nanjing Skytech to Infotech Holdings on 1 December 2004. Mr. Liu Biao does not have any relationship with the Company, its subsidiaries, their shareholders or directors or any of their respective associates, apart from holding 3.75% of the issued share capital of the Company as at the Latest Practicable Date and leasing a property to the Group as its headquarters through his wholly owned company, Nanjing Jingtian.

HISTORY, REORGANISATION AND GROUP STRUCTURE

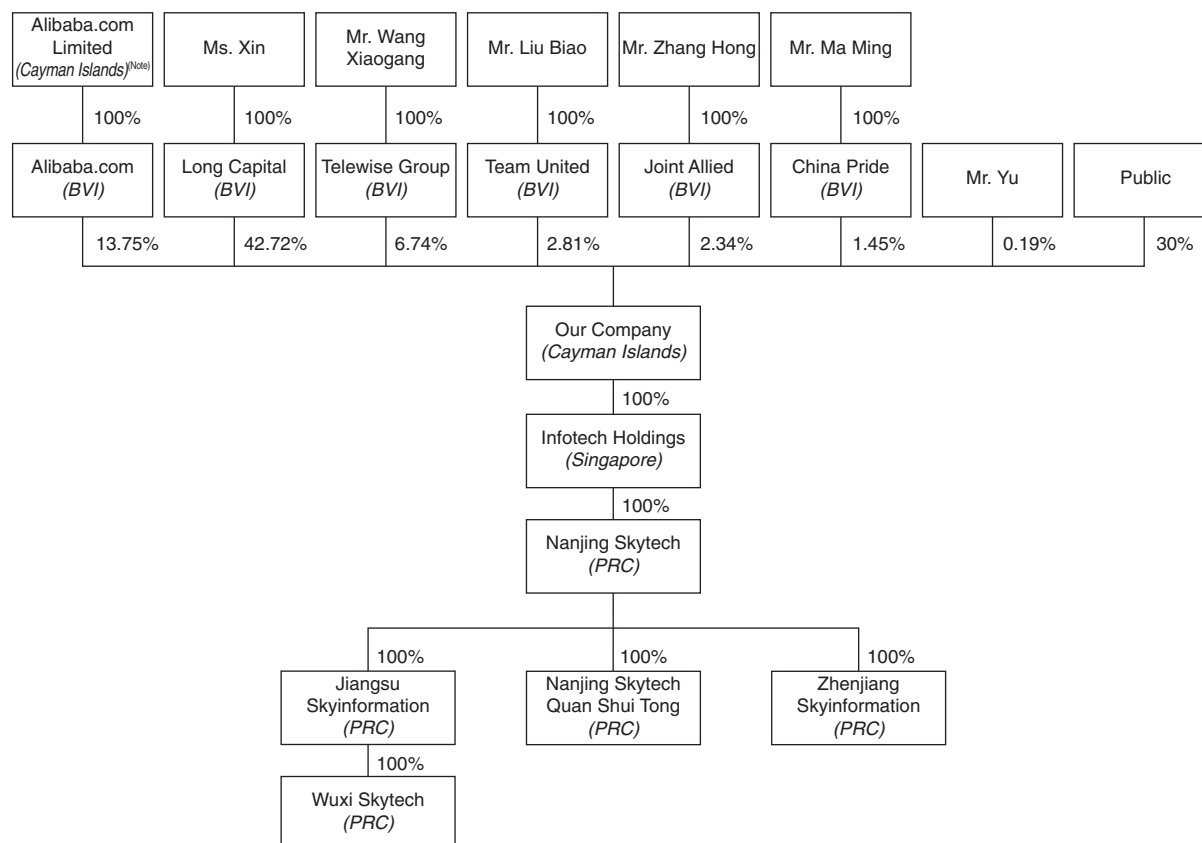
APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Following the Delisting, Alibaba.com had approached our Group in relation to a long term strategic cooperation and partnership and a potential listing on the Stock Exchange. We decided that the Hong Kong capital market would be a suitable platform for our shares to be listed as we believe that we can be benefited from the experience of Alibaba.com as a strategic investor which was listed at the Stock Exchange when it approached us. We also believe that with a number of comparable companies in the software businesses already listed on the Stock Exchange, and with the business and operations of our Group primarily located in the PRC, listing in Hong Kong will improve our exposure to investors and customers in the rapidly growing Chinese market and a potential improvement in the trading liquidity of our shares.

CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK\$7,490,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 749,000,000 Shares for allotment and issue to our Shareholders as of 11 June 2013, on a pro rata basis.

The following chart sets forth our Group's corporate and shareholding structure immediately after the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised):



HISTORY, REORGANISATION AND GROUP STRUCTURE

Note: As at the Latest Practicable Date, Alibaba.com Limited was held as to 80.02% by Alibaba Group Holding Limited and 19.98% by Alibaba Group Treasury Limited, and Alibaba Group Treasury Limited is a wholly owned subsidiary of Alibaba Group Holding Limited. As at the Latest Practicable Date, more than one-third of the shares in Alibaba Group Holding Limited were held by SoftBank Corp., a company listed on the Tokyo Stock Exchange, directly or indirectly through its wholly owned subsidiaries.

M&A RULES

On 8 August 2006, six PRC regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “**M&A Rules**”), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on 8 September 2006 and amended on 22 June 2009. The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC legal advisers have advised us that as the acquisition of Nanjing Skytech by Infotech Holdings was approved by the Nanjing Hi-Tech Industrial Development Zone Administrative Committee (南京高新技術產業開發區管委會) before the effective date of the M&A Rules with the approval certificate for foreign investment enterprises being granted by the People’s Government of Nanjing City (南京市人民政府) on 28 December 2004, the acquisition of Nanjing Skytech by Infotech Holdings was not subject to the M&A Rules. Accordingly, the M&A Rules are not applicable to such acquisitions and that no further approval by any PRC government or regulatory authority is required for the Listing.

Circular No. 75

On 21 October 2005, the SAFE issued the Circular No. 75. According to the Circular No. 75, a domestic resident shall, before establishing or controlling an overseas special purpose company (the “**SPC**”), bring the prescriptive materials to the local branch of SAFE (the “**SAFE Branch**”) to apply for foreign exchange registration of overseas investments; SAFE Branch shall, after examining and checking the materials to be inerrant, affix the special seal for foreign exchange business for capital account transactions on the Certificate of Foreign Exchange Registration of Overseas Investments (境外投資外匯登記證) or the Form of Foreign Exchange Registration of Overseas Investments of the Domestic Individual Resident (境內居民個人境外投資外匯登記表). Further details regarding the Circular No. 75 are set forth in the section headed “Summary of the relevant PRC laws and regulations — Return investment via overseas special purpose companies”.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Our PRC legal advisers have advised us that all the applicable shareholders, namely Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming, have completed the procedures for foreign exchange registration in accordance with the legal provisions at the Jiangsu SAFE Branch on 4 December 2007, which was renewed on 10 December 2009 and 1 March 2011, respectively.

BUSINESS

OVERVIEW

We are an advanced provider of application software products and solutions in the PRC with a focus in Jiangsu, being one of the major exporting provinces in the PRC. We principally develop and market export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions to enable government agencies and enterprises in the PRC to manage their business and administrative processes more efficiently.

We are a leading enterprise in the export tax software industry in Jiangsu.¹ Our Group was the only supplier of export tax software in Jiangsu during 2010-2012.³ We are a leading enterprise in the e-Government solution industry in Jiangsu² and our e-Government solutions were ranked first in Jiangsu in terms of market share during 2010-2012.³ We are also the only provider of carbon management solutions in Jiangsu during 2011-2012.³

Through our unremitting efforts over a decade, we have established a solid track record with our customers, in particular, the exporting enterprises and the government agencies in Jiangsu. We have penetrated and are now a leading player in the export tax software market in Jiangsu. Moreover, we have provided e-Government solutions, information integration software and system integration solutions to a wide array of government agencies at various government levels in Jiangsu since our inception. By working closely with our customers, we are able to keep ourselves apprised of the latest development in the IT industry and government initiatives and develop diversified and innovative products enhancements and new software applications and solutions to meet the ever-evolving needs of our customers. For instance, we have strategically expanded our export tax software offerings from office automation to workflow management and data analyse solutions (see the paragraphs headed “Our products and services — (i) Export tax software and related services” and “Research and development — Export tax software” in this section). The launch of our carbon management solutions in 2011 has demonstrated our ability to develop a new line of products to capitalise on PRC government’s initiatives and advanced IT applications such as cloud-based computing (see the paragraph headed “Our products and services — (iii) Carbon management solutions” in this section).

¹ According to the confirmation issued by the Goods and Labour Tax Division of the Jiangsu Tax Bureau (江蘇省國稅局貨物和勞務稅處) on 6 January 2013, which was based on its understanding of the software market in Jiangsu and the specification and reported sales volume of our export tax software products.

² According to the confirmation issued by the Software and Information Service Division of the Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會軟件與信息服務業處) on 6 January 2013. The commission oversees the software industry in Jiangsu and is principally responsible for, among other things, formulating and implementing the development strategies for the software and information industry, analysing the operations of the software and information industry, and the accreditation of software and information entities in Jiangsu. As such, it has the relevant statistic data to confirm our position in the software industry in Jiangsu.

³ According to the Ipsos Report.

BUSINESS

Our major products and services include:

- **Export tax software and related services**, which comprise (i) a series of software products that aim to automate the application process of export tax rebate and enable exporters to manage, organise and analyse export tax rebate documentation easily and effectively; and (ii) related services such as provision of training in export tax management.
- **e-Government solutions**, which aim to optimise and automate the workflow of government agencies, create a virtual, real-time platform for interactions between citizens, business enterprises and government agencies, and provide analytic tools to assist government agencies in their decision making process.
- **Carbon management solutions**, which comprise a line of software products and platforms that aim to empower government agencies or enterprises to identify, measure and control their greenhouse gas emissions and energy consumption, and thus improve their ability to make clearer decisions while improving operational efficiency.
- **Information integration software**, which is designed to integrate different applications into a uniform platform, and facilitate the distribution, consolidation, synchronisation and management of information across complex, multi-platform and multi-vendor IT environments.
- **System integration solutions**, which include consultation services on system analysis, design, implementation and management. We also provide specialist services including system architecting, intuitive graphical and multimedia user interfaces, and application of web services and other internet technologies.

We pride ourselves in having obtained various widely recognised accreditations in the IT industry within our 14 years of history of operation. Among others, in 2010 we were one of the 240 “Key Software Enterprises under the National Plan” (國家規劃佈局內重點軟件企業) in the PRC. As at the Latest Practicable Date, we had been one of the 243 enterprises that possess Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成一級資質) from the MIIT since 2010. In November 2012, we were accredited with CMMI Level 5, which put us among the 60 PRC enterprises which possessed the highest maturity level under the CMMI accreditation system regarding the standard of planning, engineering, software development, managing and maintenance procedures as at the Latest Practicable Date. In 2013, Nanjing Skytech was again recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) for 2011 and 2012.

BUSINESS

Our business delivered substantial growth during the Track Record Period. Our revenue increased from approximately RMB152.4 million in 2010 to approximately RMB226.7 million in 2012, representing a CAGR of approximately 22.0%. Our net profit increased from approximately RMB46.5 million in 2010 to approximately RMB76.2 million in 2012, representing a CAGR of approximately 28.0%. Such growth was mainly attributable to: (i) the favourable national and regional policies and measures in the PRC that encouraged the growth of the IT industry; (ii) our R&D capabilities; and (iii) our solid track record and established relationships with customers and government agencies in Jiangsu.

The following table sets forth the breakdown of our revenue attributable to each of our major products and services and the respective percentages of total revenue during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Export tax software and related services	23,148	15.2	30,566	16.5	38,994	17.2
e-Government solutions	33,991	22.3	61,595	33.3	63,103	27.8
Carbon management solutions	-	-	7,692	4.2	13,274	5.9
Information integration software	25,901	17.0	28,401	15.4	55,663	24.5
System integration solutions	69,314	45.5	56,680	30.6	55,694	24.6
Total	152,354	100.0	184,934	100.0	226,728	100.0

Going forward, we plan to expand our customer base and consolidate our leading position in Jiangsu. Our Directors believe that our Group is competitive and well-positioned to capture the anticipated growth in the PRC market for software products and solutions, particularly in the export tax software and related services, e-Government solutions and carbon management solutions market.

OUR COMPETITIVE STRENGTHS

We believe that our sustainable growth is supported by the following competitive strengths:

Well positioned for success in the rapidly growing software market in the PRC with favourable policies towards digitalisation of government services and “smart city” development

We are well positioned for success in the rapidly growing software industry in the PRC, including the niche market of e-Government solutions. According to CSISI Report 2012, the revenue of the software and information services industry in the PRC grew by a CAGR of approximately 29.6% from approximately RMB390.0 billion in 2005 to approximately RMB1,846.8 billion in 2011.

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The revenue of the e-Government solutions market in the PRC grew from approximately RMB2,989.0 million in 2008 to approximately RMB6,035.2 million in 2012, representing a CAGR of approximately 19.2%, according to the Ipsos Report.

Such growth of the software industry is in part fuelled by favourable PRC government policies. The PRC government considers software as a national strategic industry and has promulgated various policies, including favourable tax treatments and R&D support, to encourage its development. In the outline of the 12th Five-year Plan, the development of e-Government solutions, in particular, has been highlighted as one of the national strategic goals in the informatisation of the society and the economy. The PRC government has emphasised the transparency of governance and promoted the interactions among citizens, business enterprises and government agencies by strengthening e-Government infrastructure and information exchange platform.⁴ Furthermore, many cities in the PRC are set to launch “smart city” development, which generally refers to the investment in information and communication technology to support the sustainable development of and the quality of life in cities. The introduction of our carbon management solutions represents a major step in capturing the opportunities offered by the “smart city” initiative.

Given our solid track record in providing government-related software which is in alignment with the industry development, we believe we are well positioned to capture the growth opportunities in the software market, in particular the anticipated surge in the demands for e-Government and other government-related solutions.

Excellent local market presence and strong customer base

We are the only provider of export tax filing software in Jiangsu, one of the major exporting provinces in the PRC. According to the Ipsos Report, during 2010-2012, 6,000 new export enterprises were registered each year in Jiangsu, and currently there are about 50,000 manufacturers and export enterprises in Jiangsu. Such an expanding community of export enterprises created a momentum for the increasing use of export tax software in the region. We believe the free offering of our Skytech ETM System will further expand the customer base for our export tax software. We also provided e-Government solutions to many government agencies within and beyond Jiangsu, and were ranked first in terms of market share in Jiangsu

⁴ Related government policies include (i) the Notice Regarding the State Council's Issue of Certain Policies to Further Encourage the Software Industry and the Integrated Circuit Industry (Guo Fa [2011] No. 4) (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展的若干政策的通知(國發[2011]4號)); (ii) the 2006-2020 National Informatisation Development Strategy (2006-2020年國家信息化發展戰略); (iii) the Opinions of the State Council on Intensifying Construction of Government Ruled by Law (Guo Fa [2010] No. 33) (國務院關於加強法治政府建設的意見(國發[2010]33號)) and (iv) the Outline of the 12th Five-year Plan for the Economic and Social Development of the PRC (中華人民共和國國民經濟和社會發展第十二個五年規劃綱要).

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in 2010-2012 according to the Ipsos Report. With such local market presence, we are able to keep ourselves apprised of the latest development in the IT industry and government initiatives and develop diversified and innovative products and new software applications and services to meet the ever-evolving needs of our customers.

Solid track record in the information technology industry in the PRC

We have established a solid track record of providing application software products and solutions in the PRC. Among other things, we were accredited as one of the 240 Key Software Enterprise under the National Plan (國家規劃佈局內重點軟件企業) in the PRC in 2010. We continued to be recognised as a Key Software Enterprise under the National Plan from 2010 to 2012. As at the Latest Practicable Date, we have been one of the 243 enterprises that possess Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成一級資質) from the MIIT since 2010. In November 2012, we were accredited with CMMI Level 5, which put us among the 60 PRC enterprises which possess the highest maturity level under the CMMI accreditation system regarding the standard of planning, engineering, software development, managing and maintenance procedures as at the Latest Practicable Date.

Our established track record and widely recognised qualifications give us a competitive advantage, enabling us to retain existing customers and cross-sell the products and services in our different business segments, as well as to expand our customer base by word-of-mouth among the target user communities (e.g. government agencies and export enterprises). In particular, Computer Information System Integration Qualification and CMMI accreditation are common pre-requisites in the tendering process for PRC government projects.

Strong R&D capabilities

We believe our R&D capabilities represent our core competency and key competitive advantage in the application software market in the PRC. We have a strong technical and R&D team, which comprised 404 members as at the Latest Practicable Date. Among them 47 had obtained master's or higher degrees, and 357 had obtained bachelor's degrees or other advanced degrees. 203 of them had over five years' experience in the software industry. All of our application software products are developed by our own R&D team.

Our ability to develop our software products in-house benefits our business in the following ways:

- we are able to tailor our software products for the PRC market to appeal to local customers' needs;
- we are able to develop our own intellectual property rights and know-how for product development and do not place significant reliance on third-party technologies;

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- we have stringent control over our products' quality, our development plans and the release of upgrades and enhancements for our products; and
- we are able to initiate development projects swiftly to capture market opportunities in response to technological developments and policy changes.

We believe our strong R&D capabilities have enabled us to develop innovative proprietary technologies for our software products. As at the Latest Practicable Date, we owned 115 software copyright registrations and 79 software product registrations. We believe our R&D capabilities and technological innovation will continue to serve as a strong basis for us to remain an advanced provider of export tax software and related services, e-Government solutions and other new software and solutions.

Diversified portfolio of software and solutions, creating balanced revenue drivers with potential cross-selling opportunities

We have continuously diversified our portfolio of software and solutions, which currently comprise export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions. With our R&D effort, our Directors believe that our Group will continue to develop and offer more new products and services to our customers. In 2012, the revenue from our export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions accounted for approximately 17.2%, 27.8%, 5.9%, 24.5% and 24.6% of our total revenue, respectively.

Our Directors believe that our diversified portfolio of software and solutions provides us with balanced revenue drivers and reduces our dependence on any particular product or service, thus enabling us to achieve sustainable growth in the foreseeable future. Our diversified portfolio of products and services also enables us to achieve synergies across our business lines and provides opportunities to cross-sell our various products and services to our customers.

Experienced management and technical teams

Our management has extensive experience and knowledge in the IT and software industries in China with a proven track record in operating and managing our business successfully. For instance, Ms. Xin, our chief executive officer, chairlady and an executive Director, is an experienced entrepreneur in software development and system integration. She is one of the founders of our Group, and has over 20 years of experience in China's IT industry. Mr. Zhang Hong, our chief engineer, has over 13 years of experience in the research and development of information technologies. Leveraging on their experience and knowledge, the management team is able to lead our Group to compete in this competitive industry, to take advantage of our market position and to ensure our future growth. Most importantly, with the insight of our management team, our employees are prepared to embrace changes, maintain flexibility and continue to innovate in the fast-evolving industry. Further details on our Directors and senior management are set out in the section headed "Directors, senior management and employees" in this prospectus.

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OUR BUSINESS STRATEGIES

Our Group's aim is to become a leading provider of application software and solutions to enterprises and government agencies in China. Our growth strategies include the following:

To strengthen our leading position in export tax software and related services in Jiangsu

Through our unremitting efforts in the last decade, we have built a strong presence in Jiangsu in the market of export tax software and related services and have accumulated substantial experience in this area. We will endeavour to strengthen our leading position in Jiangsu by expanding the sales channel, extending user's experience from using the basic export tax filing software to benefiting from the more advanced software suites as well as the export tax-related services, and continue to improve our software and services.

To exploit e-Government initiatives in the PRC

In the outline of the PRC government's 12th Five-year Plan, the development of e-Government has been highlighted as one of the national strategic goals in the informatisation of the society and the economy. Accordingly, provincial-level and city-level governments are gradually implementing e-Government services.⁵ We believe there is a strong incentive for government departments and agencies of various levels to establish a system for better communication and exchange of information in order to achieve more efficient and transparent administration, and to enhance the interaction among citizens, enterprises and government agencies. Our e-Government platform, which provides one-stop solutions to administrative authorities, would be able to leverage on this growing initiative. The launch of "smart city" development in various cities in the PRC also offers us an opportunity to develop and market our new government-related solutions.⁶ We will capture these opportunities and further market our e-Government solutions and other government-related solutions to government agencies within and beyond Jiangsu.

To capitalise on the evolution of greenhouse gas emission policies in the PRC and further develop the business of our carbon management solutions

As the PRC government increased its effort in reducing energy consumption and greenhouse gas emissions, we expect the regulatory requirements on greenhouse gas

⁵ Related government policies include (i) the 12th Five-year Plan for the Development of Software and Information Services Industry (軟件和資訊技術服務業“十二五”發展規劃); (ii) the 12th Five-year Plan for the Development of “Smart City” in Nanjing (南京市“十二五”智慧城市發展規劃); (iii) the Outline of the 12th Five-year Plan for the Economic and Social Development of the PRC (中華人民共和國國民經濟和社會發展第十二個五年規劃綱要); and (iv) the 2006-2020 National Informatisation Development Strategy (2006-2020年國家信息化發展戰略).

⁶ According to the Notice on the Commencement of Pilot Programme for “Smart City” (Jian Ban Ke [2013] No. 5) (住房城鄉建設部辦公廳關於做好國家智慧城市試點工作的通知(建辦科[2013]5號)) issued by Ministry of Housing and Urban-rural Development on 28 January 2013, the first batch of pilot “smart cities” spread over 27 provinces and municipalities including Beijing, Tianjin, Shanghai, Wuxi, Nanjing, etc.

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reduction will become more stringent in the future. We believe there will be an increasing need for different levels of government agencies to measure, manage and reduce carbon emissions to meet the national targets. In such event, enterprises will be obliged to present further carbon emission information to its stakeholders, such as regulators or customers. In light of this, we believe carbon management solutions offer strong growth potential in the PRC and will further explore the opportunities in this area.

We intend to continue to expand the business of our carbon management solutions. We plan to leverage on our strength as an established e-Government solution provider to market our government-use carbon management solutions to government agencies in the six low-carbon pilot provinces (or municipalities directly under the PRC central government) and the 36 low-carbon pilot cities.⁷

We also plan to promote our enterprise-use carbon management solutions to large-to-medium sized export enterprises, taking advantage of our existing customer base and experience in the provision of export tax software and related services. In addition, we would also focus our marketing efforts on those high energy-consumption enterprises which have submitted energy consumption reduction targets under the “Energy Conservation and Carbon Emission Reduction Actions by Ten-Thousand Enterprises” (萬家企業節能低碳行動).⁸

To strengthen our R&D capabilities and broaden our products

The software market is characterised by continual advancement in technology. To maintain and advance our position in the market, we would have to innovate and develop software products with the latest technology.

Recently we have employed the cloud-computing and big data management technologies in our software and solutions (see the paragraph headed “Our products and services — (ii) e-Government solutions” in this section). We plan to further extend the application of these and other cutting edge technologies into our future software and solutions. To achieve this, we plan to increase the size of our R&D team by recruiting additional IT professionals with relevant skills and expertise and expand our capacities at our existing R&D and software testing centres in Pukou District, Nanjing.

⁷ According to the Notice on the Commencement of Pilot Programme for Low-carbon Provinces and Cities (關於開展低碳省區和低碳城市試點工作的通知) issued by the NDRC on 19 July 2010, the first batch of pilot provinces, municipalities and cities include Guangdong, Liaoning, Hubei, Shaanxi, Yunnan, Tianjin, Chongqing, Shenzhen, Xiamen, Hangzhou, Nanchang, Guiyang and Baoding; on 5 December 2012, the NDRC further issued the Notice on the Commencement of Pilot Programme for the Second Batch of Low-carbon Provinces and Cities (關於開展第二批國家低碳省區和低碳城市試點工作的通知). The second batch of pilot provinces, municipalities and cities include Beijing, Shanghai, Hainan, Shijiazhuang, Qinhuangdao, Jincheng, Hulunbuir, Jilin, Daxinganling area, Suzhou, Huaian, Zhenjiang, Ningbo, Wenzhou, Chizhou, Nanping, Jingdezhen, Ganzhou, Qingdao, Jiyuan, Wuhan, Guangzhou, Guilin, Guangyuan, Zunyi, Kunming, Yanan, Jinchang, Urumqi.

⁸ See the Notice on the Implementation Plan of the Energy Conservation and Carbon Emission Reduction Actions by Ten-Thousand Enterprises (Fa Gai Huan Zi [2011] No. 2873) (關於印發萬家企業節能低碳行動實施方案的通知(發改環資[2011] 2873號)) and the Notice of NDRC No. 10 of 2012 (發展和改革委員會公告2012年第10號) issued on 12 May 2012.

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By leveraging our R&D capabilities and our expertise in the development and sale of software and solutions, we aim to expand our range of software and solutions offerings and enter into new areas which we believe will offer strong market potential. This was illustrated by the introduction of carbon management solutions in 2011. Details of R&D projects under way or completed are further described in the paragraph headed “Research and development” of this section.

To pursue selective acquisitions and partnerships

We will consider acquiring or investing in boutique firms operating in specialised software sectors so as to expedite our breakthrough into such software niches. As at the Latest Practicable Date, we had not identified any potential targets for acquisition.

We will also explore the possibilities of forming strategic alliances with key players in the IT market to gain competitive advantage through access to our partners’ resources, including markets, technologies, capital and people. For instance, Alibaba.com has become our Group’s investor, owning approximately 25% of our Company’s issued share capital after the Reorganisation. See the section headed “History, Reorganisation and group structure — Pre-IPO Investment” in this prospectus. With Alibaba.com’s strategic investment in our Company, we believe we can leverage on Alibaba.com’s operations and extensive business network with a view to expanding our product offering to more potential customers and thus achieving further business growth.

To cross-sell our different software products and services to customers

Based on our experience in Jiangsu, we believe that the offering of one type of our products to our customer would help us establish our reputation as an advanced application software and services provider, thus offering cross selling opportunities, which in turn benefit the sales of our other products. For instance, the offer of free download of our Skytech ETM System since January 2012 has enabled us to sell our other software products and services (e.g. our office automation software) to the relevant customers. As such, our Directors believe that we can leverage this niche business to cross-sell our software products and services.

OUR PRODUCTS AND SERVICES

Our products and services are tailored to meet the demands of government agencies and enterprises in the PRC.

Set out below are the descriptions of our major products and services:

(i) *Export tax software and related services*

Export tax software

Export tax rebate basically refers to the refund of domestic taxes (such as VAT) that have already been collected in the production of export products so that the costs of such products would in effect be reduced, and thus enhancing their competitiveness against foreign products.

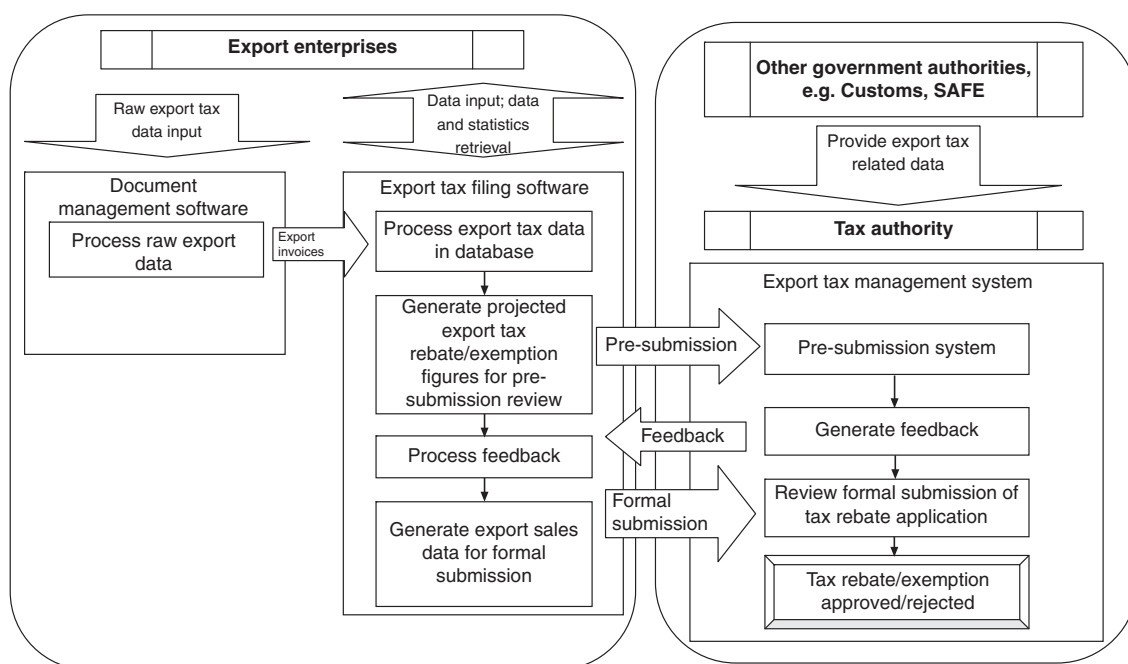
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Over time, the export tax rebate application processes have become more comprehensive, time-consuming and costly, involving numerous administrative authorities and agencies. Problems such as legibility, duplication and delay would arise using the traditional paper application forms. Our export tax software aims to reduce the time and cost in handling tax rebate applications.

We first developed and offered an application processing suite used by tax authorities to manage export tax rebate. We were one of the software suppliers selected by the Jiangsu Tax Bureau through negotiable bidding (議標) (i.e. by private invitation to make project proposals) and were engaged by the Jiangsu Tax Bureau through such negotiable bidding in 2001. Subsequently, we developed the compatible application filing suite utilised by export enterprises, enabling the electronic filing of export tax rebate documents.

Our export tax software products provide an information management platform for our customers' own production and management processes. They aim to increase the accuracy and efficiency of export tax rebate applications by reducing the amount of manual data input and thus aim to help prevent tax frauds. In addition, our software products enable the integration of scanned documents into the export tax rebate application software, speeding up the data gathering process and providing users with the necessary data reporting and analysis tools. Furthermore, by connecting the internal information system of our customers with the electronic filing system of the tax authorities, our export tax software products allow our customers to submit export tax filings over the internet or through other digital media. A more accurate and secure output can be generated under encryption, as compared with the traditional manuscript form filing.

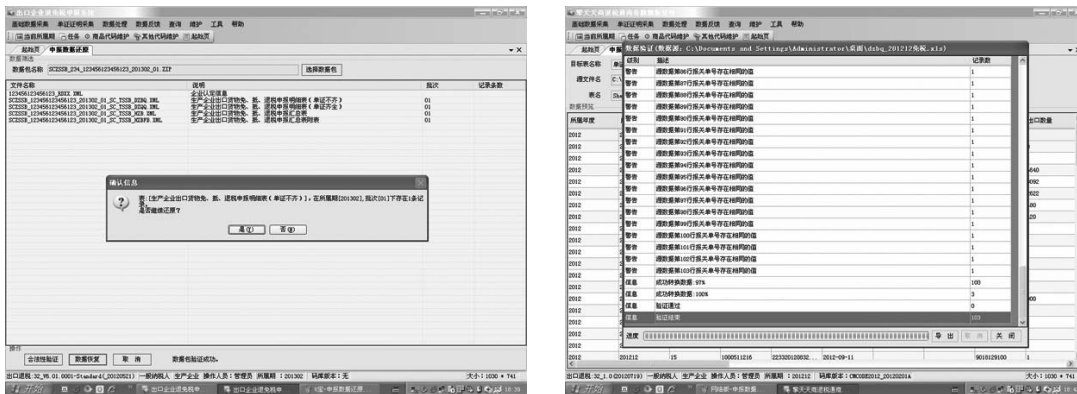
The following diagram illustrates the architecture of our export tax software products:



Our export tax software is developed to align with the export tax rebate policies applicable in the PRC from time to time. We constantly follow the latest developments in regulations and procedures regarding export tax filing, and tailor our export tax products to meet them. On average, new or upgraded version of export tax software products is introduced at 12 months' interval. Nevertheless, the old versions would remain useable despite the introduction of a new or upgraded version.

According to the confirmation from the Goods and Labour Tax Division of the Jiangsu Tax Bureau (江蘇省國稅局貨物和勞務稅處) issued on 6 January 2013, we were ranked first in Jiangsu in terms of market share in 2010-2012 and are a leading enterprise in the export tax rebate and exemption electronic filing software industry in Jiangsu.

Set out below are selected screenshots of our export tax software:



Some of our key export tax software products during the Track Record Period are as follows:

- Skytech Tianshan Tax Rebate Commercial Flagship Suite**
(擎天天商退税通商務旗艦版軟件)

Introduced in 2012, this is our latest flagship tax rebate application designed for midsized and large companies. It enables our clients to handle complex tax rebate applications with an intuitive interface with high level of automation. The application integrates the various functions of our earlier products to provide a one-stop solution for tax rebate management.

In addition to all the features in the original Skytech ETM System, this application also contains the following additional features:

- Multi-user architecture:** supports simultaneous multi-user operations to boost efficiency.
- Deadline alert:** automatically calculates and alerts users of filing deadlines upon entry of the export date.

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- *Pre-submission review*: enables examination of the reasonableness of data by comparing the data from various sources and alerts its user for any errors identified, and thus improves the quality of the tax rebate applications and increases the chance of approval.
- *Data-checking*: checks the data in a tax rebate application with those in the original documents (e.g. the export invoices) to ensure accuracy.
- **Skytech Tianshan Tax Rebate USB Suite (擎天天商退稅U寶軟件)**

This is a comprehensive application targeting small to medium-sized enterprises. The application contains all functions of our original Skytech ETM System with the following additional features:

- *Portability and mobility*: As most computers nowadays have USB drives, the application which runs on USB storage can be plugged-and-used on almost any compatible computer systems.
- *Automated filing*: Stores and files all documents relating to tax rebate applications in the USB drive automatically.
- *Synchronisation*: Enables synchronisation between the USB suite and the desktop suite, and thus ensuring data security and consistency.
- **Skytech Export Goods Tax Rebate (Exemption) Filing Management System (“Skytech ETM System”)** (擎天出口貨物退(免)稅申報管理系統軟件)

Skytech ETM System is aligned with the export tax rebate policies promulgated by the Jiangsu tax authorities and is compatible with Jiangsu government’s tax filing system. It aims to enable export enterprises in Jiangsu to manage the entry, delivery and retrieval of export sales data under a unified system.

In January 2012, we started to offer free download of the Skytech ETM System on our website and ceased its sales in a view of attracting more customers for our higher-end tax rebate application suites with advanced functions.

- **Skytech Export Enterprise Documents Management System** (擎天出口企業單證處理系統軟件)

This application is designed to enable export enterprises to manage their export invoices systemically. Applying our report processing technology, this application enables export enterprises to use the invoice templates adopted by tax authorities for producing export invoices, thus reducing the workload of the financial management staff of the export enterprises. It also offers additional functions for retrieving, analysing, offsetting and cancelling export tax invoice records, and is able to produce reports in various formats.

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Export tax-related services

Having been engaged in developing and enhancing export tax software for more than a decade, we have accumulated practical knowledge about export tax rebate management through studying the relevant regulations and analysing samples of export tax rebate applications. At the same time, as the regulations for export tax rebate become more complicated, the complexity of the application processes grows. Export enterprises which use our export tax software often encounter practical difficulties in the application processes. This creates the need for consultation and training on export tax management which would enable users to better utilise our export tax software.

We, therefore, provided export tax-related consultation services to assist enterprises to handle export tax rebate applications with the help of our export tax software, especially those small enterprises lacking such experience and expertise. We may also help our customers to process export tax rebate applications. The revenue from the provision of such consultation services accounted for approximately RMB11.7 million, RMB18.4 million and RMB17.6 million for the years ended 31 December 2010, 2011 and 2012, respectively.

We also started to offer export tax management training from 2011 to further diversify our revenue sources. The basic training courses cover the application workflow, document management and solutions to frequently-encountered problems relating to export tax rebate application processes. We also offer advanced courses which cover tax management theory, export tax-related accounting treatments and the latest export tax regulatory development. The revenues from the provision of these export tax management trainings in 2011 (being the first year such training was provided) and 2012 were approximately RMB0.6 million and RMB4.6 million, respectively.

(ii) e-Government solutions

Our Group has been engaged in the development and sale of e-Government solutions since 2002. These products are used by government agencies at various administrative levels, including the provincial, city and district levels, in Jiangsu and other provinces of China.

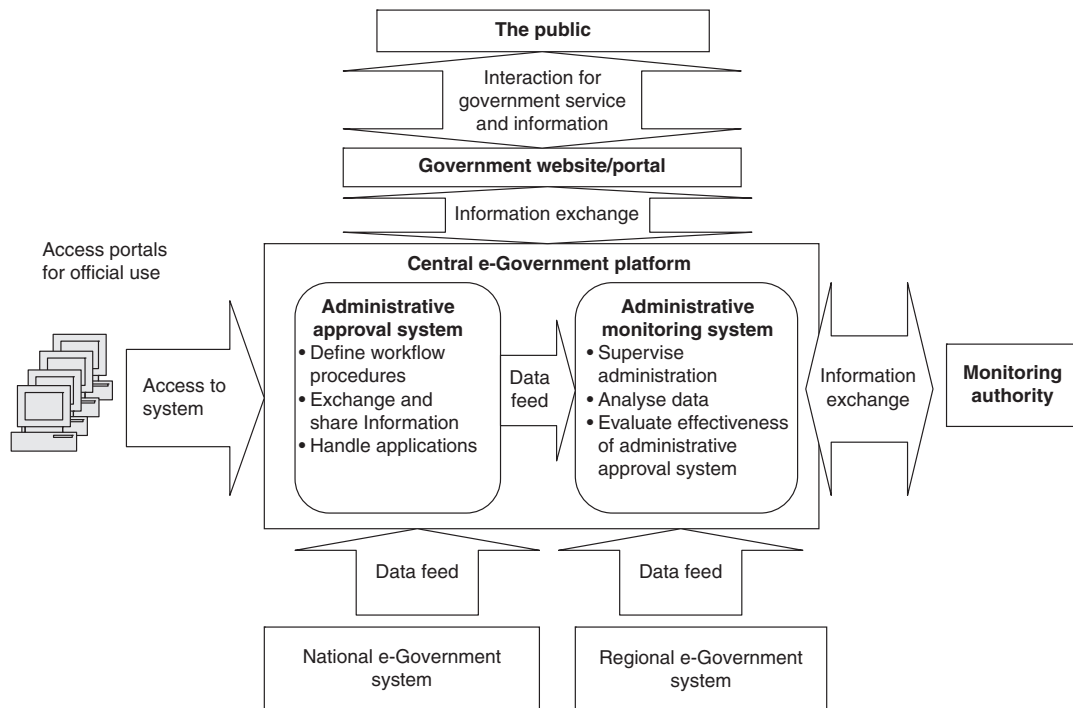
In light of the growing internet penetration, the increasing need for real-time information, regulatory changes, as well as technology advancements, e-Government solutions are designed to achieve the following goals:

- speeding up information exchange among government agencies;
- enhancing the accessibility of governmental information and services to citizens and enterprises;

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- improving the services provided by the government;
- enhancing the transparency of government operations;
- standardising, simplifying and streamlining government operations and approval processes;
- eliminating redundant systems; and
- avoiding isolated information silos which are incapable of performing reciprocal operations or exchanging information with other systems.

The following diagram illustrates the architecture of our e-Government solutions:



The PRC government has striven to enhance its IT infrastructure and online services to citizens. According to the Ipsos Report, e-Government solutions have been widely adopted and used in Jiangsu, with a higher usage development level than the national average. In particular, Jiangsu authorities have adopted a proactive approach in digitalising their systems and have encouraged the electronic distribution of government information.

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Our e-Government solutions enable government agencies to consolidate, store and manage information from various sub-systems such as internal gateways, bulletins, communication systems and databases on a single platform. We also provide middleware products that allow users to combine complex and distinct sources of data of different formats (e.g. XML, CSV, HTML, WMI) to generate reports in various applications (e.g. Microsoft Word, PDF, XML, HTML) that meet their defined parameters.

On average, new or upgraded versions of e-Government solutions are introduced at 18 months' interval. Nevertheless, the old versions would remain useable despite the introduction of a new or upgraded version.

With our proven track record, our Group has managed to secure a number of e-Government contracts for the implementation of e-Government solutions with government agencies within and beyond Jiangsu. Our e-Government solutions are ranked first in Jiangsu in terms of market share, and we are a leading enterprise in the e-Government solution industry in Jiangsu.⁷ Revenue derived from e-Government solutions accounted for approximately 22.3%, 33.3% and 27.8%, respectively of our total revenue during the Track Record Period.

Selected screenshots of our e-Government solutions are set out below:



Some of our key e-Government solutions during the Track Record Period are as follows:

- **Skytech Platform for Comprehensive Management of Cities**
(擎天城市綜合治理雲平台)

The rapid economic development and urbanisation in the PRC have resulted in a pressing need to maintain public security and social orders. The PRC government's expenses on public security are expected to reach RMB128.9 billion in 2013, up by 9.0% as compared with 2012. With the growing urban population, the public security authorities (which include a wide array of government agencies, such

⁷ According to the confirmation issued by the Software and Information Service Division of the Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會軟件與信息服務業處) on 6 January 2013.

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as the courts, the procuratorates, the police force and the state security departments) are under pressure to enhance the quality and efficiency of social management. They also face the challenges of managing and integrating large volumes of data across different levels.

In response to the above, we have developed the Skytech Platform for Comprehensive Management of Cities. This cloud-based platform is designed to provide a unified and people-centric operation platform for public security agencies across different administrative levels, enabling fast and efficient communication that improves the connection and collaboration of these agencies and the sharing of data.

Key features of the system include:

- *Unified cloud platform:* The platform is designed to leverage the networked nature of the cloud model which allows government agencies to collaborate within a multi-portal architecture across bureaucratic boundaries and minimise overlapping IT infrastructure.
- *Data integration:* Public security agencies need to swiftly derive meaningful information from complex data and information sources to identify potential public security threats. The platform helps integrate and thus enable the analysis of data sources, such as demographic data, geographical information and criminal records, from all government agencies in one open platform in real-time.
- *Information management:* The system can serve as a central library for the processes and results of analyses, saving the time when similar analyses have to be done in the future.
- *Performance evaluation:* The platform also provides a tool to the supervising authorities to monitor and evaluate the performance of its subordinate authorities in real-time.

The Skytech Platform for Comprehensive Management of Cities was first implemented in Nanjing of Jiangsu in 2012.

- **Skytech Administration Services and Information Dissemination Platform**
(擎天行政服務與信息公開平台)

The Skytech Administration Services and Information Dissemination Platform is designed to enable administrative authorities at the county level or above to build an integrated and centralised information platform for the provision of public services such as granting of administrative approvals.

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This platform aims to improve the transparency of public administration by providing a way for the public to obtain information, participate in public affairs and supervise the government agencies. Ultimately it is designed to foster the development of credible, efficient and service-oriented government agencies.

- **Skytech Digital Discipline Inspection Platform**
(擎天數字紀檢平台)

This system is designed to improve the level of informatisation, efficiency, standardisation and automation of discipline inspection authorities. It offers comprehensive support to the discipline inspection authorities in their daily administration, corruption prevention and anti-corruption enforcement actions by, for instance, providing updates on reforms in the financial system and judiciary system to assist the relevant authorities in identifying the possible sources of corruption, and offering human resources and documentation management tools for anti-corruption enforcement actions. This system provides application platforms for office automation, anti-corruption supervision, case management and information management. It also supports the security, network and case management systems of the relevant authorities.

- **Skytech Administrative Power Management System**
(擎天權力陽光運行系統)

This system targets at government agencies which have power of administrative approval. This product enables the whole process of administrative approval, including application and granting of approvals and analysis of statistics, to be done online. It can also produce standardised administrative documents and offer information search functions.

(iii) Carbon management solutions

In 2009, the PRC government pledged to reduce the intensity of carbon dioxide emissions per unit of GDP in 2020 by 40% to 45% compared with the level of 2005. In August 2012, the State Council further issued the Plan of Energy Saving and Emission Reduction under the 12th Five-year Plan (節能減排“十二五”規劃) to ensure the meeting of the energy saving and emission reduction targets embodied in the 12th Five-year Plan. One of the focuses is to strengthen the energy management efforts by establishing a comprehensive monitoring system which collects and analyses carbon emissions and energy consumption data. In light of the above, we believe there will be an increasing need for different levels of government agencies to measure, manage and reduce carbon emissions to meet the national targets. Enterprises will likely be obliged to present carbon emission information to its stakeholders, such as regulators or customers.

We began to develop a series of carbon management solutions in 2010 which aimed to enable government agencies or enterprises to identify, measure and control their

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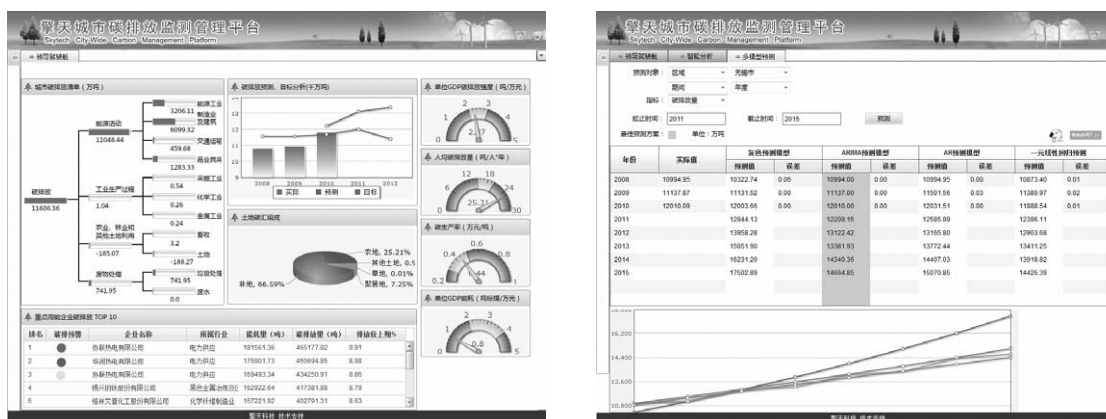
greenhouse gas emissions and energy consumption. It helps to increase visibility of the pattern of carbon emissions and energy consumption, improve the ability to make clearer decisions and operational efficiency. We are the only provider of carbon management solutions in Jiangsu during 2011-2012 according to the Ipsos Report.

With our carbon management solutions, government agencies can scientifically formulate and introduce appropriate emission reduction and energy saving strategies. Enterprises can gain substantial financial advantage from cost reduction and improve brand reputation by taking a sustainable approach to business, and prepare themselves for future carbon trading business. With the embedded methodologies for energy consumption statistics and the carbon emission calculation methods pursuant to the requirements set by the Intergovernmental Panel on Climate Change (IPCC) and ISO 14064 standards,⁸ our carbon management solutions can reduce the amount of manual computation and improve efficiency and accuracy.

Our development strategy is to first introduce the **Skytech Carbon Accounting and Reporting System**, being the carbon management solutions for individual government agencies to perform the tasks of carbon emission accounting, reporting and inventory compilation. Next we developed the **Skytech City Carbon Emission Monitoring and Supervision Platform**, which is an analytical tool to assist city governments in forming a holistic picture of city-wide carbon emissions. Finally we are in the course of developing the **Skytech Enterprise Carbon Asset Management System** for enterprises to monitor, manage and report their carbon emissions.

Our carbon management solutions were first deployed in Wuxi of Jiangsu in June 2011, and then deployed in Zhenjiang and Jintan, both being cities in Jiangsu, in 2012.

Selected screenshots of our carbon management solutions are set out below:



⁸ The ISO 14064 standards are part of the ISO 14000 series of International Standards for environmental management, which provide governments, businesses, regions and other organisations with an integrated set of tools for programmes aimed at measuring, quantifying and reducing greenhouse gas emissions. These standards allow organisations to take part in emissions trading schemes using a globally recognised standard.

Further details of our carbon management solutions are as follows:

- **Skytech Carbon Accounting and Reporting System**
(擎天溫室氣體排放核算和報告系統)

The Skytech Carbon Accounting and Reporting System is designed to help government agencies to gather, organise and present carbon emission data relating to a specified administrative area (e.g. industry zone, county, province) and support its carbon emission planning.

The system is designed to automate the calculation of carbon emission data with pre-defined activity list based on generally-accepted carbon inventory guides. This enables accurate, comprehensive and consistent carbon inventory compilation, and gives the government the tool to compile reliable carbon inventory for formulating long-term carbon emission strategies.

- **Skytech City Carbon Emission Monitoring and Supervision Platform**
(擎天城市碳排放監控監管平台)

The Skytech City Carbon Emission Monitoring and Supervision Platform is designed to help city governments to monitor and assess the energy saving and carbon emission reduction programme scientifically. It dispenses the users with the need to conduct research on calculation formulae, enabling them to concentrate on carbon reduction analysis. The application is designed based on international and domestic carbon inventory guides.

The platform has the following functions:

- *Data acquisition and integration:* Carbon data are acquired, uploaded and integrated to the platform via an intuitive interface and are processed automatically according to recognised methodologies.
- *Monitoring and reporting:* The system enables a city government to monitor the carbon emission levels in the city and its subordinate administrative areas, and produce a multitude of reports covering carbon inventory, carbon emission trends, energy consumption activities and other indirect activities.
- *Data analysis:* Analyses of carbon emissions and energy consumption data are presented in intuitive formats. The use of geographic information system enables analyses to be undertaken at different regional levels and can be set for any time frame. With the adoption of business intelligence technology, the platform allows governments to readily uncover trends and patterns of carbon emissions, anticipate changes and monitor performance of reduction targets.

BUSINESS

- **Skytech Enterprise Carbon Asset Management System**
(擎天企業碳資產管理系統)

The Skytech Enterprise Carbon Asset Management System is designed for medium to large-sized enterprises to measure, analyse and control their carbon emissions and deliver measureable results. By increasing the visibility of the carbon emission patterns, enterprises can optimise their emission reduction strategies, and ultimately reduce its costs and improve profitability. This will also help them ensure compliance with the sustainability and carbon reduction requirements imposed by domestic and overseas regulators or their suppliers or customers. The system can also help enterprises achieve international environmental management authentication (e.g. ISO 14064), and provide reliable data for them to take part in carbon trading activities.

The development of the Skytech Enterprise Carbon Asset Management System is expected to be completed in the first quarter of 2014. Since export enterprises are likely to be subject to overseas carbon emission requirements on imported goods, it is our strategy to leverage the existing customer base of our export tax software and services to market the Skytech Enterprise Carbon Asset Management System in Jiangsu.

The platform is designed to have the following features:

- *Automatic calculation:* Automates the calculation of carbon emission data with pre-defined activity list based on generally-accepted carbon inventory guides.
- *Carbon inventory compilation:* Generates greenhouse gas inventory reports for carbon emission disclosure purpose.
- *Customisable:* Allows users to customise the application's configurations such as the defined emission factors to fit the user's specific business purpose.
- *Analytic tools:* Embedded with analytic tools which enable users to assess their carbon emission patterns and align their carbon management strategy with their operations.

(iv) Information integration software

Since 2001, our Group has provided information integration software to government agencies and enterprises. The software can be modified or adapted to a customer's technology infrastructure. Where data sources are diverse, as in communication systems, there is often a need to manage, replicate or consolidate information under a single

secure database for subsequent data interchange and distribution. Information integration is an efficient and useful means to monitor, protect and manage large amounts of information and data. By employing information integration technology, large collections of information can be distributed, consolidated, synchronised, and managed across complex, multi-platform, multi-vendor IT environments. This technology also enhances information security and offers protocol-layer protection.

On average, new or upgraded version of information integration software products are introduced at 18 months' interval. Nevertheless, the old versions would remain useable despite the introduction of a new or upgraded version.

Selected screenshots of our information software are set out below:



Our key information integration software products during the Track Record Period are as follows:

- **Skytech Workflow Platform**
(擎天 workflow 平台軟件)

This system implements user-defined workflow through our workflow engine technology, which allows users to define and vary workflows according to the actual business logic. This system also implements user-defined document formats by using our intelligent reporting technology, by which different users may design the formats against the standards they adopt.

- **Skytech Tiandun Computer Data Protection System**
(擎天天盾計算機數據安全防護系統軟件)

This system provides data encryption and decryption functions based on the user's identity and dynamic encryption technology. It operates at the kernel-level of the system and is closely integrated with the operating system. This software supports the encryption of various documents based on different encryption mechanisms, including user-defined encryption methods. It provides users with a safe and reliable mechanism for data access.

BUSINESS

- **Sky Web Content Management Platform (擎天網站內容管理平台)**

This software aims to assist government agencies, enterprises and mass media to set up and manage their websites. It provides the tools for the daily management of the collection, editing, publication and exchange of information on websites.

(v) System integration solutions

We offer system integration solutions primarily to government agencies. Such solutions include:

- information systems consultation and feasibility analysis;
- sourcing of systems and equipment;
- LAN and web-based network design and implementation;
- integrated wiring and network system analysis, planning and design;
- video conferencing and multimedia education system design and implementation; and
- system management and supervision.

We also help integrate our application software products into our clients' legacy systems, enabling them to benefit from their prior investment and provide specialist services, including high performance system architectures, intuitive graphical and multimedia user interfaces, web services and other internet technologies in accordance with customers' management and strategic needs.

Our system integration services can be differentiated from the services we provide in connection with our own software products, which are more focused on the installation of the software sold and the provision of after-sales services, whilst our system integration services are provided according to our customer's specifications, and are not limited to the use of our own software products. We charge our clients separately for our system integration services and our software products.

Our after-sales support services

To supplement our software business, we provide after-sales services, including software upgrades, problem solving and technical support in relation to the implementation of our software products.

- **Software upgrades**

Updates of software products are released as part of our continuous effort to enhance our software products and our competitiveness within the software market. In particular, we design and sell upgraded versions of export tax software whenever there are changes in export tax rebate regulations and policies. Major software upgrading patches in CD-ROMs format can be purchased.

BUSINESS

- **Problem solving and technical support**

We provide problem solving services to our customers in relation to the deployment of our products. When we receive customer enquiries, we categorise such enquiries and assign a specialist to resolve the issues.

Our customer support is available through e-mail, on-line forum and customer hotline. Whilst such services are provided free of charge, on-site technical support is provided for a fee.

Purchases of our software products would normally be accompanied by after-sales support for six months to one year on a complimentary basis. After the initial period, we would enter into written contracts with our customers and charge them separately for our after-sales support services. Such contracts would cover the scope of our services, length of services and service charges, which are subject to negotiations between us and our customers with reference to the resources needed for the provision of such services. We currently adopt a reference rate of RMB600 to RMB1,000 per man-day depending on the location of the despatch. The length of services is usually one to three years. The service charge is often partially paid when a customer enters into service contract with us (in the range of around 30% to 60% of contract sum), with the remaining balance payable upon completion of the service period. While in some other contracts where, for instance, the fee for the after-sales services is relatively small, based on the negotiation between our customers and us, we may agree to the payment of the full contract sum within 10 to 30 days upon signing of the contract.

For the years ended 31 December 2010, 2011 and 2012, we on average engaged 28, 31 and 35 staff, respectively, to provide our after-sales services; the revenue attributable to our after-sales services amounted to approximately RMB4.7 million, RMB5.5 million and RMB7.1 million, respectively; the expenses incurred for the provision of after-sales services amounted to RMB1.7 million, RMB1.9 million and RMB2.4 million, respectively.

We consider customer services as our key brand building tool, and we are committed to providing quality service to our customers. We believe that our ability to deliver high quality products, total systems solutions and satisfactory after-sales services to our existing customers will result in better brand loyalty, which may increase subsequent purchases of upgraded or enhanced versions of our software or implementation of our other related products into their management systems, bringing in revenue for our other product segments.

Our operations centre in Pukou District, Nanjing, is staffed with experienced operations management personnel. We have a separate, dedicated operations management team for internal coordination of the operations of each of the export tax software and related services, e-Government solution and information integration software and system integration solution segments.

BUSINESS

Historically our software-related services were sometimes provided through some licensed agents who were all Independent Third Parties and acted as our agents to provide problem resolution, product upgrades and customer support to our customers. The services provided by these licensed agents were substantially the same as those provided by ourselves. A licensed agent would be engaged when we started an outfit in a new area. The local client base was relatively small during the start-up stage, we therefore believed it would be more economical to engage these licensed agents instead of deploying our own staff to provide the on-site after-sales services. As our client base grew, we preferred providing after-sales services with our own staff and the cooperation with these licensed agents would cease.

We engaged one licensed agent for a fee of approximately RMB81,000 in 2010, which was an Independent Third Party and had relevant experience in provision of export tax- or IT-related services. We did not engage any licensed agent in 2011 and 2012.

The Directors confirm that our Group's business operations do not involve in any state secrets nor are they governed by other state secrecy or regulations that may limit our ability to disclose the relevant information of our business operations during the Track Record Period in any material aspect to public investors or our auditors.

INTELLECTUAL PROPERTY RIGHTS

We rely on copyright, trademark, patent, domain name and trade secret protection laws and confidentiality agreements with our employees, customers and others to protect our intellectual property rights. We also obtain software product registrations for our software products.

As at the Latest Practicable Date, we owned 115 software copyright registrations and 79 software product registrations. We owned 24 trademarks registered in the PRC, Hong Kong, Taiwan and the US, and had applied for one trademark registration in Hong Kong. We owned seven patents in the PRC, and had applied for the registration of one patent in the PRC. Furthermore, as at the Latest Practicable Date, we owned 29 domain names. For further details of our intellectual property rights, please refer to the paragraph head "B. Information about the business — 2. Intellectual property rights of the Group" in Appendix IV to this prospectus.

In addition, we employ security measures to protect our intellectual property. For instance, our export tax software employs a login mechanism where each corporate customer has to enter its own enterprise registration number at the time of each usage. For other software products, we apply USB security tokens to protect the intellectual property rights in these software products. USB security tokens serve a similar function to the enterprise registration number which allows usage of our software programmes to authorised individuals only. However, instead of having to input the login information manually, such information is stored on a physical token, which transmits the information to a computer upon docking of the token to a USB port in order to authenticate the user's authorisation to run the software application.

BUSINESS

During the Track Record Period, we had not experienced any material infringement of our intellectual property rights by third parties, nor had we infringed any intellectual property rights owned by third parties.

RESEARCH AND DEVELOPMENT

Our Directors consider R&D as a key driver of our business growth. The IT industry is characterised by rapid technological advancements. We place great emphasis on developing and improving our software and solutions in order to remain competitive in the ever-changing IT industry. Currently our R&D efforts seek to further explore the application of cloud-computing, big data management, mobile computing and internet of things technologies to our software products and solutions.

During the Track Record Period, our R&D expenses amounted to approximately RMB5.0 million, RMB15.9 million and RMB20.7 million respectively, representing approximately 3.3%, 8.6% and 9.1% of our total revenue respectively.

As at the Latest Practicable Date, 12 R&D projects for developing new software and solutions were underway, all of which were carried out by our own R&D team and do not involve cooperation with third parties. Of these 12 R&D projects, 3 are expected to be completed by the end of 2013 or earlier, whilst the remaining 9 projects are expected to be completed by the end of 2014. All these 12 R&D projects had commenced development of new software and solutions and the expected total R&D expenditure for all these 12 R&D projects will be approximately RMB54.9 million based on the man-hours to be incurred, which is to be funded by our internal resources and the net proceeds from the Global Offering.

Further details of our on-going R&D projects are set forth in the table below:

Software/solutions	% of the total expected R&D expenditure (%)	Number of ongoing projects	General description of projects
Export tax software and related services	8.2	1	Improve the compatibility and efficiency of our export tax software.
e-Government solutions	33.3	4	Develop data integration software system, application platform, information system platform and demonstration interface for our e-Government solutions.

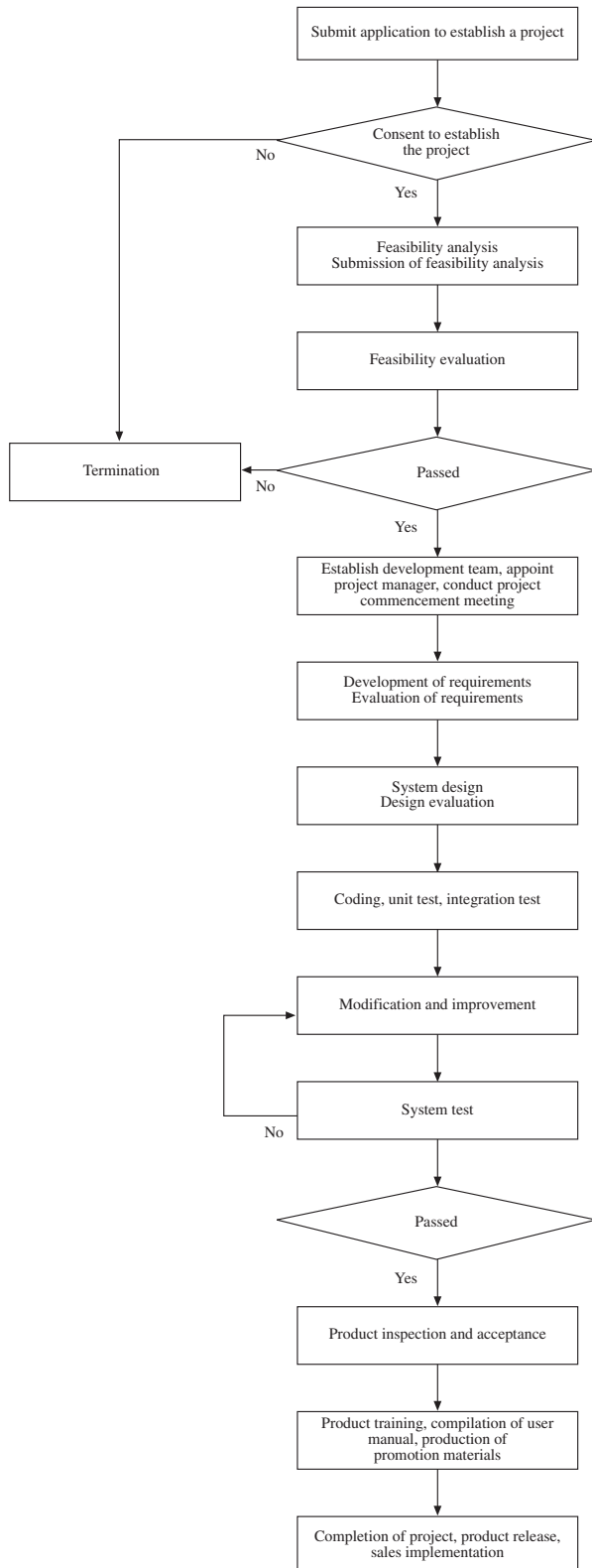
BUSINESS

Software/solutions	% of the total expected R&D expenditure (%)	Number of ongoing projects	General description of projects
Carbon management solutions	13.3	2	Improve efficiency and reliability of the solutions; explore the possibility of the application of RFID technology.
Information integration software	28.2	3	Develop mobile platform solution, cloud computing application and integration of application platform.
System integration solutions	17.0	2	Develop data storage and management technology and integrated application platform.

Our R&D and software testing centres are located at our headquarters in Pukou District, Nanjing. We have a project management committee which is responsible for the ongoing coordination, assessment and management of our R&D projects. The project management committee comprises five members, including two senior management members, namely Mr. Wang Xiaogang and Mr. Zhang Hong (see the section headed “Directors, senior management and employees — Senior management” for the biographies of Mr. Wang and Mr. Zhang). They come from various academic backgrounds including marketing and computer science-related disciplines. They have among them between 2 to 13 years of technical or management experience in the software and technology industry.

The average timeframe for completing a R&D project, which is determined as the time between the initial application for project establishment to the final acceptance of completion of the R&D project, is usually around four months to one year. For further details of our R&D process, please refer to the illustration below.

BUSINESS



1. Application for project establishment

The marketing department or the R&D team would propose new product development plan according to our Group's product sales strategy, market survey results and development trend of government operations or software application technology.

2. Feasibility analysis

After the application is approved, the applicant would conduct feasibility analysis on the product and technology to be researched and developed.

3. Feasibility evaluation

The project management committee would conduct an evaluation meeting with relevant internal staff and leaders on the feasibility analysis report. After passing the evaluation, we would issue a development order in writing to the undertaking R&D department and commence R&D on the product.

4. Development implementation

The R&D process is the most important stage of the overall R&D work. All our functional departments will perform their obligations and cooperate in division of work to ensure the commencement of R&D according to the plan. Critical stages of the R&D process include: (i) formulating the development objectives and functional requirements; (ii) forming the development team with the appropriate skills; (iii) testing of the product components and the product as a whole; (iv) monitoring the project progress, product quality and budget.

5. Product test

After coding is completed, our test department would conduct integration test on the software system to discover and eliminate any existing errors or potential problems as far as possible.

6. Product inspection for acceptance

Our R&D project team would complete the development task according to the requirements stated in the project development order, and apply for completion to the project management committee after passing the test.

7. Product sales

After the R&D product has passed the inspection for acceptance, it would be sent to the sales department for sale. The relevant sales supporting services would be completed at the same time.

BUSINESS

As at the Latest Practicable Date, our R&D team consisted of 404 members, representing approximately 80.3% of our total staff. 47 of the R&D team members have obtained master's or higher degrees, 357 have obtained bachelor's or other advanced degrees, 203 of them have over five years' experience in the software industry. All our R&D employees have entered into confidentiality agreements which provide, among other things, that all intellectual property rights they create during the course of their employment with us shall vest in our Group.

During the Track Record Period, we also organised internship programmes with universities such as Nanjing University of Science and Technology (南京理工大學) and Southeast University (東南大學). Postgraduate students from these universities were sent to our Group on fixed term (normally three months) cooperative programmes, during which they undertook specific software R&D projects. These students were subject to confidentiality agreements to the same extent as our full-time employees. We would own all the intellectual property rights developed by the interns in the course of their employment with us.

As part of our R&D process, we would also purchase proprietary software from other companies, which were basic software modules and technologies which are to be integrated in our software products. Our expenses attributable to the purchase of other third party proprietary software during the Track Record Period amounted to approximately RMB12.1 million, RMB4.2 million and RMB35.6 million, respectively. We purchased such software or applications from third parties mainly because we might not readily have the technologies required by our R&D projects, and in some cases it was more efficient to acquire the software or applications from third parties than developing them on our own. The amount of purchase for the year ended 31 December 2012 were comparatively higher because we purchased communication technologies from Independent Third Parties at a cost of approximately RMB28.9 million for use in our information integration software. These technologies could help us extend the application of our existing software and solutions onto mobile platforms (such as smart phones and tablets). In 2009, we acquired the intellectual property rights of two pieces of software through the acquisition of Jiangsu Skyinformation for a consideration of approximately RMB4.1 million.

As at the Latest Practicable Date, our R&D team had successfully developed and implemented for our customers 144 projects since our inception. For details of our key products, please refer to the paragraph headed "Our products and services" above in this section.

BUSINESS

Listed below are some of our Group's R&D projects using our latest technology to develop new products which we intend to be the focus of our sales. All of these projects are still on-going as at the Latest Practicable Date:

Export tax software

- **Skytech Export All-in-one Documents Management System (擎天出口一票通)**

The Skytech Export All-in-one Documents Management System aims to increase the efficiency of the export tax filing work and reduce the workload of the relevant staff by fully automating the data entry in the export tax filing process.

The R&D for this application was commenced in January 2013 and is expected to be completed in the last quarter of 2013. The expected R&D cost, which is to be funded by our internal resources, is approximately RMB4.5 million.

e-Government solutions

- **Cloud-based Information Platform
("雲服務"信息化平台)**

The "12th Five-year Plan of the Services Industry in Jiangsu" (江蘇省"十二五"服務業發展規劃) sets out an important strategy to promote the development of modernised services in Jiangsu. The principal targets are to increase the pace of development of the services industry in Jiangsu, increase the share of services industry to the overall GDP, optimise the structure of the services industry and consolidate strategic services industries in designated "clusters". To achieve these targets, the responsible government authorities at different levels need to have a full picture of the provincial services industry by integrating information from across the province. They also need a tool to macroscopically coordinate the development in different regions.

In light of the above demand, we have been commissioned to develop the Cloud-based Information Platform for the relevant government agency to monitor, analyse and manage the development of the services industry in Jiangsu. Applying the cloud model, the platform is designed to offer a provincial database of the services industry. It will also provide the tools for managing the establishment of industry clusters and the analytics to improve the decision-making process. The platform will also include a channel for the dissemination of industry information to the public with a view to facilitating the growth and consolidation of the services industry.

We expect the R&D for this application to be completed in the first quarter of 2014. The expected R&D cost, which is to be funded by our internal resources, is approximately RMB8.1 million, of which approximately RMB1.9 million had been incurred as at 31 December 2012.

BUSINESS

Our Directors believe that the above R&D projects are in line with the current export tax management and e-Government initiatives in the PRC and the current business trend of utilising mobile devices. Our Directors, therefore, believe that our Group will benefit substantially from the full commercialisation of these projects in the future.

In addition to the above R&D projects for specific products, we will develop or purchase basic software modules and application platforms for use in our various software products and research on possible new functions for our products in view of technology advancements.

AWARDS AND ACCREDITATIONS

The following table sets out the selected awards and accreditations received by our Group from relevant PRC authorities and organisations in relation to our operation and products since our establishment:

(i) Accreditations and qualifications

National-level accreditations and qualifications

<u>Award or recognition</u>	<u>Award/grant/issuing organisation</u>	<u>Date of certificate</u>	<u>Date of expiry</u>
ISO 9001 Quality Management Standard Certification	China Quality Mark Certification Group (方圓標誌認證集團)	2013.3.6	2016.3.5
2011-2012 Key Software Enterprise under the National Plan (2011-2012年度國家規劃佈局內重點軟件企業)	NDRC, MIIT, MOFCOM and SAT	2013.2.17	n/a
CMMI Level 5 Assessment Certification	Delivery Excellence, Inc.	2012.11.13	2015.11.13
ISO 27001 Information Security Management System Certification	Det Norske Veritas	2011.8.16	2014.8.16
2010 Key Software Enterprise under the National Plan (2010年度國家規劃佈局內重點軟件企業)	NDRC, MIIT, MOFCOM and SAT	2011.2.21	n/a
Grade 1 accreditation of the Computer Information System Integration Qualification (計算機信息系統集成一級資質) ^{Note}	MIIT	2010.7.30	2013.7.29

Note: Nanjing Skytech is in the course of applying for the renewal of the qualification. The Directors are not aware of any substantial impediment for the renewal of the qualification.

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Provincial-level qualifications

<u>Award or recognition</u>	<u>Award/grant/issuing organisation</u>	<u>Date of certificate</u>	<u>Date of expiry</u>
High-Tech Enterprise accredited by Jiangsu Science and Technology Department with State authorisation (國家授權江蘇省科技廳認定的高新技術企業)	Jiangsu Science and Technology Department (江蘇省科學技術廳)	2011.10.31	2014.10.30
2010 Key Software Enterprise under the Jiangsu Provincial Plan (2010年度江蘇省規劃佈局內重點軟件企業)	Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會)	2010.5	n/a

(ii) Corporate awards

National-level government awards

<u>Award or recognition</u>	<u>Award/grant/issuing organisation</u>	<u>Date of certificate</u>	<u>Date of expiry</u>
Top 100 Software Income Enterprises in the Software Industry of China in 2008 (2008年中國軟件業收入前百家企業)	Operation and Monitoring Coordination Bureau and Software Services Division of MIIT (工業和信息化部運行監測協調局、工業和信息化部軟件服務業司)	2008	n/a

Provincial-level government awards

<u>Award or recognition</u>	<u>Award/grant/issuing organisation</u>	<u>Date of certificate</u>	<u>Date of expiry</u>
Excellent Private Enterprise of Jiangsu (江蘇省優秀民營企業)	Jiangsu Provincial Committee of the Communist Party of China (中國共產黨江蘇省委) People's Government of Jiangsu (江蘇省人民政府)	2010	n/a

City-level government awards

<u>Award or recognition</u>	<u>Award/grant/issuing organisation</u>	<u>Date of certificate</u>	<u>Date of expiry</u>
Excellent Private Enterprise of Nanjing (南京市優秀民營企業)	Nanjing Provincial Committee of the Communist Party of China (中國共產黨南京市委員會) People's Government of Nanjing (南京市人民政府)	2010.12	n/a

BUSINESS

(iii) Product awards

National-level product awards

Award or recognition	Award/grant/issuing organisation	Date of certificate	Date of expiry
2009 China Excellent Software Product — Skytech Work Flow Platform Software V2.0) (2009年度中國優秀軟件產品-擎天工作流平台軟件V2.0)	China Software Industry Association (中國軟件行業協會)	2010.5	n/a
Key National Torch Programme Project Certificate — Export Goods Tax Refund and Exemption (重點國家級火炬計劃項目證書-出口貨物退免稅)	Ministry of Science and Technology of the PRC (中華人民共和國科學技術部)	2004.5	n/a
The Ministry of Science and Technology Innovation Fund — Tianshang 2000 Intelligent Business Management Software (國家科技部創新基金-天商2000智能商務管理軟件)	Management Centre of Innovation Fund for Technology-based Small and Medium Enterprises under the Ministry of Science and Technology, the PRC (中華人民共和國科學技術部科技型中小企業技術創新基金管理中心)	2002.3.27	n/a

Provincial-level product awards

Award or recognition	Award/grant/issuing organisation	Date of certificate	Date of expiry
6th Jiangsu Excellent Software Product Award (Jinhui Award) — Skytech Public Security Integrated Information Management System Platform Software V1.0 (第六屆江蘇省優秀軟件產品獎(金慧獎)-擎天公安綜合信息管理系統平台軟件V1.0)	Information Industry Department of Jiangsu (江蘇省信息產業廳)	2008.12.20	n/a
Jinhui Award — Skytech Electronic Government Administration 1.0 System Software (金慧獎-擎天電子政務系統軟件V1.0)	Information Industry Department of Jiangsu (江蘇省信息產業廳)	2004.8	n/a
8th Provincial Excellent Software Award won by Skytech Power Sunshine Exercise System Software (第八屆省優秀軟件獎(金慧獎)-擎天權利陽光運行系統軟件)	Information Industry Department of Jiangsu (江蘇省信息產業廳)	2010.12	n/a

BUSINESS

City-level product awards

Award or recognition	Award/grant/issuing organisation	Date of certificate	Date of expiry
Nanjing Science and Technology Advancement Award Second Prize — Export Goods Refund (Exemption) Management System Software (南京市科技進步二等獎-出口貨物退(免)稅管理系統軟件)	People's Government of Nanjing (南京市人民政府)	2004.1	n/a
Nanjing Excellent Software Award First Prize — Electronic Government Administration (南京市優秀軟件一等獎-電子政務)	Nanjing Science and Technology Bureau (南京市科技局)	2003.4	n/a

SALES, DISTRIBUTION AND MARKETING

We employ different sales and distribution models for each market segment of our products. This strategy allows us to formulate sales strategies which are more appropriate for the core markets of our customers and avoid being over dependent on any one income stream. Furthermore, it provides us the flexibility to redeploy staff and allows us to focus our resources on business sectors where market and sales conditions are favourable.

As at the Latest Practicable Date, our sales and after-sales service team consisted of 64 staff members, of which 43 were located in Nanjing, 17 in Jiangsu but outside Nanjing and 4 in other PRC provinces to serve customers outside Jiangsu. Apart from our headquarters in Nanjing, we also have sales offices in Wuxi and Beijing.

During the Track Record Period, the expenses related to the distribution, selling and marketing of our products and services amounted to approximately RMB12.0 million, RMB12.1 million and RMB14.7 million, respectively.

Sales and distribution

(i) Export tax software and related services

Our export tax software and related services are mainly used by export enterprises within Jiangsu, which is one of the largest exporting provinces in China. These products and related services are sold directly through our service department and referrals from clients. Offices of our service department operate in various cities in Jiangsu, including Suzhou and Wuxi, to service the growing number of export enterprises in the area. Customers can purchase our products and related services directly at our sales offices or through contacting our sales staff via our website. Our export tax software products and related services are sold on a cash-sale basis at a fixed, one-off licence or service fee payable in cash, by telegraphic transfers or by cheques. The price of our export tax software ranges from RMB500 for the basic accessory version to RMB25,000 for the advanced comprehensive tax rebate application filing suite. The price of our export tax management training ranges from RMB250 to RMB4,680.

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In January 2012, we started to offer free download of the Skytech ETM System on our website and ceased its sales with a view to attracting more customers for our higher-end tax rebate application suites with advanced functions and our export tax management training.

We offer free after-sales services (including software upgrades) to export tax software users for a period of one year (excluding on-site services for which we would charge a fee). After the expiration of the one-year period, users may continue to use the software, but they will no longer enjoy our after-sales services (including software upgrades) unless they pay an annual subscription fee. Upgraded versions of export tax software will be developed and offered to customers in response to adjustments in tax policies. We offer our software upgrades as part of the after-sales services and do not charge our clients separately for software updates only. The annual fee for our after-sales services range from RMB600 to RMB900.

Save for the provision of a new version of export tax management software to a tax authority (the contract of which was obtained through tender in December 2009) at approximately RMB819,000, we did not sell any export tax software to government agencies during the Track Record Period.

As we are principally engaged in the development and sale of IT solutions, the costs associated with warranties mainly represent the salaries of our staff who provide technical supports. During the Track Record Period, the total staff cost for warranties services and other chargeable after-sales services were approximately RMB1.4 million, RMB1.8 million and RMB2.3 million, respectively, which were relatively small. Hence no warranty provisions were made.

There was no claim for liquidated damages against our Group in relation to warranties provided by us during the Track Record Period.

(ii) e-Government solutions

Our e-Government solutions target government agencies at all administrative levels from various provinces across China.

The sales strategies for our e-Government solutions have been adjusted from time to time in response to changes in customers' needs. Normally, a government agency would request us to develop e-Government solutions to meet their specific needs. Upon receiving such request, we would further discuss with the customer and tailor-make software applications for its use. Although these applications are customised for a customer in the first place, in many cases they are also useable by other government agencies with customisation. Thus, it is possible for us to market such e-Government applications as readily available solutions to other government agencies afterwards.

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In cases where our products are provided for governmental departments, there may be a tender process whereby providers are required to submit a detailed bidding proposal. Typically provincial and city level e-Government project bids are announced via government websites. Such announcements will include project specifications, technical requirements and invitations to all qualified bidders. Our Directors believe that there are usually three to ten bidders in each bid. The tender may also require bidders to possess certain criteria or qualifications, such as registered capital requirement, CMMI accreditation, good compliance record, track records of completion for projects of a particular scale, etc. Tender results will typically be announced within one month from the close of the tender period. The selection criteria normally focuses on the design quality of the solutions, the implementation plan and the project schedule, the projected price and the after-sales services offered. An e-Government project would usually last for 3 to 12 months, starting from the sign up of the project contract and ending on the date of our customer's acceptance.

For our e-Government solutions, payments are made based on the terms of the relevant sales contracts. Usually the purchase prices are paid by installments according to the development and implementation schedule. In most cases, an initial payment of 10% to 30% of the total purchase price is made upon entering into the relevant sales or project contract; the remaining balance is to be paid in tranches upon achievement of development milestones and the completion of the project. We usually stipulate that interim payments to be payable within 7 to 30 days upon reaching the designated milestones with the final payment (generally 5% to 10% of the contract sum) to be made at the end of the warranty period or other agreed upon time which usually lasts between one to three years. During the warranty period we would offer our maintenance support free of charge to our customers. No provisions were made for such warranties provided to our customers during the Track Record Period. Our contracts also include provisions for liquidated damages where we are entitled to a compensation of up to 10% of the contract sum for late payment. We also charge our customers for some of our after-sales services either on a one-off or annual basis at the time of engagement.

(iii) Carbon management solutions

We developed our carbon management solutions in response to the PRC government's initiatives to reduce carbon emissions and energy consumptions. The principal target customers for our carbon management solutions are government agencies and enterprises. We market this line of software applications through our direct sales effort. For the government-end carbon management systems, the deployment procedure is generally similar to that of our e-Government solutions, which usually takes one to eight months. Enterprise carbon management suites are expected to be sold through our sales department and referrals from customers when they are commercially launched.

We offer free after-sales services to users of our carbon management solutions for a period of one year. When the period expire, users may continue to use the software but the after-sales services will be provided for a fee.

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(iv) Information integration software

Our information integration software products are primarily provided to government agencies and enterprises located in China in the form of direct sales through our sales department. Our Group interacts directly with our customers and does not rely on distributors in distributing our information integration software to ensure the sales and quality of our products in this product segment. Our products and system solutions are installed and implemented directly by our staff. We also provide on-site support by our services staff upon customers' requests. An information integration project will usually be completed within 3 to 12 months.

Payments for our information integration software products are made based on the terms of the relevant sales contract. Usually the purchase prices are paid by installments according to the development and implementation schedule, the terms of which are similar to our sales contracts for e-Government solutions. We generally require an initial payment of around 20% to 50% of the total purchase price to be made upon entering into the relevant sales contract. We usually stipulate interim payments to be payable within 10 to 20 days upon reaching the designated implementation milestones, with the final payment to be made at the end of the warranty period or other agreed upon time, usually within 6 to 24 months. The warranty period for our information integration software products is generally in the range of 6 to 24 months, during which period we would offer our maintenance support free of charge to our customers. No provisions were made for such warranties during the Track Record Period. We also charge our customers for some of our after-sales services either on a one-off or annual basis at the time of engagement.

(v) System integration solutions

The principal customers for our system integration solution services are also customers for our other products which include both government agencies and enterprises. These system integration solution services are provided by our own staff. The contract prices are usually reached by negotiation with our customers or through tender with reference to, among other things, the man-power needed and the cost of purchasing the system components needed. The payments for our system integration solution services depend on the terms of the relevant service agreements, usually by installments referencing to the agreed implementation schedule. The final payment is usually made upon a customer's acceptance or other agreed upon time. Some other contracts simply require payment of the full contract sum after the customer has checked and accepted the systems installed. Our contracts may include provisions of liquidated damages where we are entitled to a compensation of up to 10% of the contract sum for late payment. A system integration project will usually be completed within 30 to 60 days.

Our contracts may also set out the after-sales technical support as well as warranties which are to be provided by the ultimate vendors of the third-party software or hardware systems and equipment. We are not responsible and incur no cost for the provision of such after-sales support services. No provisions were therefore provided for such warranties.

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Our customers (including both government agencies and enterprises) may, but are not obliged to, purchase our software products and system integration solutions at the same time. During the Track Record Period, we had 85, 88 and 115 customers which are PRC government agencies, respectively; and out of our customers who were PRC government agencies, 42, 43, and 44 customers, respectively, purchased both our software products and system integration solutions.

Credit policy

Except for our export tax software and related services (which are sold on cash-sale basis), we generally allow a credit term of 180 days to our customers for our e-Government solutions, carbon management solutions, information integration software and system integration solutions. Such credit term applies to both interim and final payments.

However, our trade receivables turnover days were 200 days for 2010, 211 days for 2011, and 253 days for 2012, all of which exceeded the general credit period we offer to our customers. This was primarily due to the delay in payment of certain government customers, for whom we usually allow longer settlement periods. See the section headed “Financial information — Description of certain items of consolidated statements of financial position — Trade and other receivables — Trade receivables” for further details.

Marketing

We believe that our marketing activities are geared towards keeping abreast of market trends, exploring new markets, interacting with existing customers, cultivating new relationship and building brand awareness. Our sales team also engages in marketing activities by visiting and managing the needs of existing customers to maintain customer relationships and identify potential development targets, taking into consideration various factors such as feedback of existing customers and market analysis.

Occasionally, we participate in industry-related seminars and exhibitions, such as Int'l Soft China (中國國際軟件博覽會) every year during the Track Record Period.

We work closely with our customers to obtain their feedback and identify future product needs and preferences. In this manner, we establish research priorities for new product design and development by holding periodic meetings and conferences with selected end-users and conducting customer surveys.

Pricing policy

The prices of our products and services are determined based on a number of factors including: (i) production costs (including the R&D costs); (ii) product development cycles; (iii) market demand; and (iv) our business strategies. We also take into consideration the prices of similar products and services available in the market. The prices for our project-based solutions were determined on a case-by-case basis upon the negotiation with our customers, and that the price should be set above costs with reference to the pricing policy stated above.

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The prices of all of our project contracts (i.e. all our e-Government solutions, carbon management solutions, information integration software and system integration solutions contracts, which accounted for approximately 84.8%, 83.5% and 82.8% of our total revenue in 2010, 2011 and 2012, respectively) would be fixed upon signing. During the Track Record Period, we have not experienced any cost overrun with our projects that has materially affected our Group. Our Directors believe that the risk of cost overrun for our projects is relatively small because the prices of the equipment and systems for our projects are not highly volatile and the obtaining of fee quotes, signing of project contracts and placing of orders with suppliers would take place within a short time. Nonetheless, if there is any material cost overrun or if a customer would like to change the scope of work which necessitates a substantial adjustment of our fee, we would negotiate with the customer with a view to entering into a supplemental contract to revise the contract terms and sum, where applicable. Please refer to the section headed “Risk factors — Risks relating to our Group — We may suffer cost overrun and delay in the projects undertaken by us” for further details.

While our Directors believe that our products are generally priced competitively, we do not consider price as our customers’ only consideration when making purchases. Our Directors believe that other factors are also considered by our customers in making their purchase decisions, including: (i) project quality; (ii) technological enhancement; (iii) professional implementations; and (iv) customisability for local markets.

Seasonality

For our e-Government solutions, information integration software and the provision of system integration services, we usually record higher revenue in the second half of the fiscal year. This is because PRC government agencies are inclined to conclude government contracts in the second half of the year in accordance with their financial budget approval procedures. For the years ended 31 December 2010, 2011 and 2012, our sales in the second half of the year represented approximately 80.8%, 60.3% and 68.9% of our annual revenues, respectively.

On the other hand, the sales of our export tax software and related services are normally not subject to seasonality changes.

OUR CUSTOMERS

The principal customers for our products and services in each segment differ.

For our export tax software and related services, our principal customers are export enterprises in Jiangsu and we did not have a single major customer during the Track Record Period.

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For our e-Government solutions or system integration solutions, our principal customers are PRC government agencies, but also include some enterprises that wish to utilise the administrative and data management functions of our e-Government solutions. Due to the project-based nature of these products, the top customers may vary from year to year.

Our carbon management solutions target both government agencies and enterprise. The sales of the government-end systems commenced in 2011 while that of the enterprise suites is expected to commence in 2014. The revenue recognised in the carbon management solutions segment represented the sales of a carbon management solutions to government agencies in Wuxi, Zhenjiang and Jintan of Jiangsu.

Our information integration software products are mostly supplied to end-users including government agencies and enterprises, but we also supply our information integration software products to system solution providers who would integrate our products into their solutions provided to their customers. The sales of our information integration software products to other system solution providers amounted to approximately RMB6.1 million, RMB15.2 million and RMB35.2 million, respectively, for each of the three years ended 31 December 2012. Since our system integration services may overlap with the services provided by such system solution providers, there are potential competition between us and such system solution providers. But this is normal in the system integration industry, since the provision of system integration services necessarily involves the purchase of third party software or equipment, where it is likely that some of the vendors will also be offering system integration services by themselves.

Our customers for our system integration solution services include both government agencies and enterprises.

The following table sets forth the total number of customers for each of our operating segments during the Track Record Period:

	For the year ended 31 December		
	2010	2011	2012
Export tax software <i>(Note)</i>	29,095	35,058	38,646
e-Government solutions	271	251	305
Carbon management solutions	0	1	2
Information integration software	39	80	107
System integration solutions	70	97	98

Note: Based on the number of export tax software products sold in the period concerned, disregarding the customers for our export tax management consultation and training services.

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We completed a total of 260, 195 and 257 projects in 2010, 2011 and 2012, respectively. As at 31 December 2012, there were 45 on-going projects, all of which had been commenced and the total contract sum were approximately RMB39.1 million.

The following table sets forth the breakdown of revenue by the geographical location of our customers for the periods indicated:

	For the year ended 31 December					
	2010		2011		2012	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Jiangsu	150,614	99.0	174,370	94.2	190,772	84.2
Other regions						
Anhui	52	0.0	1,901	1.0	1,076	0.5
Beijing	260	0.2	—	—	6,801	3.0
Chongqing	2	0.0	47	0.0	—	—
Fujian	60	0.0	1,282	0.7	—	—
Guangdong	—	—	837	0.5	—	—
Hainan	148	0.1	—	—	—	—
Hebei	154	0.1	—	—	455	0.2
Heilongjiang	6	0.0	6	0.0	—	—
Henan	85	0.1	1,026	0.6	61	0.0
Hubei	—	—	70	0.0	—	—
Hunan	380	0.2	380	0.2	95	0.0
Inner Mongolia	—	—	—	—	22	0.0
Ningxia	—	—	58	0.0	—	—
Shandong	67	0.0	—	—	28	0.0
Shanghai	526	0.3	471	0.3	5,619	2.5
Shanxi	—	—	4,189	2.3	20,588	9.1
Sichuan	—	—	1	0.0	22	0.0
Tianjin	—	—	295	0.2	—	—
Zhejiang	—	—	1	0.0	1,190	0.5
Total	<u>152,354</u>	<u>100.0</u>	<u>184,934</u>	<u>100.0</u>	<u>226,729</u>	<u>100.0</u>

We are committed to deliver value to our customers by responding to their needs and offer solutions across all our business segments. The following are two examples of how we have maintained a long term relationship with customers by delivering different IT solutions to satisfy their evolving needs:

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Case 1 - A judicial authority in Jiangsu

In 2005, a judicial authority in Jiangsu engaged us to develop its internal operating system and official website. Since then we have managed to maintain the cooperation with this judicial authority. It has engaged us in more than 20 projects to improve its IT infrastructure and e-Government platform with the use of our e-Government solutions, information integration software and system integration services. The accumulated contract amount has exceeded RMB17 million. Leveraging our relationship with this customer, we have successfully extended our products and services to the other judicial and law enforcement authorities in Jiangsu and other provinces in China.

Case 2 — The government of a major city in Jiangsu

Since 2003, we have worked closely with the government of a major city in Jiangsu in building its IT infrastructure. We have implemented 14 IT projects for this city government covering a wide array of solutions such as setting up office automation system, document exchange platform, e-Government system and official website. The accumulated contract amount has exceeded RMB21 million. Among the most recent projects is the development and implementation of a digital management system of underground pipelines, the contract value of which exceeded RMB10 million.

The following table sets out a summary of all the entities which featured as one of our top five customers in any of the three years ended 31 December 2012:

For the year ended 31 December 2010

Rank	Customer	Principal business / description	Government agency / Non-government enterprise	Years of relationship with our Group
1	A	Provider of software development and system integration services	Non-government enterprise	2
2	B	Provider of shelter system	Government agency	3
3	C	System developer	Non-government enterprise	2
4	Nanjing Jingtian ^(Note)	Application software developer	Non-government enterprise	3
5	D	Prison management authority	Government agency	5

Note: The sales to Nanjing Jingtian for the year ended 31 December 2010 amounted to approximately RMB5.4 million. There were no sales to Nanjing Jingtian for the two years ended 31 December 2012.

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For the year ended 31 December 2011

Rank	Customer	Principal business / description	Government agency / Non-government enterprise	Years of relationship with our Group
1	B	Provider of shelter system	Government agency	3
2	E	Government authority in Nanjing	Government agency	10
3	F	Environmental agency in Wuxi	Government agency	2
4	G	Management committee of an economic development zone in Jiangsu	Government agency	1
5	H	Research center on information security	Government agency	10

For the year ended 31 December 2012

Rank	Customer	Principal business / description	Government agency / Non-government enterprise	Years of relationship with our Group
1	B	Provider of shelter system	Government agency	3
2	I	Developer of aerospace technology applications	Non-government enterprise	2
3	J	Municipal committee in Nanjing	Government agency	10
4	K	Government authority in Zhenjiang	Government agency	5
5	L	Traffic management company	Government agency	1

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For the years ended 31 December 2010, 2011 and 2012, our sales to our largest customer accounted for approximately 24.4%, 47.3% and 29.1%, respectively, of our total turnover. The largest customers for each of the periods during the Track Record Period were different. The fluctuation in the percentage sales to such top customers reflects the difference in the scale and nature of the projects we had undertaken with them. The contribution of the sales to the largest customer in 2011 was relatively higher because the relevant customer purchased our system integration services that involved the purchase of various equipment, resulting in higher contract sums. Our sales to our five largest customers together accounted for approximately 58.8%, 62.6% and 49.2%, respectively of our total turnover for the years ended 31 December 2010, 2011 and 2012, respectively.

To the best of the knowledge of our Directors, none of them, their respective associates, and any person who currently owns more than 5% of our Company's issued share capital had any interest in any of the top five customers during the Track Record Period.

The amounts and the percentages of our Group's revenue attributable to the sales (directly and indirectly) to government agencies and non-government enterprises for the years ended 31 December 2010, 2011 and 2012 are set out below:

	For the year ended 31 December					
	2010		2011		2012	
	RMB'000	%	RMB'000	%	RMB'000	%
Government agencies ^(Note)						
Direct government customers	63,721	41.8	141,287	76.4	147,227	64.9
Agents of government projects	<u>37,190</u>	<u>24.4</u>	<u>1,370</u>	<u>0.7</u>	<u>1,581</u>	<u>0.7</u>
	100,911	66.2	142,657	77.1	148,808	65.6
Non-government enterprises	<u>51,443</u>	<u>33.8</u>	<u>42,277</u>	<u>22.9</u>	<u>77,920</u>	<u>34.4</u>
Total	<u>152,354</u>	<u>100.0</u>	<u>184,934</u>	<u>100.0</u>	<u>226,728</u>	<u>100.0</u>

Note: For the purpose of discussion in this prospectus, we divide our government agency customers into the following sub-categories:

- **Direct government customers:** these include (i) government units (such as governmental departments) and (ii) state-owned enterprises.
- **Agents of government projects:** these include enterprises other than direct government customers (including non-government enterprises) which are engaged as government units' agents to source software and solutions (such as traffic control system solutions and system integration solutions).

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The agents of government projects are enterprises which are engaged by government agencies to source for software or services. They are so engaged by government agencies because certain government agencies are inclined to procure directly from trusted suppliers. We enter into sales contracts with these intermediates on normal commercial terms, whilst we have no knowledge about the precise terms of their engagement with government agencies which are the ultimate users of our products or services.

Our proportion of sales (whether directly or indirectly) to government agencies was approximately 66.2%, 77.1% and 65.6% for the years ended 31 December 2010, 2011 and 2012, respectively.

During the Track Record Period, we had experienced one instance of delay in payment by our customer who failed to pay us the contract sum in the amount of approximately RMB563,000, resulting in legal proceedings for recovery in August 2011. The relevant customer was a state-owned enterprise who engaged us to provide system integration services. Because this client was located in Shanxi province, where we were less familiar, and there was a failure of communication because our manager responsible for this project left our Group in the middle of the project, our management at that time believed that it was prudent to initiate legal proceedings to protect our interest. The outstanding sum was swiftly settled within one month after issuance of the legal proceedings. No provision was recognised for such delayed payment as at 31 December 2011. The Directors believe that this is an isolated incident which was principally due to the failure of communication after the departure of the responsible person for the project, and does not reflect a decline of the creditworthiness of our customers generally.

PROCUREMENT AND OUR SUPPLIERS

We mainly purchase system components and equipment in connection with our system integration solution business.

Our procurement department is responsible for the procurement of inventory and selection of suitable suppliers. Our purchases principally consist of system components and equipment which are specified by our customers in the relevant sales contracts. The major components and equipment purchased include switches, storage devices, software, displays, electronic tags, network equipment, desktop and laptop computers, antennas, transformers and video conferencing equipment. The purchase prices are reached after arm's length negotiation with the relevant suppliers.

During the Track Record Period, the costs of purchase of system components and equipment amounted to approximately RMB61.8 million, RMB55.3 million and RMB48.6 million, respectively. Since these components and equipment are purchased according to our customers' specific needs, the costs vary from case to case. We do not observe any specific pattern in the purchase prices. Our Directors consider that this made-to-order operational

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pattern could minimise our exposure to inventory accumulation risk. The final contract price would be set above our estimated costs with reference to the quotations from the potential suppliers of system components and equipment and therefore could cover our purchase costs on components and equipment.

We are usually required to make prepayments equivalent to approximately 10% to 30% of the total purchase amounts to secure the supply contracts. Normally, our suppliers would require us to settle the remaining balance before delivery of goods. Most of these components and equipment purchases are paid in Renminbi. Generally a credit term of 30 to 90 days applies to these purchases. Our Directors believe that these payment terms granted by our suppliers are in line with current general market practices in the PRC.

The following table sets out a summary of all the entities which featured as one of our top five suppliers in any of the three years ended 31 December 2012:

For the year ended 31 December 2010

Rank	Supplier	Principal business / description	Years of relationship with our Group
1	A	Distributor of electronic equipment	1
2	B	Distributor of IT products	3
3	C	Developer of electronic information system	10
4	D	Provider of system integration related products and software development	4
5	E	Developer of RFID electronic products	1

For the year ended 31 December 2011

Rank	Supplier	Principal business / description	Years of relationship with our Group
1	F	Developer of aerospace technology applications	2
2	G	Developer of equipment and electronic components	1
3	H	Developer of instrumentation and industrial automation	2
4	C	Developer of electronic information systems	10
5	I	Provider of video surveillance products and integration	1

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For the year ended 31 December 2012

Rank	Supplier	Principal business / description	Years of relationship with our Group
1	H	Developer of instrumentation and industrial automation	4
2	D	Provider of system integration related products and software development	2
3	C	Developer of electronic information systems	10
4	J	Provider of video surveillance products and integration	1
5	K	Provider of computer products and services, computer information systems integration	2

For the years ended 31 December 2010, 2011 and 2012, purchases from our largest supplier accounted for approximately 62.1%, 22.9% and 22.7% respectively of our total purchases. Purchases from our five largest suppliers during the same periods accounted for approximately 97.4%, 78.2% and 69.7% respectively of our total purchases. The amounts of purchases from the largest supplier fluctuated during the Track Record Period. This is because our major purchases were to fulfill customers' orders for our system integration solutions. Depending on the requirements of individual projects, the type and amount of equipment sourced would vary.

We choose our suppliers mainly based on project requirements and prices. Most of the components needed for our projects are readily available in the market from various suppliers. We thus do not place any significant reliance on our existing suppliers. The Directors believe that alternate suppliers are readily available.

To the best of the knowledge of our Directors, none of them, their respective associates, and any person who currently owns more than 5% of our Company's issued share capital had any interest in any of the top five suppliers during the Track Record Period.

INTERNAL CONTROL

General

Our internal control system and procedures are designed to meet our specific business needs and to minimise our risk exposure. Our internal control framework covers the setting of business objectives, budgets and targets together with the establishment of regular reporting of information. Operationally, we have implemented various internal control procedures to facilitate the effective operations of our business.

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Our internal control system includes, but is not limited to, the following: (i) an organisational structure with clearly defined lines of responsibility and delegation of authority; (ii) segregation of duties by operations and by nature of matters; (iii) accountability for risk management and procedures to mitigate and monitor risks; and (iv) defined control policies and procedures for all transactions including appropriate authorisation levels.

Forex and other investments

Our Group primarily operates in the PRC and its functional currency is Renminbi. We currently do not engage in any foreign exchange (“forex”) or other investment transactions and do not intend to enter into any of such transactions in the future. We expect that our Group’s foreign exchange transactions upon completion of the Listing will mainly relate to (i) transfers of net proceeds from the Listing from Hong Kong to the PRC; (ii) payments of dividends in the future; and (iii) intra-group transactions of working capital between members of our Group in the PRC, Singapore and the Cayman Islands.

Save for the further investment in Cyberunion (see the section headed “Financial information — Description of certain items of consolidated statements of financial position — Available-for-sale financial assets”), we have ceased to enter into any foreign exchange transactions for investment purpose and other investment transactions since 2011.

To enhance the effectiveness of our internal control and risk management procedures and to identify and manage the risks which we may be exposed to in handling foreign exchange and other investment transactions, on 31 October 2012 we established an investment management committee (the “**Investment Management Committee**”) comprising three independent non-executive Directors, namely, Mr. Kang Choon Kiat, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping, to oversee our investment activities and forex transactions. The Investment Management Committee is chaired by Mr. Kang Choon Kiat, who has over 13 years of experience in the finance industry with experience in handling foreign exchange investments. Furthermore, Mr. Kwauk Teh Ming, Walter has over 25 years of experience in accounting. Mr. Kang Choon Kiat and Mr. Kwauk Teh Ming, Walter possess the requisite accounting knowledge and experience in order to monitor our Group’s investments. Further details of their biographies are set out in the section headed “Directors, senior management and employees” of this prospectus.

Our Company has engaged Protiviti Shanghai Company Limited, a consulting and internal audit firm, to formulate two internal control policies: (i) the foreign exchange transaction and hedging policy (the “**Forex Investment Policy**”); and (ii) the investment management policy (the “**Investment Management Policy**”) for our Group. Such internal control policies help to strengthen the checks and balances in processing investment transactions and minimise our risk exposure. The Forex Investment Policy and Investment Management Policy were adopted and implemented on 8 November 2012. Pursuant to the Forex Investment Policy and the Investment Management Policy since their adoption, the Investment Management Committee receives monthly reports from the Investment Team (to be defined under the paragraph headed “Forex Investment Policy — Management structure” below) and the Investment Management Committee convened one formal meeting on 3 December 2012 to review an investment

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proposal initiated by the management regarding a Renminbi investment product issued by a licensed bank in the PRC. The investment proposal was subsequently rejected by the Investment Management Committee which concluded that it was preferable to concentrate on our business as the proposed investment only provide marginally higher returns as compared to fixed deposits and there were no guarantee of the principal amount invested in such investment proposal. No further meeting of the Investment Management Committee has been held up to the Latest Practicable Date as no investment opportunities were identified or initiated by our management. Since the implementation of the Forex Investment Policy and the Investment Management Policy, we have not entered into any forex investment or other investment transactions.

Forex Investment Policy

A summary of our Forex Investment Policy is set out below:

Objectives and principles

Objectives: To standardise the procedures of our Group's forex transactions and establish an effective risk management mechanism

Principles: To achieve capital preservation and risk avoidance; the scale of forex transactions must be commensurate with the foreign exchange risk relating to our Group's business operations

Management structure

The Forex Investment Policy adopted a four-tier management structure comprising (i) the Board, (ii) the Investment Management Committee, (iii) the internal audit department and (iv) an investment team (the "**Investment Team**") comprising members from the finance department and members of our senior management including Mr. Wang Xiaogang (senior vice president), Mr. Ma Ming (vice president) and Mr. Zhang Hong (vice president) with a clear delineation of responsibilities:

Board: Responsible for the formation of the Investment Management Committee, reviewing the Investment Management Committee's reports and approving amendments to the Forex Investment Policy

Investment Management Committee: Responsible for supervising our forex transactions; conducting quarterly and monthly review of our forex transactions and reporting to the Board; setting out the long-term and short-term forex investment goals; reviewing and updating the Forex Investment Policy

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Internal audit department: Responsible for auditing and supervising our forex transactions

Investment Team: Members of the Investment Team from the finance department are responsible for the execution of forex transactions while the senior management members are responsible for identifying investment opportunities and making investment proposals to the Investment Management Committee. Neither our handling officer nor our cashier from the finance department is or shall become a member of the Investment Team

Composition of Investment Management Committee

- A majority of the committee members should be our independent non-executive Directors
- At least one member of the committee who is an independent non-executive Director should have sufficient experience in foreign exchange and hedging transactions (“**forex transactions**”)
- At least one member of the committee who is an independent non-executive Director should have expertise in finance

Permissible and forbidden transactions

The Investment Management Committee shall reject a proposed investment falling outside the scope of permitted transactions or falling within the scope of forbidden transactions according to the following guidelines:

Permissible transactions: (i) forward foreign exchange contracts and (ii) foreign exchange swap that are able to fulfill the requirements of “hedge accounting” in accordance with IAS 39 of the International Financial Reporting Standards

Forbidden transactions: (i) transactions with a scale that apparently exceeds the foreign exchange risk faced by our Group; (ii) transactions with a term of over two years; (iii) transactions for the purpose of seeking speculative profits

Furthermore, our Group should enter into no more than two forex transactions per month without the Board’s approval

BUSINESS

Limit on exposure

The scale of exposure must be commensurate with our Group's financial condition; the exposure of investment must not exceed 10%, in aggregate, of our Group's assets denominated in foreign currencies as shown in the balance sheet as at the preceding year-end. The limit on exposure of investment is monitored by the Investment Team. The Investment Team would submit monthly reports to the Investment Management Committee analysing the limit on investment exposure, where applicable.

Counter-party restrictions

- We should maintain a list of approved financial institutions with which we are allowed to enter into forex transactions
- We are forbidden to enter into forex transactions with counter-parties with a credit rating lower than BBB (Standard & Poor's or Fitch) or Baa (Moody's)
- The Investment Management Committee will perform annual evaluation of all active counter-parties' credentials

Approval authorisation

Forex investment proposals are prepared by the finance department and approved by different authorities of our Group based on their respective authorisation power and the amount of investment as follows:

<u>Approval authority</u>	<u>Amount of investment</u>
Investment Management Committee	RMB500,000 or less
Board	above RMB500,000 ^(Note)

Note: We have taken into account our recent business scale when determining the investment threshold: for the year ended 31 December 2012, our revenue and net profit amounted to approximately RMB226.7 million and RMB76.2 million, respectively, and our net assets as at 31 December 2012 amounted to approximately RMB233.4 million. The threshold of RMB500,000 represents less than 1% of our net profit for the year ended 31 December 2012 and our net assets as at 31 December 2012. Moreover, we have also taken into account the perceived scale of possible forex hedging requirement in view of the unlikelihood for us to enter into short to medium term hedging transactions in the future given that we do not have any material overseas customers and suppliers.

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Reporting mechanism

- The accounting staff and Investment Team members of the finance department would conduct monthly review of all forex transactions and the transaction balance with all counter-parties for the preparation of financial statements and monthly investment reports, respectively. The financial statements would be further reviewed by the chief financial officer and the investment reports will be reviewed by the senior management involved in the Investment Team, i.e. the senior vice president. Then the monthly financial statements and investment reports would be submitted to the Investment Management Committee
- The Investment Management Committee would report monthly to the Board on the following matters; if any:
 - (i) Details of all new forex transactions;
 - (ii) Settlement status of all forex transactions that fall due;
 - (iii) the actual amount of payment under the forex transactions;
 - (iv) the balance of forex positions at month-ends;
 - (v) the floating profit/loss of all forex transactions at month-ends
- The Board would evaluate the procedures on forex transactions according to the reports from the Investment Management Committee
- If the market becomes volatile or any other event occurs and causes our hedging operations to incur floating losses of more than RMB500,000, the Investment Team must immediately report the event to the Investment Management Committee and the Board for a solution

BUSINESS

Checks and balances

To prevent unauthorised investment activities, the Forex Investment Policy provides that:

- The handling officer of the finance department who presents and ensures that the substantial terms of the transactions with the counter-parties are made based on the Investment Management Committee's or the Board's decision will not himself handle the payment of the investment monies. When the handling officer is aware of any change or variance in the terms of a proposed transaction provided by the counter-parties when compared to that of the approved investment proposal, the handling officer will not enter into the transaction with the relevant counter-parties. He will report back to the investment team and then the Investment Team will seek further approval from the Investment Management Committee, if necessary. The handling officer as at the Latest Practicable Date, Ms. Zhang Jie, had two years of working experience in accounting and finance. She graduated from Jiangsu University of Science and Technology (江蘇科技大學) with a master's degree in accounting in June 2012. She is supervised by our chief financial officer and she is not a member of the Investment Team and does not involve in making any investment decision
- Our cashier would be responsible for all payments for forex transactions. All payments must be signed and approved by two members of the Board. Our cashier as at the Latest Practicable Date had over eight years' experience in this position. She is supervised by our chief financial officer
- The handling officer who executes the forex transactions must submit the approved investment applications, the relevant contracts, the payment requests, the payment receipts and the month-end bank statements to our accounting staff and Investment Team for record
- The finance department should ensure all forex transactions are duly authorised

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- Our accounting staff would check all transaction information received from counter-parties against our Group's accounting records. Our Investment Team members will also obtain the relevant transaction information from counter-parties to check against the approval documents and to prepare monthly investment report and the chief financial officer and the senior management of the Investment Team would report to the Investment Management Committee
- The finance manager would submit monthly financial statements including our forex transactions for our chief financial officer to review in order to ensure compliance with the Forex Investment Policy and that the forex transactions have been properly recorded in the financial statements
- All accounting procedures relating to a forex transaction must be done within the month in which the transaction occurs
- The finance department would gather information on exchange rates at each month-end and appraise the fair values of all forex transactions. The appraisal report would be submitted to the financial manager for verification, and then to the Investment Management Committee for review. After approval by the Investment Management Committee, the accounting staff would record the fair value gain/loss into our accounting system
- All documentation of forex transactions would be handled by designated file management officers who would not take part in any other tasks relating to our forex transactions

BUSINESS

- In addition, the Directors (including the Independent non-executive Directors), the chief financial officer and members of the Investment Management Committee can access the forex transaction records and request members of the Investment Team to report on the latest investment and foreign exchange positions from time to time. Such inspections are expected to take place quarterly and would be carried out in the form of random spot check in addition to the regular reviews. The regular reviews and inspections would include, among other things, (i) reviewing the transactions records; (ii) ascertaining the current forex investment exposure; (iii) checking whether there is any change in market condition that may increase our exposure; (iv) spotting any unauthorised transactions. When any Director or the chief financial officer makes a request, the Investment Team would have to present the complete forex transaction records within two days and answer to the Directors' or the chief financial officer's enquiries, if any

Investment Management Policy

A summary of our Investment Management Policy is set out below:

Investment objectives and principles

Objectives: To minimise our risk exposure, protect and enhance our investment values and optimise our investment operation

Principles: To be in line with our development strategy with a specific focus on risk assessment and control

Management structure

The Investment Management Policy adopts a four-tier management structure comprising the Board, the Investment Management Committee, the internal audit department and the Investment Team with a clear delineation of responsibilities:

Board: Responsible for the formation of the Investment Management Committee, reviewing the Investment Management Committee's reports and approving amendments to the Investment Management Policy

Investment Management Committee: Responsible for overseeing our investments; conducting monthly review of our investments and reporting to the Board; setting out the long-term and short-term investment goals; reviewing and updating the Investment Management Policy

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Internal audit department: Responsible for auditing our investment plans

Investment Team: Members of the Investment Team from the finance department are responsible for initiating due diligence against investment targets and execution of investments plans while the senior management members are responsible for identifying investment opportunities and making investment proposals to the Investment Management Committee

Composition of the Investment Management Committee

Same as that disclosed in the paragraph headed “Forex Investment Policy” above

Permissible and prohibited investments

The Investment Management Committee will reject a proposed investment falling outside the scope of permitted transactions or falling within the scope of forbidden transactions according to the following:

Permissible investments: long-term sovereign bonds, equity investment in software-related projects which are led by government or beneficial to our future business development, short-term time deposits or notice deposits with licensed banks in the PRC or Hong Kong

Forbidden investments: (i) guarantee bonds of low credit rating (i.e. lower than BBB (Standard and Poor’s and Fitch) or Baa (Moody’s)); (ii) high-leverage financial products (i.e. higher than 30%); and (iii) any other speculative investments that fall outside the scope of permissible investments

Furthermore, our Group should enter into no more than two long-term investments (investments that our management intends to hold for more than one year) or five short-term investments (investments that our management intends to hold for one year or less) per month without the Board’s approval

BUSINESS

Limit on exposure

The scale of our exposure to investment risk is managed by restricting our investments to relatively low-risk categories (see the paragraph headed “Permissible and prohibited investments” above), and our exposure is limited to our initial investment amounts. As a further risk control for long-term investments, we are only allowed to invest in up to 10% of the equity interest of an investee company whose business is unrelated to our principal business operations. Moreover, to maintain liquidity we also have to maintain net operating cash of not less than RMB9 million when we execute an long-term investment. For short-term investments, we are subject to the overriding principle of capital protection. Hence the permissible short-term investment transactions, unless otherwise approved by the Board, would only include time deposits and notice deposits. The exposure is therefore relatively low. The limit on exposure of investment is monitored by the Investment Team. The Investment Team would submit monthly reports to the Investment Management Committee analysing the limit on investment exposure, where applicable.

Prohibition against loans for buying financial products or short-term investments

Our Group is prohibited from entering into any loans for buying financial products or entering into short-term investments

Approval authorisation

Investment proposals are approved by different authorities of our Group based on their respective authorisation power, the amount of investment and types of investment as follows:

<u>Approval authority</u>	<u>Amount of investment</u>
Investment Management Committee	RMB500,000 or less
Board	above RMB500,000 ^(Note)

Checks and balances

To prevent unauthorised investment activities, the Investment Management Policy provides that:

- All investment payments or transfers must be approved and signed by at least two members of our Investment Management Committee and handled by our cashier

Note: The threshold of RMB500,000 was determined on a prudent basis with reference to the followings: (i) our business scale; (ii) the historical investment scale during the Track Record Period (i.e. an investment of approximately 5.3% of Cyberunion for approximately RMB2.0 million as at 31 December 2012).

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- No payments or transfers of assets are permitted before obtaining the relevant approval authority's consent and entering into contracts with the investment targets
- All changes to investment plans must be approved by the Investment Management Committee or the Board in accordance with the authorisation matrix
- Any tangible or intangible assets used for investments must be evaluated by a professional valuer and the valuation report must be approved by the Investment Management Committee or the Board in accordance with the authorisation matrix
- The finance department would record and update all our investment activities. It will conduct monthly checks of its accounting records against the investment projects' ledgers to ensure accuracy and fairness of the records

and more specifically, the Investment Management Policy provides that (i) for investments in long-term sovereign bonds, short-term time deposits or notice deposits:

- The handling officer of the finance department who presents the substantial terms of the transactions with the counter-parties based on the Investment Management Committee's or the Board's decision will not himself handle the payment of the investment monies.
- Our cashier would be responsible for all payments for investment transactions. All payments must be signed and approved by two members of the Board. Our cashier as at the Latest Practicable Date has over eight years' experience in this position. She is supervised by our chief financial officer
- The handling officer who executes the investment transactions must submit the approved investment applications, the relevant contracts, the payment requests, the payment receipts and the month-end bank statements to our accounting staff and Investment Team for record

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- The finance department should ensure all investment transactions are duly authorised
- Our accounting staff would check all transaction information received from counter-parties against our Group's accounting records. Our Investment Team members will also obtain the relevant transaction information from counter-parties to check against the approval documents and to prepare monthly investment report and the chief financial officer and the senior management of the Investment Team would report to the Investment Management Committee
- The finance manager would submit monthly financial statements including our investment transactions for our chief financial officer to review in order to ensure compliance with the Investment Management Policy and that the investment transactions have been properly recorded in the financial statements
- All accounting procedures relating to an investment transaction must be done within the month in which the transaction occurs
- The finance department would gather information on the performance of investment products at each month-end and appraise the fair values of all investment transactions. The appraisal report would be submitted to the financial manager for verification, and then to the Investment Management Committee for review. After approval by the Investment Management Committee, the accounting staff would record the fair value gain/loss into our accounting system
- All documentation of investment transactions would be handled by designated file management officers who would not take part in any other tasks relating to our investment transactions

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- In addition, the Directors (including the Independent non-executive Directors), the chief financial officer and members of the Investment Management Committee can access the investment transaction records and request members of the Investment Team to report on the latest investment positions from time to time. Such inspections are expected to take place quarterly and would be carried out in the form of random spot check in addition to the regular reviews. The regular reviews and inspections would include, among other things, (i) reviewing the transactions records; (ii) ascertaining the current investment risk exposure; (iii) checking whether there is any change in market condition that may increase our risk exposure; (iv) spotting any unauthorised transactions. When any Director or the chief financial officer makes a request, the Investment Team would have to present the complete investment transaction records within two days and answer to the Directors' or the chief financial officer's enquiries, if any

(ii) for investments in software-related projects which are led by government or beneficial to our future business development:

- The investment proposal is approved by the approval mechanism, i.e. it is approved by (i) the Investment Team for investment transactions of RMB0.5 million or below and less than 24 transactions per annum in aggregate; or (ii) the Board for investment transactions above RMB0.5 million or any transaction exceeding 24 transactions per annum in aggregate
- The Investment Team may make investment according to the approved investment transactions categories
- Subsequent to the application for investment transaction being approved, the Investment Team shall participate in the negotiation of the details of the transaction with the counter parties. However, such personnel shall not be responsible for the payment of the investment monies

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- Payment of the monies for the investment transaction shall be the responsibility of the cashier. Each effective investment transaction should have obtained the approval of at least two Directors
- Upon completion of each investment transaction, the Investment Team shall be responsible for preparing and filing of the transaction record and report

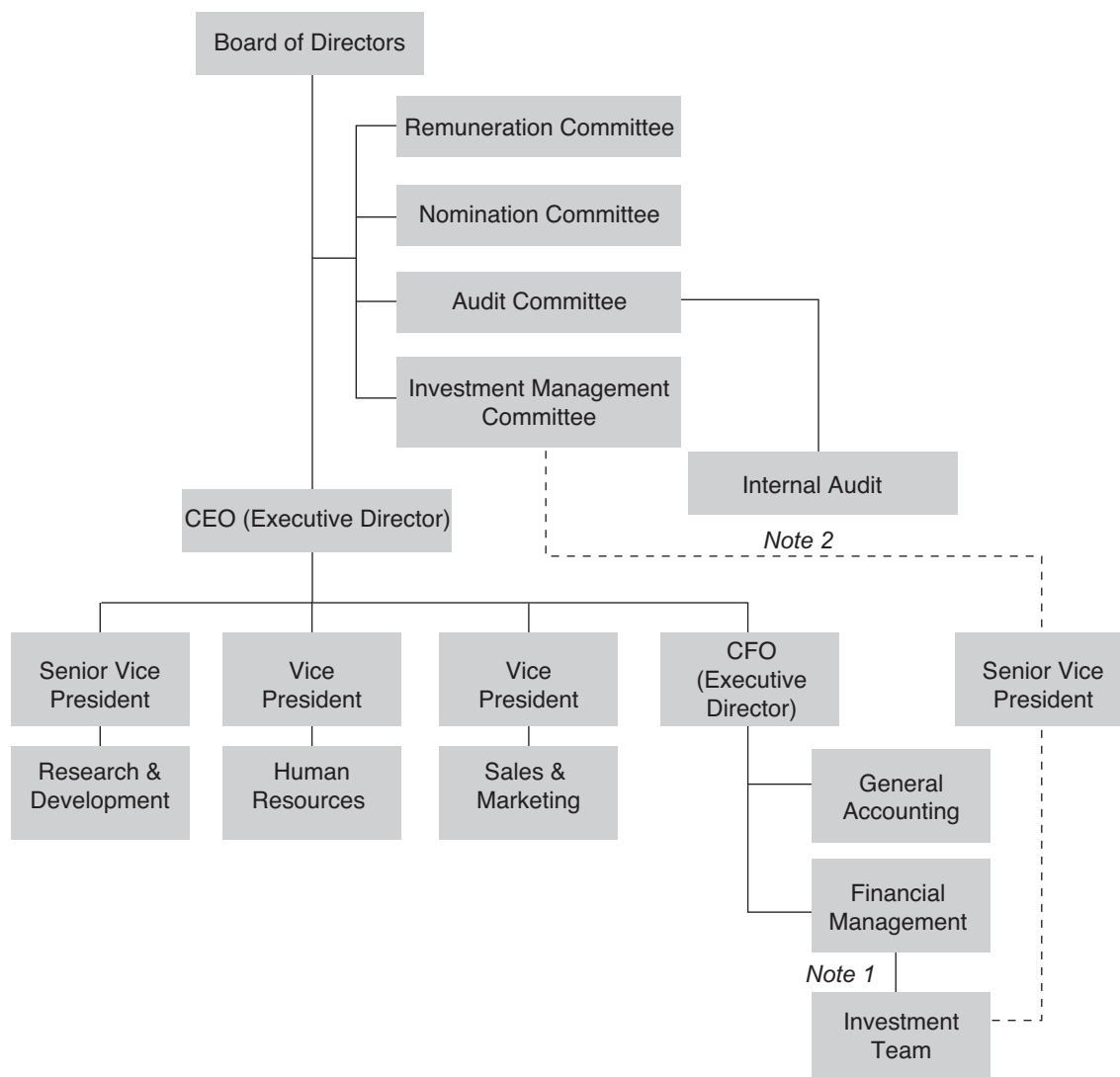
Continued monitoring

For the continued monitoring of our investment activities:

- The Investment Team is responsible for the on-going monitoring of our investments and would report to the Investment Management Committee or the Board in accordance with the authorisation matrix for any event that may affect our investments
- For investments in software-related projects which are led by government or beneficial to our future business development, the Investment Team would hold weekly meetings to discuss, among other things: (i) performance of existing investments; (ii) progress of new investment projects
- For investments in long-term sovereign bonds, short-term time deposits or notice deposits, the Investment Team would prepare weekly investment reports, which would set out, among other things, the updated value of investments, cash positions and cashflow forecast. The investment reports have to be approved by the Investment Management Committee or the Board in accordance with the authorisation matrix
- After an investment project is terminated, the Investment Team would submit an evaluation report to the Investment Management Committee or the Board in accordance with the authorisation matrix

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The chart set out below illustrates our management organisations regarding our operations, financial functions and forex and other investment transactions:



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In January 2013, we engaged Baker Tilly Hong Kong Risk Assurance Limited (“**Baker Tilly**”), an independent external consulting firm, to review the operating effectiveness of our Forex Investment Policy and Investment Management Policy since their implementation from 8 November 2012 to 31 January 2013 (the “**Review Period**”). Baker Tilly mainly engages in the provision of advisory services on corporate governance, risk management, internal audit, information system audit and internal control review in Hong Kong and PRC and has been involved in performing internal control review for a number of listed companies in Hong Kong. Baker Tilly concluded that Forex Investment Policy and Investment Management Policy were being effectively implemented by the management and that it had not identified any material deficiency in regard to the implementation of Forex Investment Policy and Investment Management Policy in their review during the Review Period.

Based on the results of the internal control review conducted by Baker Tilly, our Directors confirm that all internal control policies and procedures have been properly designed and will enable us to strengthen the compliance level of our overall monitoring system and thereby reduce our operational risk. We will continuously monitor and improve our management procedures to ensure that effective operations of those internal controls are in line with the growth of our business. We did not suffer any material liability during the Track Record Period resulting from deficiencies in our internal control.

All of our Directors have attended the following trainings:

- training held on 3 December 2012 about foreign exchange transactions conducted by Mr. Kang Choon Kiat, an independent non-executive Director who is experienced in managing foreign exchange transactions. The training aimed to introduce how foreign exchange transactions work, the principal foreign exchange products and the inherent risks.
- training held on 7 January 2013 about, among other things, the directors’ obligations for listed companies and updates on directors’ roles and responsibilities under the amendments to the corporate governance code and associated Listing Rules conducted by Sidley Austin, the Company’s legal adviser as to Hong Kong law.
- training held on 25 February 2013 on corporate internal control and risk assessment provided by an internal control consultant. The training aimed to cover the concept of internal control and the structure of risk management measures with case studies.

Having considered, among other things, (i) the internal control measures implemented by us, i.e. the formation of the Forex Investment Policy and the Investment Management Policy and the improved investment management reporting systems; (ii) the educational background and work experience of the Directors (in particular the Investment Management Committee) and the trainings received by them so far; and (iii) the independent review by Baker Tilly and its conclusions and recommendations, our Directors are of the view that adequate and effective internal control measures were in place to monitor our forex and other investments transactions and the Sole Sponsor concurs with such Directors’ view.

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Going forward, we will regularly and continuously monitor and improve these internal control procedures either through in-house resources or third party professional advisers so as to ensure these operations are effective and in line with our business objectives and growth by, among other things, the following measures:

- We have engaged Baker Tilly to review the effectiveness of our internal control measures for the period commencing on the date of the Listing and ending on the date of our financial results for the year end of the second full financial year commencing after the Listing Date. Thereafter, our Board will review the effectiveness of our internal control measures and base on the conclusion of Baker Tilly to consider whether it would be in the interest of the Shareholders as a whole to continue to engage an internal control reviewer. We will disclose the conclusion of Baker Tilly in our annual reports during its engagement period. Baker Tilly will also conduct training sessions for our Directors and senior management on internal control related matters on a quarterly basis and we will disclose the information of relevant trainings in our annual reports.
- We have engaged our legal adviser as to Hong Kong law, Sidley Austin to provide legal advisory services on the applicable Hong Kong laws and regulations and to conduct trainings for our Directors and senior management on any updates of applicable laws and regulations in Hong Kong on a quarterly basis for the period commencing on the date of the Listing and ending on the date of our financial results for the first full financial year commencing after the Listing Date. We will disclose the information of relevant trainings in our annual reports.
- Ms. Xie Zhichun, our Group's in-house PRC legal counsel, who joined Nanjing Skytech in 2008, will oversee the compliance matters in relation to our business and operations in the PRC. Ms. Xie obtained her bachelor's degree in law from the School of Law of University of Nanjing in 2003. She has more than seven years of work experience in legal services relating to PRC laws. Prior to joining us, Ms. Xie was a lawyer in Tingan Law Firm (江蘇天淦律師事務所) and accredited as a licensed lawyer of the PRC in 2006. Ms. Xie was not involved in the historical foreign exchange transactions that led to the losses of Sinosoft UK. Ms. Xie will also conduct trainings for our Directors and senior management on updates of applicable laws and regulations in the PRC on a quarterly basis and we will disclose the information of relevant trainings in our annual reports.
- We have set up an internal audit department which is co-headed by Mr. Ding Sulin and Ms. Lee Hwei Ling. Mr. Ding is responsible for the internal audit of the operations of our Group while Ms. Lee is responsible for the internal audit on the financial reporting process, including the internal control procedures of foreign exchange and other investment transactions. Mr. Ding joined Nanjing Skytech in 2005 as internal audit manager. Mr. Ding and Ms. Lee were not involved in the historical foreign exchange transactions that led to the losses of Sinosoft UK. The internal audit department would review our internal control policies and procedures, including the internal control procedures of the foreign exchange and other

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investment transactions monthly and directly report to our audit committee on a semi-annual basis. The biographies of Mr. Ding and Ms. Lee have been set out in the section headed “Directors, senior management and employees — Other employees” of this prospectus.

- we have appointed TC Capital Asia Limited as our compliance adviser for the period commencing on the date of initial listing and ending on the date on which we comply with Rule 13.46 in respect of our financial results for the first full financial year commencing after the Listing Date. TC Capital Asia Limited will guide and advise our Company as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines.

COMPETITION

In the export tax software and related services segment, our export tax rebate filing software products are compatible with the export tax rebate processing system used by the Jiangsu Tax Bureau, and has penetrated the market for export tax filing software in Jiangsu. As such, we currently do not face any significant competition in the export tax software market in Jiangsu. Our Directors consider that our dominant position in the export tax software market in Jiangsu is relatively solid. Any incoming competitor would need to devote considerable resources and have the technical data and expertise to develop a system compatible with the one used by the tax bureaus in the province. Notwithstanding our position in Jiangsu, our Directors believe that we may face considerable competition in the export tax software market in the other provinces in China.

Our Directors believe that the current e-Government solutions market in China is fragmented, with different companies occupying different local markets. The top five companies making up approximately 36.7% of the market share in China in 2012. According to the Ipsos Report, we are the leading e-Government solution provider in Jiangsu in terms of revenue from 2010 to 2012.

Given the PRC’s policy of encouraging purchases from domestic software providers, our Directors, to the best of their knowledge, are not aware of any foreign competitors which have been invited by the PRC government to provide export tax software and e-Government solutions to PRC government agencies.

The market for information integration software is relatively competitive since this market is mature and has many competitors. A number of players, such as Oracle, IBM and Microsoft, have a significant presence in this market. This segment is subject to technological changes and is influenced by constant changes in the strategic directions of major software and operating system providers, network equipment and computer hardware manufacturers, internet service providers, application service providers and key applications software vendors. As information integration is ongoing and recurring in nature, there is a sustainable market for information integration software, notwithstanding that software providers offer different information integration approaches.

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For system integration solutions, we are capable of providing system integration solutions to any customers regardless of whether they use our software products; on the other hand, our existing customers could engage system integration solutions providers other than us. We are thus exposed to competition in the market of system integration solutions. But in practice we focus on our existing customers with established relationships when marketing our system integration solutions since we believe it would be more effective. We believe we have a better understanding of our existing customers' need and thus have a competitive advantage over our competitors as far as our existing customers are concerned.

We compete primarily based on the quality of our products and services, the strength of our product management approach, technological strength, R&D capability, ability to adapt to rapidly changing technologies, quality of our customer services and long-term customer relationships. We strive to deliver high quality products and services and continually invest in our R&D initiatives, which will serve to distinguish our products and services from those of our competitors.

QUALITY CONTROL

We believe that product and service quality is crucial to our success. In order to maintain high product quality, we have established and implemented a sophisticated quality control system which is in line with the relevant international standards. We have obtained ISO 9001:2008 in recognition of our quality management system. In addition, we maintain in-process quality assurance inspection at various control points from product planning up to product distribution to help ensure that our products shall meet our customers' expectations and specifications.

Our information management system follows strictly the requirements of ISO/IEC 27001:2005, titled "Information Security Management Specification with Guidance for Use", in combination with other management standards, such as ISO 9001, using a continual improvement approach.

We are committed to maintaining and improving our management and operations on a continuous basis. Our Group applies the CMMI guidelines internally to our planning, engineering, software development, managing and maintenance procedures. Thus, we are constantly improve our ability to meet goals for cost, schedule, functionality and product quality. We obtained CMMI Level 5 accreditation, being the highest maturity level under the CMMI accreditation system, in November 2012.

We will only launch our products to the market after repeated testing and improvement of their reliability. Our staff will also regularly conduct satisfaction surveys with our customers by on-site visits or by telephone interviews to ensure that we can promptly receive customers' feedback regarding our products and services. During the Track Record Period, we did not experience any material product liability claim from our customers arising from or relating to the use of our products.

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LEGAL AND REGULATORY MATTER

We have been advised by our PRC legal advisers that we have obtained all material requisite permits, licences and approvals from relevant authorities to legitimately conduct our businesses and operations in accordance with all relevant laws and regulations in the PRC and that we have complied with the applicable PRC laws and regulations related to our business and operations in all material respects.

PROPERTIES

As at the Latest Practicable Date, we leased a building from Nanjing Jingtian for use as our headquarters, housing our offices and R&D facilities, which premises are located at No.26, Tianpu Road, Jiangpu Street, Pukou District, Nanjing (南京市浦口經濟開發區天浦路26號) with an aggregate floor area of approximately 20,661.90 sq.m.. The property is leased by us for a term of one year commencing from 1 November 2012 and expiring on 31 October 2013, at a monthly rent of approximately RMB299,000, inclusive of management fees. Nanjing Jingtian has obtained the land use rights certificates in respect of the said building. When the then management of Nanjing Skytech looked for new headquarters in 2010, they had considered a few other premises in nearby software parks, but they finally decided to lease the current premises because, as compared with the other options, it offered a more unified premises with better security at a competitive price, and Nanjing Skytech was also offered the naming right of the building. Furthermore, Nanjing Skytech preferred leasing to undertaking by itself the acquisition of land and construction of premises, principally for two reasons. First, as a software development company, Nanjing Skytech's production equipment (principally computers) was relatively mobile so it did not require permanent premises to house its production tools. The leasing arrangement would enhance its expansion flexibility. Second, investing in land and building would expose Nanjing Skytech to the risks associated with property market fluctuation, which is not beneficial to Nanjing Skytech.

We leased an office which is located at Level 17, Tianxinjian Commercial Building, No. 47 Fuxing Road, Haidian District, Beijing (北京市海澱區復興路47號天行健大廈17層) with an aggregate floor area of approximately 160 sq.m. from an Independent Third Party. The property is leased by us for a term of one year commencing from 8 August 2012 expiring on 8 August 2013 at a monthly rent of approximately RMB17,000, inclusive of management fees.

We leased an office which is located at No. 123-816 Renmin Zhong Road, Wuxi (無錫市人民中路123-816號) with an aggregate floor area of approximately 64.02 sq.m. from an Independent Third Party. The property is leased by us for a term of two years commencing from 1 January 2013 and expiring on 31 December 2014, at a monthly rent of approximately RMB4,500.

We owned and occupied a building of residential use which is located at Block A6, Business Villa, Pukou District, Nanjing (南京市浦口區商務別墅A6幢) with an aggregate gross floor area of approximately 531.1 sq.m. We obtained the building ownership certificate for the building in April 2007 and since then we began to apply for the relevant land use right certificate. Since the parcel of land on which our building is built forms part of a larger parcel

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of land, in order to have the land use right certificate issued, the original owner (being the owner of the larger parcel of land) will have to go through the requisite procedures in accordance with the application PRC laws. We have made due enquiry with the original owner of the land to ascertain the progress, but the timing for obtaining the land use right certificate is beyond our control. Our PRC legal advisers have confirmed that it is not aware of any substantial legal impediment for the application of land use right certificate and there is no provision in the PRC laws providing for any administrative penalties on using a purchased building on which the building ownership certificate has been obtained and the land use right certificate is being applied for but yet to be obtained.

INSURANCE

We maintain pension insurance, unemployment insurance, medical insurance, workers' compensation insurance and maternity insurance for our employees according to the relevant PRC laws and regulations for our employees as required by the PRC laws and regulations. Our Directors confirm that we maintain adequate insurance coverage that is commensurate with our risk of loss and consistent with the industry practice.

Based on our belief of the customary practice in the PRC, we do not maintain and do not expect to carry any product liability insurance. To control our product liability risk, we place significant emphasis on quality assurance. During the Track Record Period, we did not experience any material product liability claim from our customers arising from or relating to the use of our products.

We do not currently maintain, and do not expect to maintain, any insurance for losses caused by business disruption due to the discontinuation of service of our key management and technical staff. This is consistent with the customary practice in the PRC as such kind of insurance is not generally available in the PRC. During the Track Record Period, we did not experience any material business disruption arising from or relating to the discontinuation of service of our senior management and technical staff.

LEGAL PROCEEDINGS

Nanjing Skytech has been involved in a series of disputes with Janful and Nanhua, details of which are set out below:

- (i) Nanhua was a joint venture company set up in March 2000 pursuant to a joint venture agreement ("**JV Agreement**") between Nanjing Skytech and Janful.
- (ii) Nanhua had been operating at loss since its incorporation and the business could not be sustained since Nanhua's management (which was appointed by Janful) failed to manage Nanhua effectively. In the first half of 2004, Nanjing Skytech proposed to Janful to dispose of Nanhua to avoid further loss, otherwise Nanhua should be dissolved. Such proposal was not accepted by Janful. Then in April 2004, Janful initiated arbitration proceedings (the "**2004 Arbitration Proceedings**") against Nanjing Skytech, demanding Nanjing Skytech to account for profit of RMB5 million and asking for an award that Nanjing Skytech should cease engaging in the development and sale of hardware and software products and other related business. In February 2005, the arbitration tribunal dismissed Janful's claim for an account for profit, but made an award that Nanjing Skytech's engagement in business activities in the field of software development was a breach of the anti-competition clause contained in the JV Agreement.
- (iii) However, in April 2005, pursuant to an arbitration proceedings commenced by Nanjing Skytech, an arbitration tribunal ruled that the JV Agreement be terminated and Nanhua be liquidated. At that time, Nanhua had no substantial business activities and owned no intellectual property rights. The ruling was made on the fact that Nanhua had suffered loss and its net asset decreased continuously and was

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unable to sustain its operations and thus fulfilled the requirement for dissolution under the JV Agreement and the Detailed Rules on the Implementation of the Law of the PRC on Sino-Foreign Joint Cooperative Ventures (中華人民共和國中外合作經營企業法實施細則). Janful applied to set aside the said award, which was dismissed by the relevant PRC court.

- (iv) In August 2005, Nanhua commenced legal proceedings in Nanjing Intermediate People's Court for breach of the anti-competition clause provided in the JV Agreement, and claimed an account for profit of RMB5 million. Nanhua's claim was dismissed by the court on the ground that Nanhua was in the state of liquidation, and Nanhua's initiation of legal proceedings in such state did not comply with the relevant laws. Later on, Nanhua filed an appeal to the Jiangsu Higher People's Court, but the appeal was subsequently withdrawn.
- (v) In December 2005, Janful instituted legal proceedings in Jiangsu Higher People's Court against Nanjing Skytech, Ms. Xin, Mr. Wang Xiaogang, Mr. Zhang Hong and Infotech Holdings, alleging that, among other things, the defendants were in breach of the anti-competition clause provided in the JV Agreement, and demanded for the cessation of all breaches and for damages of RMB30 million. The relevant court in November 2006 dismissed all the claims of Janful. Later on, Janful filed an appeal to the Supreme People's Court, but subsequently withdrew such appeal.
- (vi) In January 2006, Janful initiated another arbitration proceedings (the "**2006 Arbitration Proceedings**") against Nanjing Skytech, demanding for (i) a confirmation that Nanjing Skytech was still in breach of the JV Agreement after the conclusion of the 2004 Arbitration Proceedings, and a ruling that Nanjing Skytech and its related companies should cease all their business that was in competition with Nanhua; (ii) an award that all intellectual property rights in Nanjing Skytech's and its related companies' software products should belong to Nanhua, and Nanjing Skytech should cease using the names and reputations of "Skytech" or "擎天"; (iii) an award that Nanjing Skytech should account for its gain from the breach of the JV Agreement to Nanhua; and (iv) an award that Nanjing Skytech should bear Janful's costs in the arbitration proceedings. In August 2008, the arbitration tribunal ruled that (i) Nanjing Skytech should pay RMB20,764,704.59 to Nanhua for breach of the JV Agreement; (ii) Nanjing Skytech should bear Janful's costs in stopping Nanjing Skytech's breach in the amount of RMB1,348,559; (iii) all other claims were dismissed; and (iv) Nanjing Skytech should bear the cost of the arbitration proceedings in the amount of RMB246,679.30 and US\$17,770.20. In August 2009 Janful applied to the Nanjing Intermediate People's Court to execute the above arbitration awards. In July 2010, the court ruled that the arbitration tribunal had no jurisdiction over the disputes between Nanhua and Nanjing Skytech. Thus Nanjing Skytech was not obliged to pay any sum to Nanhua (award (i) above), but it should pay Janful the sum set out in (ii) and (iv) above. In November 2010 Nanjing Skytech paid approximately RMB1.7 million pursuant to the court's order, and Nanjing Skytech was indemnified of such amount in full at the direction of Ms. Xin in January 2011. As at the Latest Practicable Date, the execution of the awards and the payment by Nanjing Skytech under the 2006 Arbitration Proceedings had been completed.
- (vii) In December 2011, Nanhua commenced legal proceedings (the "**2011 Lawsuit**") in Nanjing Intermediate People's Court against Nanjing Skytech, Ms. Xin, Mr. Wang Xiaogang, Mr. Zhang Hong and Mr. Liu Biao, alleging, among other things, that all

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the software copyrights owned by Nanjing Skytech and Jiangsu Skyinformation belonged to Nanhua, and claiming for a return of all such software copyrights and for damages of approximately RMB39,282,000 (calculated up to 29 April 2005). The proceedings were subsequently withdrawn by Nanhua in December 2012.

- (viii) In September 2012, Nanhua commenced another legal action (the “**2012 Lawsuit**”) in Nanjing Intermediate People’s Court against Nanjing Skytech, Ms. Xin, Mr. Wang Xiaogang, Mr. Zhang Hong and Mr. Liu Biao, claiming for, among other things, damages for breach of anti-competition obligations of approximately RMB86,091,000. The action against Nanjing Skytech and its existing management was dismissed by the relevant court in January 2013. Then Nanhua filed an appeal to the Jiangsu Higher People’s Court, but Nanhua’s representative was absent in the hearing scheduled on 5 June 2013. Accordingly, the court has ordered that the appeal is deemed withdrawn according to the PRC laws.
- (ix) In January 2013, Nanjing Skytech filed an application before the Nanjing Intermediate People’s Court for liquidating Nanhua on the basis that Nanhua has failed to be liquidated in accordance with the Company Law of the PRC after being dissolved in 2005 and its business licence being revoked in 2008. The Nanjing Intermediate People’s Court has accepted Nanjing Skytech’s application and is scheduling a hearing.
- (x) In June 2013, Nanjing Skytech received a notice of action from Nanjing Intermediate People’s Court in relation to a lawsuit commenced by Nanhua (the “**2013 Lawsuit**”) against Nanjing Skytech, Ms. Xin, Mr. Wang Xiaogang, Mr. Zhang Hong and Mr. Liu Biao, alleging, among other things, all the intellectual property rights in Nanjing Skytech’s and its related companies’ software products should belong to Nanhua, and demanding that the defendants in the 2013 Lawsuit should return all gains together with interests benefited from such intellectual property rights to Nanhua. Based on our accounting policy, the book value of such software copyrights, if any, would be presented as capitalised internally-generated intangible assets arising from development (mainly include the staff costs of certain development staff of our Group) with amortisation period of three years. As the intellectual property rights of the software claimed by Nanhua were developed before 2007, they would have been fully amortised before the Track Record Period and revenue derived from them during the Track Record Period was immaterial. Accordingly, our Directors are of the view that Janful’s/Nanhua’s claim over these software copyrights would not have any material impact on our financial position during the Track Record Period. The amount claimed under the 2013 Lawsuit is approximately RMB210.4 million. Nanjing Skytech intends to file a defence in due course.

As advised by Fangda Partners, our PRC legal adviser in respect of the disputes with Janful and Nanhua, any claim or dispute based on the same factual background will not succeed pursuant to the legal principle of *ne bis in idem* (i.e. no legal action can be instituted twice for the same cause of action). Given that all Nanhua’s claims in the 2013 Lawsuit were based on the same factual background as the above legal proceedings with Janful and Nanhua, it is unlikely that Nanhua will obtain any favourable judgment in respect of any its claims in the 2013 Lawsuit.

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Moreover, as advised by Fangda Partners, based on the understanding that (i) the software copyrights claimed by Nanhua were developed by Nanjing Skytech (regardless of whether the non-competition claim against Nanjing Skytech can be established); and (ii) in the 2011 Lawsuit, Nanhua has failed to produce any evidence to prove that the software copyrights under dispute were developed by them, Fangda Partners are of the view that Nanhua's claim over the ownership of Nanjing Skytech's software copyrights cannot be established, and therefore there is no risk that the 2013 Lawsuit would render our Group losing any of its intellectual property rights.

As advised by Fangda Partners, it is impossible for Janful or Nanhua to initiate and succeed in any further litigation or arbitration proceedings against Nanjing Skytech based on the JV Agreement for a number of reasons. Firstly, Janful based its legal actions against Nanjing Skytech on non-competition covenants, and there were no other grounds on which it could initiate any action against Nanjing Skytech. The same factual background involving the issues of non-competition and intellectual property rights had already been dealt with in the 2004 Arbitration Proceedings and 2006 Arbitration Proceedings, the 2011 Lawsuit and the 2012 Lawsuit. In accordance with the legal principle of *ne bis in idem*, neither Janful nor Nanhua would be allowed to take any further legal action based on the same factual background involving the issues of non-competition and intellectual property rights. Secondly, the ruling by the Nanjing Intermediate People's Court implied that only Nanhua (as opposed to Janful) was entitled to claim for losses suffered by itself. Since Nanhua was in the state of dissolution, all its claims could only be made through its liquidation group. Given Janful refused to form a liquidation group and such deadlock was unlikely to be resolved, no entity had the standing to make a claim against Nanjing Skytech. Lastly, even if a claim could be made by Nanhua's liquidation group, any claim involving the same factual background would fail based on the principle of *ne bis in idem* stated above. In addition, all claims in the 2013 Lawsuit would be raised beyond the "statutory limitation" (which means the deadline set by the PRC law for an infringed party to file a claim in a court or an arbitration tribunal). As advised by Fangda Partners, the statutory limitation for Nanhua to raise any of its claim in the 2013 Lawsuit against Nanjing Skytech based on breach of non-competition obligation has expired in or before 2007. Besides, all of Nanjing Skytech's obligations under the relevant judgments or arbitration awards in relation to the disputes with Janful have been fulfilled. None of our Group's existing business operations and intellectual property rights was inherited from Nanhua. Based on the above, our Directors are of the view that these legal proceedings and disputes with Janful and/or Nanhua would not have any material impact on our Group's business operations and financial position.

Based on the above, our Directors believe that there is no foreseeable risk of Janful and/or Nanhua initiating and succeeding in any further litigation or arbitration proceedings against Nanjing Skytech. Our Controlling Shareholders, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming have agreed to indemnify our Group for all liabilities incurred by it in connection with such proceedings in relation to Janful and Nanhua (regardless of the jurisdictions in which such proceedings are instituted). Based on the foregoing, our Directors are of the view that the above dispute with Janful and Nanhua will not have any material adverse effect on the business operations and financial position of our Group.

Each of Jingtian & Gongcheng (as the Company's PRC legal adviser) and FenXun Partners (as the Sponsor's PRC legal adviser) has confirmed that they agree with Fangda Partners' opinion regarding the disputes with Janful/Nanhua (including the 2013 Lawsuit) in all material respects and do not hold any opposite or different opinion, and further confirm that the disclosure of Fangda Partners' opinion in this prospectus relating to the disputes with

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Janful/Nanhua are true, accurate and complete in all material respects. However, they cannot guarantee that the trial judge of the 2013 Lawsuit will hold the same opinion as theirs. Please refer to the section head “Risk factors — We are currently involved in a lawsuit relating to the disputes with Nanhua. If the case is determined against us, our business, financial conditions, results of operations, prospects and reputation may be adversely affected” in this prospectus.

In addition, in June 2013, we were brought to the attention of a letter issued by the legal representative of South China regarding a derivative action threatened to be brought by Janful against, among others, our Company in Hong Kong (the “**Threatened Lawsuit**”). Our Directors intend to defend such Threatened Lawsuit strenuously should it be materialised.

As advised by our special legal counsel in relation to the Threatened Lawsuit, Mr. Conrad Wan, a barrister-at-law in Hong Kong:

- (1) Janful and Nanhua will unlikely be successful to commence any derivative actions in Hong Kong against our Company for the following reasons:
 - **Valid arbitration agreement:** It is likely that our Company will succeed in staying the proceedings by Janful or Nanhua pursuant to the arbitration clause in the JV Agreement which constitutes an exclusive jurisdiction.
 - **Jurisdiction of the Hong Kong court:** If Janful or Nanhua is to commence a legal action against our Company and/or Nanjing Skytech, Janful or Nanhua will be faced with a jurisdiction issue and it is likely that our Company and/or Nanjing Skytech will succeed in staying Janful’s or Nanhua’s action in Hong Kong for *forum non conveniens* since all parties (other than Janful) involved in the legal action are PRC companies or citizens and all assets in dispute are located in the PRC.
 - **The principle of Res Judicata:** The principle of *Res Judicata* (i.e. if a dispute is judged by a court of competent jurisdiction, the judgment of the court is final and conclusive as to the rights and duties of the parties involved) constitutes an absolute bar to a subsequent suit for the same cause of action. Based on our special legal counsel’s understanding that all previous litigation between Nanjing Skytech, Janful and Nanhua are based on the same factual background, same cause of action and same parties, he was of the view that if Janful or Nanhua commences proceedings against our Company in Hong Kong, they are unlikely to be successful based on the principle of *Res Judicata*.
- (2) Even if Janful or Nanhua successfully obtained a judgment in its favour in the Hong Kong courts in respect of the intellectual property rights in dispute, the judgment will not be enforceable in the PRC as the Arrangement on Reciprocal Enforcement of Judgments in Civil and Commercial Matters only applies to the judgment for the payment of money in civil and commercial cases and Janful or Nanhua will not be able to compel Nanjing Skytech to transfer the intellectual property rights which are in dispute to Nanhua. As such, it is unlikely that there will be any adverse effects to our Company as a result of the Threatened Lawsuit in Hong Kong.

Based on the above, our Company is of the view that all material information relating to the disputes with Nanhua and Janful (including the 2013 Lawsuit and the Threatened Lawsuit) has been disclosed in this prospectus, and the Sole Sponsor concurs with our Company’s view.

As at the Latest Practicable Date, save on disclosed above, we were not involved in any litigation, arbitration or claim of material importance that would have a material adverse effect on our operating results or financial condition.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Upon completion of the Global Offering and Capitalisation Issue, Ms. Xin, Long Capital, Mr. Wang Xiaogang and Telewise Group, will together be beneficially interested in approximately 49.46% of the issued share capital of our Company without taking into account Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme, and hence Ms. Xin, Long Capital, Mr. Wang Xiaogang and Telewise Group are our Controlling Shareholders.

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition with us to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has undertaken to us in the Deed of Non-Competition that it/she/he will not, and will procure its/her/his associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business that directly or indirectly competes with our business or undertaking, or hold shares or interest in any companies or business that compete directly or indirectly with our business except where our Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the composition of the board of directors of such company.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their associates cease to hold, whether directly or indirectly, any of our Shares or our Shares cease to be listed on the Stock Exchange.

The Deed of Non-Competition also provides that:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- each of our Controlling Shareholders has undertaken to us that it/he/she will provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-Competition;
- we will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

INDEPENDENCE TO OUR CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independent of and does not place undue reliance on our Controlling Shareholders and their respective associates (other than our Group) after Listing for the following reasons:

- (i) as at the Latest Practicable Date, no executive Director had overlapping roles or responsibilities in any business operation other than those in our business;
- (ii) as at the Latest Practicable Date, none of our Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with our business;
- (iii) our Controlling Shareholders do not operate any business other than our business;
- (iv) as at the Latest Practicable Date, none of our Controlling Shareholders had an interest in any business which competes or is likely to compete, either directly or indirectly, with our business;
- (v) as at the Latest Practicable Date, we had our own independent operation capabilities and independent access to customers and suppliers and we had not entered into any connected transactions with any connected person of our Group. We are also in possession of all relevant licences necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently; and
- (vi) we are financially independent of our Controlling Shareholders and their associates. All loans, advances and balances due to and from our Controlling Shareholders and their respective associates have been fully settled and that all share pledges and guarantees provided by our Controlling Shareholders and their respective associates on our Group's borrowing have been fully released. In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing.

Our Directors are satisfied that we are capable of carrying on our business independently from any of our Controlling Shareholders (including their respective associates) after the Listing.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board currently consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and financial reports, formulating proposals for profit distributions and for the increase or reduction of our registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles. We have entered into service contracts with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The table below shows certain information in respect of members of the Board of Directors of our Company:

<u>Name</u>	<u>Age</u>	<u>Position, Roles and Responsibilities</u>	<u>Date of appointment</u>
Ms. Xin Yingmei (辛穎梅)	45	Chairlady, executive Director, chief executive officer and chairlady of nomination committee; responsible for the overall strategic planning of our Group's business and corporate development	6 January 2011
Mr. Yu Yifa (余義發)	38	Executive Director, chief financial officer and member of remuneration committee; responsible for our financial affairs and corporate development	4 April 2011
Mr. Kang Choon Kiat (江春杰)	49	Independent non-executive Director, chairman of remuneration committee and investment management committee and member of audit committee; responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct	31 October 2012

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Position, Roles and Responsibilities	Date of appointment
Mr. Kwauk Teh Ming, Walter (郭德明)	60	Independent non-executive Director, chairman of audit committee, member of remuneration committee, nomination committee and investment management committee; responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct	31 October 2012
Mr. Zong Ping (宗平)	56	Independent non-executive Director, member of audit committee, nomination committee and investment management committee; responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct	31 October 2012

Executive Directors

Ms. Xin Yingmei (辛穎梅), aged 45, is our chairlady and our executive Director. She is also our chief executive officer. Ms. Xin was appointed as our Director on 6 January 2011 and re-designated as executive Director on 31 October 2012. She is a co-founder of Nanjing Skytech and is also a director of our subsidiaries, namely Nanjing Skytech, Infotech Holdings, Jiangsu Skyinformation, Wuxi Skytech, Nanjing Skytech Quan Shui Tong and Zhenjiang Skyinformation and a director of Sinosoft UK which is currently in liquidation process pursuant to a special resolution passed on 19 December 2012 for the approval of its voluntary winding up. She is primarily responsible for the overall business operations and strategies and policies formulation of our Group. Ms. Xin has over 20 years of experience in the IT industry and is a professional senior engineer. Ms. Xin was accredited as a professional senior engineer by Professional Senior Qualification Accreditation Committee of Jiangsu Province (江蘇省高級專業技術資格評審委員會) on 25 November 2010. Prior to co-founding Nanjing Skytech in 1998, she was a technician of the National Sports Commission Information Centre (國家體委信息中心) from 1987 to 1992. From 1992 to 1995, she was the general manager of Nanjing Olympic Computer Co., Limited (南京奧林匹克電腦有限公司). From 1995 to 1998, she was the general manager and vice chairlady of Honest Electronics Corporation Ltd. (奧尼斯特電子集團有限公司). Ms. Xin obtained her master's degree in business administration from Nanjing University (南京大學) in September 2008. She is a member of the Twelve Chinese People's Political Consultative Conference (第十二屆全國政協委員) and has won several awards for her achievements including "National Key Personnel in the Promotion of the Software Industry" (推

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

動中國軟件產業發展功勳人物), “National Outstanding Entrepreneur in the Software Industry” (中國軟件產業傑出企業家) and “Jiangsu Province Outstanding Entrepreneur in the Software Industry” (江蘇省優秀軟件企業家). Ms. Xin is the spouse of Mr. Wang Xiaogang, a member of our senior management.

Mr. Yu Yifa (余義發), also known as Er Ngee Huat, aged 38, is our executive Director and chief financial officer. Mr. Yu was appointed as our Director on 4 April 2011 and redesignated as executive Director on 31 October 2012. He is primarily responsible for supervising our financial reporting, corporate finance, treasury, tax and other related finance matters. Mr. Yu is also a director of Infotech Holdings and Sinosoft UK, which is currently in liquidation process pursuant to special resolutions passed on 19 December 2012 for the approval of its voluntary winding up. He has over 12 years of experience in finance. Mr. Yu joined us as the chief financial officer of Nanjing Skytech in April 2009. Prior to joining us, Mr. Yu was an accountant in Kleans Corporation Pte. Ltd. from 2001 to 2002. From 2002 to 2005, Mr. Yu worked in KPMG, Singapore as an audit senior. From 2005 to 2007, he was an accountant at Willowglen Services Pte. Ltd. Between 2007 and 2009, he was the accounting manager at JCB Sales Asia Pacific Pte. Ltd., a member of the JCB Group. From April 2009 to December 2010, he was the executive director and chief financial officer of Sinosoft UK. Mr. Yu received his bachelor’s degree in commerce (accountancy) from the University of Southern Queensland in April 1999 and a master’s degree in commerce, specialising in advanced accounting from the University of New South Wales in July 2000. He is a certified practising accountant of the CPA Australia.

Independent non-executive Directors

Mr. Kang Choon Kiat (江春杰), aged 49, is our independent non-executive Director. Mr. Kang was appointed as our independent non-executive Director on 31 October 2012. He has over 13 years of experience in the finance industry. From 1999 to 2002, Mr. Kang worked at Citibank and last held the position of vice president of the foreign exchange department. Mr. Kang was a managing director in foreign exchange derivatives team, private wealth management of Bank of America Merrill Lynch in Singapore from 2007 to 2012, responsible for developing the private wealth management foreign exchange business of the bank, creating and implementing foreign exchange platforms and systems, supervising the foreign exchange team members, conducting foreign exchange workshops, training sessions and seminars for clients, providing foreign exchange market and trading advisory and managing foreign exchange trading accounts. Mr. Kang received his bachelor’s degree in engineering from National University of Singapore in June 1988 and master of business administration degree from Oklahoma City University in December 1996. Mr. Kang was also recognised by Investment Management Consultants Association in August 2002 as a certified investment management consultant.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Given that Merrill Lynch Bank (Suisse) S.A. and Bank of America Merrill Lynch in Singapore are two separate entities with separate and independent operations and that Mr. Kang did not involve in any of the foreign exchange transactions entered into by Sinosoft UK with Merrill Lynch Bank (Suisse) S.A., Mr. Kang is considered to be independent under Rules 3.13(3) and (4) of the Listing Rules even though the foreign exchange transactions of Sinosoft UK were entered into with Merrill Lynch Bank (Suisse) S.A. during his employment with Bank of America Merrill Lynch in Singapore.

Mr. Kwauk Teh Ming, Walter (郭德明), aged 60, is our independent non-executive director. Mr. Kwauk was appointed as our independent non-executive Director on 31 October 2012. He has over 25 years of experience in accounting. Mr. Kwauk is currently a consultant of Motorola Solutions, Inc. Mr. Kwauk served in KPMG from 1977 to 2002, held a number of senior positions including general manager of KPMG's joint venture accounting firm in Beijing, managing partner in KPMG's Shanghai office and partner in KPMG's Hong Kong office. Mr. Kwauk was a vice president of Motorola Solution Inc. and its director of corporate strategic finance and tax, Asia Pacific from January 2003 to June 2012. Mr. Kwauk is a member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in science in May 1975 and a licentiate's degree in accounting from the University of British Columbia in May 1977.

Mr. Zong Ping (宗平), aged 56, is our independent non-executive Director. Mr. Zong was appointed as our independent non-executive Director on 31 October 2012. He has extensive experience in teaching computer science and researching in the related field. From 1992 to 1995, Mr. Zong worked as a visiting scholar at Oldenburg University in Germany. From 2002 to 2004, Mr. Zong was a professor at Hohai University (河海大學). From 2004 to present, Mr. Zong has been a professor at Nanjing University of Posts and Telecommunications (南京郵電大學). Mr. Zong is currently a commissioner of system software committee of the China Computer Federation (中國計算機學會系統軟件專業委員會), the vice chairman of education committee of Jiangsu Province Computer Society (江蘇省計算機學會教育專委會) and a member of Information Industry Expert Committee of Jiangsu Province (江蘇信息產業專家委員會). Mr. Zong received a bachelor's degree in computing from East China Engineering School of Water Resources (華東水利學院), now known as Hohai University (河海大學) in May 1982 and a doctorate degree in hydropower engineering from Hohai University (河海大學) in April 2008.

Each of our Directors has not been involved in any of the events described under Rule 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed above, none of our Directors has been a director of other listed entities for the three years immediately preceding the date of this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

The table below sets forth certain information concerning our other senior management members:

Name	Age	Position
Mr. Wang Xiaogang (汪曉剛)	50	Senior vice president
Mr. Ma Ming (馬明)	43	Vice president
Mr. Zhang Hong (張虹)	52	Vice president
Ms. Xu Fang (徐放)	42	Head of human resource department

Mr. Wang Xiaogang (汪曉剛), aged 50, is our senior vice president. Mr. Wang is responsible for the overall management and operation of our Group's R&D and technological advancement. Mr. Wang is a co-founder of Nanjing Skytech and is also the vice president and general manager of Nanjing Skytech, where he is primarily responsible for the overall management of the Company's R&D and technological advancement. Mr. Wang is also a director of Nanjing Skytech and Jiangsu Skyinformation. He has over 11 years of experience in the computer software and hardware industry gained in our Group. Mr. Wang received his bachelor's degree in computer engineering from the People's Liberation Army School of Electronic Technology (解放軍電子技術學校), now known as People's Liberation Army Information Engineering University (中國人民解放軍信息工程大學), in July 1985. Mr. Wang also won several awards, namely the "Jiangsu Province Outstanding Technology Technician" (江蘇省優秀科技工作者) award in 2004, "Nanjing Young Industry Technology Leader" (南京市中青年行業技術、學科帶頭人) award in 2004 and "Top 10 Nanjing City Leader in Software Industry" (南京市軟件產業十大領軍人物) award in 2008. Mr. Wang is the spouse of Ms. Xin.

Mr. Ma Ming (馬明), aged 43, is our vice president. Mr. Ma is responsible for the sales and marketing and customer services of our Group. Mr. Ma is a co-founder of Nanjing Skytech and is also the vice president of Nanjing Skytech, where he is primarily responsible for the business development and product marketing of the software division of the company. He is also a director of Nanjing Skytech, Jiangsu Skyinformation, Zhenjiang Skyinformation and a general manager of Zhenjiang Skyinformation. Mr. Ma has over 16 years of experience in the software industry. Prior to co-founding Nanjing Skytech in 1998, he was a department manager in Nanjing Honest Electronics Co., Ltd. (南京奧尼斯特有限公司) from 1994 to 1999. Mr. Ma received a diploma in computer science and technology from Nanjing University of Science and Technology (南京理工大學) in July 1999 through distance learning.

Mr. Zhang Hong (張虹), aged 52, is our vice president. Mr. Zhang is responsible for the research and development of our computer programmes and software. Mr. Zhang is a co-founder of Nanjing Skytech and is also the chief engineer, where he is primarily responsible for the research and development of software. He is also a director of Nanjing Skytech, Jiangsu Skyinformation and the general manager of Wuxi Skytech. Mr. Zhang has over 13 years of experience in the research and development of software. Prior to co-founding Nanjing Skytech in 1998, Mr. Zhang worked as a researcher in a research centre in Nanjing from 1982 to 1999. Mr. Zhang received a bachelor's degree in wireless technology from Nanjing Institute of Technology (南京工學院), now known as Southeast University (東南大學) in July 1982.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Xu Fang (徐放), aged 42, is our head of human resource department. Ms. Xu is responsible for the human resource management of our Group. Ms. Xu joined our Group in 2006 and is a director of Nanjing Skytech Quan Shui Tong and Zhenjiang Skyinformation. She has over 20 years of experience in the human resource management industry. Prior to joining our Group in 2006, she was a human resource manager at Panda Electronics Group (熊貓電子集團). Ms. Xu received her bachelor's degree in management engineering (management science) from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) through part-time studies in July 1998 and a master's degree in business administration from Nanjing University (南京大學) in December 2005.

OTHER EMPLOYEES

Ms. Lee Hwei Ling (李惠玲), also known as Li Huiling, aged 39, is the co-head of our internal audit department. Ms. Lee is responsible for the internal audit on the financial reporting process, including the internal control procedures of the foreign exchange and other investment transactions. Ms. Lee joined our Group in September 2012. She has over 11 years of experience in auditing and commercial accounting. From 2002 to 2004, Ms. Lee served as an auditor of KPMG in Singapore. Her duties included the appraisal of her then clients' internal control system. In 2004, Ms. Lee served as an audit senior of Ernst & Young in Singapore, leading the audit engagement team and reviewing the internal control systems of clients. From 2004 to 2007, Ms. Lee was senior accountant of Singapore Technologies Kinetics Ltd. ("**ST Kinetics**")¹, being responsible for preparing quarterly budgets and forecasts, and handling the treasury function. Ms. Lee was also involved in the daily handling and execution of the foreign exchange transactions base on the instructions from the finance manager. From 2007 to 2010, Ms. Lee served as accounts manager of Sembcorp Industries Ltd. ("**Sembcorp**")², being responsible for supervising staff in their daily accounting activities, performing quarterly

1 ST Kinetics is the land systems and specialty vehicles arm of Singapore Technologies Engineering Ltd. ("**ST Engineering**"), a defence and engineering group listed on the Singapore Stock Exchange. As stated in ST Engineering's annual report for 2007, ST Kinetics had customers in more than 30 countries, including Singapore, US, China, India, Indonesia and Australia, with an annual turnover of S\$1,188 million in 2007.

As stated in ST Engineering's annual report for 2007, ST Engineering faced foreign exchange risk arising from its subsidiaries operating in foreign countries, generating revenue and incurring costs denominated in foreign currencies, and from operations of its local subsidiaries which were transacted in foreign currencies. ST Engineering's foreign exchange exposures were primarily from US dollars and euro and ST Engineering (including ST Kinetics) entered into forward currency contracts to hedge against its foreign exchange risk resulting from anticipated sale and purchase transactions denominated in foreign currencies. The scale of ST Kinetics' exchange loss for each year during 2004 to 2007 (the period during which Ms. Lee was in ST Kinetics' employment) ranged from approximately S\$0.3 million to approximately S\$3.1 million.

2 Sembcorp is a Singapore-listed company which is engaged in, among other things, provision of utility services (such as energy and water), shipping solutions and urban/industrial park development solutions. As stated in Sembcorp's annual report for 2010 (being the last year which Ms. Lee served Sembcorp), it served customers in Singapore, China, India, Indonesia, the Philippines, Vietnam, Oman, the UAE, South Africa, the UK, the Caribbean, Chile and Panama, with an annual turnover of S\$8,763.6 million in 2010.

As stated in Sembcorp's annual report for 2010, Sembcorp operated globally and was exposed to foreign currency exchange rate volatility primarily for Singapore dollars, US dollars, euros and British pounds on sales and purchases of assets and liabilities, which arose from the daily course of operations. Such risks are hedged either by forward foreign exchange contracts in respect of actual or forecasted currency exposures. Under Sembcorp's treasury policy, all such transactions must involve underlying assets or liabilities and no speculative transactions were allowed. The notional amounts of foreign exchange forwards and foreign exchange swap agreements entered by Sembcorp as at 31 December 2010 were S\$1,945.8 million and S\$194.2 million, respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

budgeting and forecasting reviews, reviewing funding and cash flow requirements for various business units and projects of the company, and determining and advising the board of directors on the appropriate foreign exchange and hedging transactions related to the settlement of trade balances less than US\$30 million, and initiating proposals for how to utilise the ideal foreign currencies to the directors. The foreign exchange transactions handled by Ms. Lee during her employment with Sembcorp mainly included spot/forward foreign exchange contracts, interest swap agreements and short term deposits from six months to one year. From 2011 to 2012, Ms. Lee served as the finance manager of Edupac Marketing LLP. Ms. Lee received her bachelor's degree in commerce from University of Southern Queensland in April 1999 and her master of commerce degree in advanced accounting from University of New South Wales in July 2000. She is a certified practising accountant of CPA Australia.

Mr. Ding Sulin (丁蘇霖), aged 56, is the co-head of our internal audit department. Mr. Ding is responsible for the internal audit on the operation of our Group. He is a director of Wuxi Skytech. Mr. Ding joined Nanjing Skytech in 2005 as internal audit manager and held other positions including financial controller, head of audit and head of internal control, responsible for the management of financial matters, internal audit on the financial reporting process and overseeing the implementation of internal control policies of Nanjing Skytech. He has more than 30 years of experience in the field of accounting and internal controls. From 1993 to 2000, Mr. Ding acted as the financial controller of the Nanjing office of Nanhua (PRC) Co., Ltd. (南華(中國)有限公司南京辦事處), responsible for the financial and management reporting. From 2000 to 2003, he acted as the financial controller of Nanhua Skytech Technology Co., Ltd (南華擎天科技有限公司), responsible for the financial related matters and the financial and management reporting. Mr. Ding has completed the economy management course from Beijing Economy Distance Learning University (北京經濟函授大學), now known as Beijing Economy Management Distance Learning College (北京經濟管理函授學院), in May 1986. Mr. Ding obtained his accountant qualification as approved by the Ministry of Finance of the PRC in October 1994.

Ms. Lee's and Mr. Ding's functions would be complementary: Ms. Lee would focus on the internal audit on the financial reporting process (including the internal control procedures of the foreign exchange and other investment transactions) whilst Mr. Ding would focus on the internal audit of our operations. Our Directors believe that such arrangement would improve our internal audit functions because Mr. Ding, having been working as Nanjing Skytech's internal audit manager since 2005, has solid understanding of our operations as a software company, whilst Ms. Lee's knowledge and experience in financial reporting under IFRS and relating to foreign exchange transactions of listed companies can enhance the internal audit on foreign exchange transactions.

COMPANY SECRETARY

Dr. NGAI Wai Fung (魏偉峰), aged 51, is the Company Secretary of our Company. Dr. Ngai currently is the director and chief executive officer of SW Corporate Services Group Limited and the managing director of MNCOR Consulting Limited. He is the vice president of the Hong Kong Institute of Chartered Secretaries. Prior to that, Dr. Ngai was a director of a corporate services provider. He had held a number of positions in companies that were listed on the Stock Exchange, including COSCO International Holdings Limited (stock code: 517), China Unicom (Hong Kong) Limited (stock code: 762) and Industrial and Commercial Bank of China (Asia) Ltd. Dr. Ngai currently acts as the company secretary of Anton Oilfield Services

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Group (stock code: 3337)) and the joint company secretary of China Eastern Airlines Corporation Limited (stock code: 670). Dr. Ngai will act as the joint company secretary of China Pacific Insurance (Group) Co., Ltd., a company listed on the Stock Exchange with effect from 10 July 2013 (stock code: 2601). Dr. Ngai is also a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai obtained a Doctorate in Finance from the Shanghai University of Finance and Economics in June 2011, a Master's degree in Corporate Finance from the Hong Kong Polytechnic University in November 2002, a Master's degree in Business Administration (MBA) from Andrews University of the United States in August 1992 and a Bachelor's degree (Honours) in Law from the University of Wolverhampton, the United Kingdom in October 1994. He is not a full-time employee of our Company.

Dr. Ngai is currently the independent non-executive director and the chairman or member of the audit committee of the following companies listed on the securities markets in Hong Kong or overseas:

Name of listed companies	Securities exchange and stock code
BaWang International (Group) Holdings Limited	Stock Exchange: 1338
Bosideng International Holdings Limited	Stock Exchange: 3998
Biostime International Holdings Limited	Stock Exchange: 1112
China Railway Construction Corporation Limited	Stock Exchange: 1186
China Coal Energy Company Limited	Stock Exchange: 1898
Sany Heavy Equipment International Holdings Company Limited	Stock Exchange: 631
SITC International Holdings Company Limited	Stock Exchange: 1308
Powerlong Real Estate Holdings Limited	Stock Exchange: 1238
LDK Solar Co., Ltd.	New York Stock Exchange: LDK

Although Dr. Ngai has been appointed an independent non-executive director of the above companies, Dr. Ngai is of the view that he can allocate sufficient time to perform and with the assistance of the supporting staff on the corporate secretarial matters of our Company, he believes he is able to discharge his duties as the company secretary of our Company. Our Directors are also satisfied that Dr. Ngai is able to perform his duties as the company secretary of our Company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD COMMITTEE

Audit Committee

We have established an audit committee on 11 June 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The audit committee consists of three independent non-executive Directors, Mr. Kwauk Teh Ming, Walter, Mr. Kang Choon Kiat and Mr. Zong Ping, with Mr. Kwauk Teh Ming, Walter serving as chairman of the audit committee. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process to develop and renew our policies and practices on corporate governance and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee on 11 June 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The remuneration committee consists of one executive Director, being Mr. Yu and two independent non-executive Directors, being Mr. Kwauk Teh Ming, Walter and Mr. Kang Choon Kiat, with Mr. Kang Choon Kiat serving as chairman of the remuneration committee. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors regarding our policy and structure for all remuneration of Directors and senior management members and on the establishment of a formal and transparent procedure for developing remuneration policies concern; (ii) determining the terms of the remuneration packages of our Directors and senior management; (iii) reviewing and approving management's remuneration proposals with reference to corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

Nomination Committee

We have established a nomination committee on 11 June 2013 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

consists of one executive Director, being Ms. Xin, and two independent non-executive Directors, being Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping, with Ms. Xin serving as chairlady of the nomination committee. The primary function of the nomination committee is to make recommendations to our Board on the appointment of members of our Board.

Investment Management Committee

We have established an investment management committee on 31 October 2012. The investment management committee consists of three independent non-executive Directors, namely, Mr. Kang Choon Kiat, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping, with Mr. Kang Choon Kiat serving as the chairman of the investment management committee. The primary function of the investment management committee is to enhance the effectiveness of our internal control and risk management procedures and to identify and manage the risks which we may be exposed to in handling foreign exchange and other investment transactions.

EMPLOYEES

As at the Latest Practicable Date, we employed a total of 503 full-time employees. Set out below is breakdown of the number of our full-time employees by function as at the same date:

	Number of employees	Percentage of total (%)
Management and administration	35	7.0
Sales and after-sales service	64	12.7
Research and development	<u>404</u>	<u>80.3</u>
Total	<u>503</u>	<u>100.0</u>

We believe that successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained management and employees at all levels.

We recruit our employees predominantly from the universities and vocational schools in China and the public. As at the Latest Practicable Date, approximately 99.0% of our full-time employees had college or associate college degrees. We have implemented continuing education and training programmes for our management staff and employees in relation to their job functions to improve their skills and knowledge. We believe that these initiatives have contributed to the increased employee productivity.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

We enter into individual employment contracts with our employees to cover matters such as wages, benefits, and grounds for termination. The remuneration package of our employees includes salary, bonus and other cash subsidies. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We believe we have maintained a good working relationship with our employees. As at the Latest Practicable Date, no significant labor disputes occurred which adversely affected or were likely to have an adverse effect on the operations of our business.

For the three years ended 31 December 2010, 2011 and 2012, we incurred employee costs (including Directors) of RMB27.0 million, RMB35.7 million and RMB39.1 million, respectively, representing 17.7%, 19.3% and 17.3% of our revenue during those periods.

As required by PRC regulations as well as compulsory rules of the PRC local governments, we participate in various social welfare schemes including pension, medical, maternity, work-related injury insurances and housing provident fund contributions. We are required under PRC law to make contributions to these schemes based on certain percentages of the salaries, bonuses and certain allowances of our employees in accordance with the respective regulatory requirement, up to a maximum amount specified by the relevant local governments from time to time. During the Track Record Period, the total amount of contributions we made to such social welfare schemes in accordance with the relevant PRC laws for the years ended 31 December 2010, 2011 and 2012 was RMB1.6 million, RMB1.9 million and RMB2.0 million, respectively. As advised by our PRC legal advisers, our Group has complied with all relevant PRC rules and regulations in respect of its various social welfare schemes in material aspects up to the date as at the Latest Practicable Date.

We will adopt a share option scheme for our senior management and employees. You may find detailed information in the paragraph headed "D. Other information — 1. Share Option Scheme" in Appendix IV to this prospectus. As at the date of this prospectus, we have not granted any share option under our Share Option Scheme to any person.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors, who are also our employees, receive, in their capacity as our employees, compensation in the form of salary and cash bonus.

The aggregate amount of remuneration including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors for the three years ended 31 December 2010, 2011 and 2012 was approximately RMB1.5 million, RMB1.5 million and RMB1.9 million, respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The aggregate amount of remuneration including salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid by our Group to our five highest paid individuals for the years ended 31 December 2010, 2011 and 2012 was approximately RMB2.1 million, RMB2.1 million, RMB2.7 million, respectively.

No remuneration was paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in respect of the three years ended 31 December 2010, 2011 and 2012. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) of our Directors for the year ending 31 December 2013 is estimated to be no more than RMB2.5 million.

COMPLIANCE ADVISER

We have appointed TC Capital Asia Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and shares repurchases;
- where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information of this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), have beneficial interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares and underlying Shares of our Company

Name of Shareholder	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage shareholding
Long Capital ⁽²⁾	Beneficial owner	427,207,500(L)	42.72%
Ms. Xin ⁽²⁾⁽³⁾	Interest of a controlled corporation	427,207,500(L)	42.72%
	Interest of spouse	67,447,500(L)	6.74%
Telewise Group ⁽⁴⁾	Beneficial owner	67,447,500(L)	6.74%
Mr. Wang Xiaogang ⁽⁴⁾⁽⁵⁾	Interest of a controlled corporation	67,447,500(L)	6.74%
	Interest of spouse	427,207,500(L)	42.72%
Alibaba.com ⁽⁶⁾	Beneficial owner	137,500,000(L)	13.75%
Alibaba.com Limited ⁽⁶⁾	Interest of a controlled corporation	137,500,000(L)	13.75%
Alibaba Group Holding Limited ⁽⁷⁾	Interest of a controlled corporation	137,500,000(L)	13.75%
SoftBank Corp. ⁽⁷⁾	Interest of a controlled corporation	137,500,000(L)	13.75%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Long Capital is beneficially and wholly owned by Ms. Xin. By virtue of the SFO, Ms. Xin is deemed to be interested in the Shares held by Long Capital.
- (3) Ms. Xin is the spouse of Mr. Wang Xiaogang. By virtue of the SFO, Ms. Xin is deemed to be interested in the Shares held by Mr. Wang Xiaogang.
- (4) Telewise Group is beneficially and wholly owned by Mr. Wang Xiaogang. By virtue of the SFO, Mr. Wang Xiaogang is deemed to be interested in the Shares held by Telewise Group.
- (5) Mr. Wang Xiaogang is the spouse of Ms. Xin. By virtue of the SFO, Mr. Wang Xiaogang is deemed to be interested in the Shares held by Ms. Xin.
- (6) Alibaba.com is wholly owned by Alibaba.com Limited, which is held as to 80.02% by Alibaba Group Holding Limited and 19.98% by Alibaba Group Treasury Limited. Alibaba Group Treasury Limited is a wholly owned subsidiary of Alibaba Group Holding Limited. By virtue of the SFO, each of Alibaba.com and Alibaba Group Holding Limited is deemed to be interested in the Shares held by Alibaba.com.

SUBSTANTIAL SHAREHOLDERS

- (7) As SoftBank Corp., a company listed on the Tokyo Stock Exchange, directly or indirectly through its wholly owned subsidiaries, owns more than one-third of the shares in Alibaba Group Holding Limited, by virtue of the SFO, SoftBank Corp. is deemed to be interested in all the Shares held by Alibaba Group Holding Limited.

For details of our Directors' interests in Shares immediately following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), please refer to the paragraph headed "C. Further information about Directors and substantial Shareholders" in Appendix IV to this prospectus.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), have beneficial interests or short positions in any of our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Division 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and after completion of the Global Offering (without taking into account the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme) and the Capitalisation Issue.

	Nominal value
	HK\$
	<hr/>
Authorised share capital:	
8,000,000,000 Shares of HK\$0.01 each	80,000,000
	Nominal value
	HK\$
	<hr/>
Issued and to be issued, fully paid or credited as fully paid:	
1,000,000 Shares in issue as at the date of this prospectus	10,000
749,000,000 Shares to be issued pursuant to the Capitalisation Issue	7,490,000
250,000,000 Shares to be issued pursuant to the Global Offering	<u>2,500,000</u>
1,000,000,000 Total	10,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issuance of Shares pursuant to the Global Offering. It does not take into account any Shares which may be allotted and issued or repurchased pursuant to the general mandate given to the Directors for allotment and issuance of Shares described in the paragraph headed “General mandate to issue Shares” in this section or the repurchase mandate described in the paragraph headed “General mandate to repurchase Shares” in this section, as the case may be.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank equally with all Shares currently in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Assuming the Global Offering becomes unconditional, our Directors will be granted a general mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- (a) 20% of the total nominal amount of our share capital in issue immediately following the completion of Global Offering and the Capitalisation Issue (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme); and
- (b) the total nominal amount of our share capital repurchased by us under the mandate as mentioned in the paragraph headed “General mandate to repurchase Shares” below.

The general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under any rights issue, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend in accordance with our Articles of Association, or pursuant to the exercise of any subscription rights attached to any warrants which may be issued by us from time to time, or upon the exercise of the Over-allotment Option or the Capitalisation Issue. The general mandate does not include any Shares to be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of our Company’s next annual general meeting;
- the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or the Articles of Association to hold its next annual general meeting; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under the paragraph headed “A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on 11 June 2013” in Appendix IV to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed “Structure and conditions of the Global Offering — Conditions of the Public Offer” in this prospectus, our Directors will be granted a general mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue, excluding Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.

This general mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “A. Further information about our Group — 7. Repurchases of our Shares” in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of our Company’s next annual general meeting;
- the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or the Articles of Association to hold its next annual general meeting; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

SHARE OPTION SCHEME

On 11 June 2013, we conditionally adopted the Share Option Scheme. Summaries of the principal terms of the Share Option Scheme are set out under the paragraph headed “D. Other information — 1. Share Option Scheme” in Appendix IV to this prospectus.

FINANCIAL INFORMATION

You should read the discussion and analysis of our financial condition and results of operations set forth in this section in conjunction with our consolidated financial information for each of the three years ended 31 December 2012, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS. You should read the Accountants' Report and not rely merely on the information contained in this section.

Our historical results do not necessarily indicate our performance for any future periods. The discussion and analysis of our financial condition and results of operations contain forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those projected in such forward-looking statements. In evaluating our business, you should carefully consider the information provided in the section headed "Risk factors" in this prospectus.

OVERVIEW

We are an advanced provider of application software products and solutions in the PRC with a focus in Jiangsu, being one of the major exporting provinces in the PRC. We principally develop and market export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions to enable government agencies and enterprises in the PRC to manage their business and administrative processes more efficiently. For further details of our products, please see the section headed "Business — Our products and services".

We are a leading enterprise in the export tax software industry in Jiangsu.¹ Our Group was the only supplier of export tax software in Jiangsu during 2010-2012.³ We are a leading enterprise in the e-Government solution industry in Jiangsu² and our e-Government solutions were ranked first in Jiangsu in terms of market share during 2010-2012.³ We are also the only provider of carbon management solutions in Jiangsu during 2011-2012.³

¹ According to the confirmation issued by the Goods and Labour Tax Division of the Jiangsu Tax Bureau (江蘇省國稅局貨物和勞務稅處) on 6 January 2013, which was based on its understanding of the software market in Jiangsu and the specification and reported sales volume of our export tax software products.

² According to the confirmation issued by the Software and Information Service Division of the Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會軟件與信息服務業處) on 6 January 2013. The commission oversees the software industry in Jiangsu and is principally responsible for, among other things, formulating and implementing the development strategies for the software and information industry, analysing the operations of the software and information industry, and the accreditation of software and information entities in Jiangsu. As such, it has the relevant statistic data to confirm our position in the software industry in Jiangsu.

³ According to the Ipsos Report.

FINANCIAL INFORMATION

Our business delivered substantial growth during the Track Record Period. Our revenue increased from approximately RMB152.4 million in 2010 to approximately RMB226.7 million in 2012, representing a CAGR of approximately 22.0%. Our net profit increased from approximately RMB46.5 million in 2010 to approximately RMB76.2 million in 2012, representing a CAGR of approximately 28.0%. Such growth was mainly attributable to: (i) the favourable national and regional policies and measures in the PRC that encouraged the growth of the IT industry; (ii) our R&D capabilities; and (iii) our solid track record and established relationships with customers and government agencies in Jiangsu.

BASIS OF PRESENTATION

Our financial information has been prepared in accordance with IFRS and under the historical cost convention. The financial information is presented in Renminbi, which is our Group's presentation and functional currency and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the Accountants' Report.

Pursuant to the Reorganisation as described in the section headed "History, Reorganisation and group structure" in this prospectus, our Company became the holding company of all the companies now comprising our Group on 20 January 2011. Our Company and the subsidiaries now comprising our Group have been under the common control of Ms. Xin throughout the Track Record Period. Our Group comprising our Company and our subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the financial information of our Group has been prepared on the basis as if our Company had always been the holding company of the companies comprising our Group throughout the Track Record Period, using the principle of merger accounting.

Our consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows are prepared as if our Company had been the holding company of Infotech Holdings and its subsidiaries throughout the Track Record Period. Our consolidated statements of financial position as at 31 December 2010 has been prepared to present the assets and liabilities of the companies now comprising our Group as at 31 December 2010 as if the current group structure upon completion of the Reorganisation had been in existence as at that date.

FINANCIAL INFORMATION

FACTORS THAT AFFECT OUR RESULTS OF OPERATIONS

Our business model

Except for the sales of our export tax software directly to export enterprises in Jiangsu, we operate our business under a project-oriented model through which the sales of our software products and solutions depend largely on the requirement of our customers and our customer composition varies from year to year. The products and services delivered have to align with the specifications and quantity pre-determined by our customers. Based on the project-based nature of our e-Government solutions, carbon management solutions, information integration software and system integration solutions, most of our customers, especially government agencies, would have to obtain approved procurement budgets before they engage us.

During the Track Record Period, we had not come across any termination or alternation to the agreements which reduced the pre-determined project prices or quantity. Meanwhile, a small portion of our customers would request additional services and information systems modules after contracts were signed, and supplementary agreements would be entered into in this regard. During the Track Record Period, the aggregate contract sum under such supplemental agreements only amounted to approximately RMB174,000, representing less than 0.1% of our overall revenue for the same period.

After the signing of the sales contracts with our customers or successfully obtaining a tender, we will enter into a purchase agreement with our suppliers or the suppliers who are assigned by our customers to purchase the equipment required in the corresponding sales contracts. As such, this made-to-order operational pattern could minimise our exposure to the risk of inventory accumulation. For details of our Group's sales and marketing activities and our customers, please refer to the sections headed "Business — Sales, distribution and marketing" and "Business — Our customers" in this prospectus.

Digitalisation initiatives of the PRC government

Our revenue growth has been driven by the digitalisation initiatives of the PRC government spanning across government bureaus at different administrative levels that encourage the improvement of government administration and services by the use of IT. Our growth in revenue is thus dependent on the intensity and continuity of the digitalisation initiatives of the PRC government and the acceptance of our software and solutions in the market.

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Government policies on export tax and environmental protection

Our export tax software and related services are designed to handle export tax rebate applications. The revenue derived from our export tax software and related services grew from approximately RMB23.1 million in 2010 to approximately RMB39.0 million in 2012, representing a CAGR of approximately 29.9%. The future growth of the revenue from our export tax software and related services will be affected by government policies on export tax, the relevant filing procedures and also the robustness of the export activities in the areas where our operations are located.

On the other hand, we launched our carbon management solutions in 2011, recording revenues of approximately RMB7.7 million in 2011 and RMB13.3 million in 2012, representing a growth of approximately 72.7%. The future success of our newly-launched carbon management solutions will be heavily affected by the PRC government's policies on carbon emissions and energy consumption reduction, as well as our ability to align our products to these policies.

Product development capability

The software and IT industry is characterised by continuous advancement in technology. As a result, our revenue growth has been steered by our capability to design and develop new software and solutions with the latest technology that can respond to our customers' need. We seek to strengthen our R&D capability continuously by expanding our R&D team with relevant skills and expertise. As at the Latest Practicable Date, our R&D team consisted of 404 members, representing approximately 80.3% of our total staff. 47 of the R&D team members have obtained master's or higher degrees, 357 have obtained bachelor's or other advanced degrees, and 203 of them have over five years' experience in the software industry. Our future success will rely on our ability to retain and recruit skill R&D staff in the future.

Changes in product mix

Our segment results margins vary significantly amongst our products portfolio. As a result, our overall segment results margins are correlated to the segment results margins of products and services with higher proportion of sales. During the Track Record Period, our export tax software and related services, e-Government solutions, carbon management solutions and information integration software reported higher segment results margins while system integration solutions recorded significantly lower segment results margins. The increase in our overall segment results margins were principally attributable to scale down the cost-intensive system integration solutions business and focus on the other operating segments with high segment results margins. As the share of revenue of our system integration solutions decreased, the overall segment results margin had improved during the Track Record Period. See further details in the paragraphs headed "Description of selected items of consolidated statements of comprehensive income — Cost of sales" and "Description of selected items of consolidated statements of comprehensive income — Segment results and segment results margins" in this section.

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Seasonality

Our business and results of operations are affected by seasonality. To the best of the knowledge of our Directors, the sales of our e-Government solutions, information integration software and system integration solutions usually record higher revenue in the second half of the fiscal year, since PRC government agencies, being our principal customers for these products and services, are inclined to conclude government contracts in the second half of the year in accordance with their financial budgets approval procedures; on the other hand, the sales of our export tax software products and related services are normally not subject to any obvious seasonality changes.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial information in conformity with IFRS issued by the International Accounting Standards Board, which requires us to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. When reviewing our financial information, you should consider (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and/or services rendered in the normal course of business, net of sales related taxes.

When the outcome of a contract for system integration can be estimated reliably, revenue from fixed price contracts is recognised on the percentage of completion method, as measured by the proportion that costs incurred to date bear to estimated total costs for each contract. When the outcome of the contract cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable that they are recoverable.

Revenue from sales of goods in normal course of business is recognised when goods are delivered and title has passed. Deposits received from customers in respect of sales of goods prior to meeting the above criteria on revenue recognition are included in trade and other payables.

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After-sales service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the date that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Government grants

Government grants are not recognised until there is reasonable assurance that our Group will comply with the conditions attaching to them, if any, and that the grants will be received.

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Government grants are recognised in profit or loss on a systematic basis over the periods in which our Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred, which are recognised as deduction to recorded expenses, or for the purpose of giving immediate financial support to our Group with no future related costs, which are recognised under the heading of “Other income and gains” in the period in which they become receivable.

Impairment of trade receivables

Subsequent to initial recognition, trade receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired.

We make allowances for bad and doubtful debts based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Impairment of intangible assets

At the end of the reporting period, we review the carrying amounts of our intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the intangible asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of our intangible assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

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DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following is a summary of the consolidated statements of comprehensive income for the periods indicated:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	152,354	184,934	226,728
Value-added tax refund	7,970	8,912	8,495
Cost of sales	(78,958)	(76,893)	(75,783)
Research and development costs	(5,017)	(15,939)	(20,667)
Other income and gains	4,470	10,012	3,336
Distribution and selling expenses	(12,014)	(12,068)	(14,699)
Administrative and general expenses	(12,853)	(16,052)	(20,979)
Other expenses and losses	(6,162)	(7,378)	(9,835)
Finance costs	(1,167)	(2,855)	(2,716)
Profit before tax	48,623	72,673	93,880
Income tax expense	(2,081)	(13,911)	(17,654)
Profit and total comprehensive income for the year attributable to owners of the Company	<u>46,542</u>	<u>58,762</u>	<u>76,226</u>

Revenue

We derived our revenue from the development and sale of export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions in the PRC. Over 80% of our revenue was derived from Jiangsu during the Track Record Period.

During the Track Record Period, our revenue increased from approximately RMB152.4 million in 2010 to approximately RMB226.7 million in 2012, representing a CAGR of approximately 22.0%.

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The following table sets forth the revenue breakdown of our revenue by operating and reportable segments for the periods indicated:

	Year ended 31 December					
	2010		2011		2012	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
Export tax software and related services	23,148	15.2	30,566	16.5	38,994	17.2
e-Government solutions	33,991	22.3	61,595	33.3	63,103	27.8
Carbon management solutions	—	—	7,692	4.2	13,274	5.9
Information integration software	25,901	17.0	28,401	15.4	55,663	24.5
System integration solutions	69,314	45.5	56,680	30.6	55,694	24.6
Total revenue	<u>152,354</u>	<u>100.0</u>	<u>184,934</u>	<u>100.0</u>	<u>226,728</u>	<u>100.0</u>

Revenue derived from export tax software and related services

Our export tax software and related services comprised (i) a series of software products which aims to automate the application process of export tax rebate and enable exporters to manage, organise and analyse export tax rebate documentation easily and effectively; and (ii) related services such as consultation and training on export tax management. Our export tax software and related services were mainly supplied to export enterprises in Jiangsu. Our products and services sought to reduce the time and cost for handling export tax rebate applications and enabled export enterprises to submit export tax filings electronically.

Our revenue derived from export tax software and related services increased from approximately RMB23.1 million in 2010 to approximately RMB39.0 million in 2012, representing a CAGR of approximately 29.9%. Such revenue growth reflected a change in our strategy. We believe technological advancements have driven export enterprises' demands for more functions provided in our export tax software, such as data analysis and mobile capability. We have therefore implemented a strategy to focus on enhancing customers' experience by offering additional export tax applications on top of the Skytech ETM System to further improve the efficiency and accuracy of the export tax rebate application process. In January 2012, we started to offer free download of the Skytech ETM System on our website and ceased its sales in a view to attract more users for our additional export tax applications. Although we ceased to derive any revenue from the sales of the Skytech ETM System since then, we saw a significant growth in the sales of our other export tax software (for example, the information processing platform and the USB export tax software suites), more than offsetting the loss of revenue from the sales of the Skytech ETM System. The increase in revenue also reflected an increase in the income generated from the provision of training in export tax management to an expanding community of export enterprises in Jiangsu.

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Revenue derived from e-Government solutions

Our e-Government solutions are designed to be used by government agencies at various administrative levels within and beyond Jiangsu in China.

Our revenue derived from e-Government solutions increased from approximately RMB34.0 million in 2010 to approximately RMB63.1 million in 2012, representing a CAGR of approximately 36.2%. The increase was mainly attributed to the increased demand for e-Government solutions amid the digitalisation initiatives of the PRC government as well as the fact that we secured a number of large scale e-Government projects during 2012, including the development and implementation of a cloud-based platform for management of security and legal affairs for a public security agency in Jiangsu.

Revenue derived from carbon management solutions

Our carbon management solutions were first deployed in 2011. These products comprised a line of software products and platforms that aim to empower government agencies or enterprises to identify, measure and control their greenhouse gas emissions and energy consumption, and thus improving their ability to make clearer decisions while improving operational efficiency. According to the Ipsos Report, we are the only provider of carbon management solutions in Jiangsu during 2011-2012.

Our revenue derived from the carbon management solutions segment increased from approximately RMB7.7 million in 2011 to approximately RMB13.3 million in 2012, representing a growth of approximately 72.7% as we deployed our carbon management solutions to two more cities in Jiangsu in 2012 after the first deployment in Wuxi of Jiangsu in 2011.

Revenue derived from information integration software

Our information integration software is designed to monitor, protect and manage large amounts of information and data across complex, multi-platform, multi-vendor IT environments.

Our revenue derived from information integration software increased from approximately RMB25.9 million in 2010 to approximately RMB55.7 million in 2012, representing a CAGR of approximately 46.6%. The increase is mainly attributable to an increase in the number of information integration software customers and the sales of our upgraded and new products amid the digitalisation initiative of the PRC government.

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Revenue derived from system integration solutions

We offered system integration solutions primarily to government agencies. Such solutions include:

- information systems consultation and feasibility analysis;
- sourcing of systems and equipment;
- LAN and web-based network design and implementation;
- integrated wiring and network system analysis, planning and design;
- video conferencing and multimedia education system design and implementation; and
- system management and supervision.

We also helped integrate our application software with our customers' legacy systems, enabling them to benefit from their prior investment, and provided specialist services, including high performance system architectures, intuitive graphical and multimedia user interfaces, and the application of web services and other internet technologies to our customers, in accordance with customers' management and strategic needs.

Our revenue derived from system integration solutions decreased from approximately RMB69.3 million in 2010 to approximately RMB55.7 million in 2012. The decrease reflected our decision to focus on the development of other operating segments with higher segment results margins. Hence it was our strategy to mainly provide system integration solutions to existing customers of our other products and not to actively seek new customers for system integration solutions on standalone basis.

Value-added tax refund

During the Track Record Period, value-added tax refund represented the benefit of the refund of VAT on our sales of certain e-Government solutions, information integration software and export tax software received or receivable from the PRC tax authorities as part of the PRC government's policy of encouraging software development in the PRC. Sales of software products produced and distributed by an average tax payer of VAT in the PRC are subject to VAT at a rate of 17%. Companies which develop their own software products and have the software products registered with the relevant authorities in the PRC are entitled to a refund of VAT equivalent to the excess over 3% of the sales invoice amount paid in the month when output VAT exceeds input VAT.

For each of the three years ended 31 December 2012 our VAT refund were calculated based on approximately 14% of applicable revenue from our e-Government solutions, information integration software and export tax software were approximately RMB8.0 million, RMB8.9 million and RMB8.5 million, respectively.

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Cost of sales

The table below sets forth the breakdown of the major components of our cost of sales for the periods indicated:

	Year ended 31 December					
	2010		2011		2012	
	RMB'000	%	RMB'000	%	RMB'000	%
System components and equipment	61,820	78.3	55,275	71.9	48,580	64.1
Development costs accounted for as cost of sales	15,815	20.0	19,634	25.5	22,520	29.7
Miscellaneous costs	1,323	1.7	1,984	2.6	4,683	6.2
	78,958	100.0	76,893	100.0	75,783	100.0

Costs of system components and equipment mainly represented the purchase cost of system components and equipment used in our system integration solutions projects, such as desktop and laptop computers, network servers and other computer accessories. We only purchased system components and equipment according to specifications in the relevant system integration solution contracts as the Directors believed that such made-to-order procurement pattern could minimise our exposure to inventory accumulation risk.

Development costs accounted for as cost of sales mainly represented the amortisation of capitalised software cost (mainly representing salaries of our R&D team) that were directly related to the sales of the relevant software and solutions.

Miscellaneous costs mainly represented miscellaneous business taxes and transaction fees.

For the years ended 31 December 2010, 2011 and 2012, our cost of sales represented approximately 51.8%, 41.6% and 33.4% of our total revenue, respectively.

Segment results and segment results margins

Segment results represented the sum of revenue and value-added tax refund less cost of sales and research and development costs of the relevant product line. For the years ended 31 December 2010, 2011 and 2012, our total segment results amounted approximately RMB76.3 million, RMB101.0 million and RMB138.8 million, respectively, and our overall segment results margin was approximately 50.1%, 54.6% and 61.2%, respectively. The increase in the overall segment results margin was largely caused by a reduction in the share of revenue contributed by the cost-intensive system integration solutions (see the paragraph headed "Description of selected items of consolidated statements of comprehensive income — Cost of sales" in this section).

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The following table sets forth a breakdown of the segment results and segment results margins for the periods indicated:

	Year ended 31 December					
	2010		2011		2012	
	Segment results	Margin	Segment results	Margin	Segment results	Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Export tax software and related services	21,024	90.8%	23,587	77.2%	32,144	82.4%
e-Government solutions	25,004	73.6%	48,753	79.2%	55,926	88.6%
Carbon management solutions	—	—	6,752	87.8%	9,537	71.8%
Information integration software	22,826	88.1%	20,517	72.2%	34,052	61.2%
System integration solutions	7,495	10.8%	1,405	2.5%	7,114	12.8%
Total segment results	76,349	50.1%	101,014	54.6%	138,773	61.2%

The changes in the segment results margins in our different operating segments are explained below:

Export tax software and related services: The segment results margin fluctuated during the Track Record Period between approximately 77.2% to 90.8%. The segment results margin in 2011 was particularly lower because we purchased a mobile information dissemination solution of approximately RMB12.1 million in October 2010 and the segment results in 2011 was driven down by the full-year effect of the amortisation of such solution.

e-Government solutions: The segment results margin increased from approximately 73.6% in 2010 to 79.2% in 2011, and further increased to 88.6% in 2012. The significant increase in 2012 was mainly caused by (i) the fact that the R&D costs of approximately RMB3.7 million for two projects were not capitalised but charged entirely to cost of sales in 2011 (as these solutions were designed exclusively for the relevant customers); and (ii) the receipt of a government grant of approximately RMB1.3 million in 2012 in relation to the development of our cloud-based platform for comprehensive management of political and legal affairs for a public security agency in Jiangsu, which offset part of the research and development costs in this segment.

Carbon management solutions: The segment results margin decreased from approximately 87.8% in 2011 to approximately 71.8% in 2012. It was primarily because the carbon management solutions were only launched in June 2011 and therefore there was full-year amortisation of the relevant research and development costs in 2012, dragging down the segment results margin in 2012.

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Information integration software: The segment results margin decreased from approximately 88.1% in 2010 to 72.2% in 2011, and further decreased to 61.2% in 2012. The decrease primarily reflected (i) a relatively low net costs of research and development in 2010 as a result of the receipt of a government grant of RMB4.5 million in relation to the development of major information integration software products; and (ii) the amortisation of the costs relating to a number of major information integration software development projects which began in 2011 and (iii) the amortisation of certain software we purchased in 2012 for the development of our information integration software.

System integration solutions: The segment results margin decreased from approximately 10.8% in 2010 to 2.5% in 2011, and then bounced back to 12.8% in 2012. As discussed under the paragraph headed “Description of selected items of consolidated statements of comprehensive income — Cost of sales” in this section, system integration solutions’ segment results margin was lower than other operating segments. The segment results margin for 2011 was particularly low because we undertook certain system integration projects with one of our major customers (which accounted for approximately 64.5% of the sales of our system integration solutions that year) with a relatively low profit margin of approximately 1.8% only. We accepted such a lower margin based on our established relations with this customer (which remained as one of our top five customers during the Track Record Period) and also the fact that this customer also purchased substantial amount of our e-Government solutions and information integration software.

Research and development costs

The table below sets forth the major components of our research and development costs for the periods indicated:

	Year ended 31 December					
	2010		2011		2012	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Amortisation of purchased software	5,486	109.3	7,728	48.5	14,957	72.4
Rental, utilities and other expenses	4,031	80.3	8,811	55.3	9,510	46.0
	9,517	189.7	16,539	103.8	24,467	118.4
Less: Government grants	(4,500)	(89.7)	(600)	(3.8)	(3,800)	(18.4)
Total	<u>5,017</u>	<u>100.0</u>	<u>15,939</u>	<u>100.0</u>	<u>20,667</u>	<u>100.0</u>

Our R&D costs primarily included the amortisation of purchased software, which represented the amortisation of the cost of purchased software for our R&D activities, and rental, utilities and other expenses associated with our R&D department.

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For the years ended 31 December 2010, 2011 and 2012, the amortisation of purchased software amounted to approximately RMB5.5 million, RMB7.7 million and RMB15.0 million, respectively, which were amortised on a straight-line basis over two years. The increase in amortisation of purchased software in 2011 and in 2012 mainly represented the amortisation of purchased software for mobile information dissemination and data management technologies for used in our export tax software and information integration software.

The rental, utilities and other expenses increased from approximately RMB4.0 million in 2010 to approximately RMB8.8 million in 2011, and further increased to approximately RMB9.5 million in 2012. Such increase was primarily due to (i) the increase in rental attributable to R&D as we moved into our new office premises in October 2010; and (ii) other expenses increased as our R&D team grew in size.

In recent years, the PRC government has demonstrated continuous support in the development of the software sector. According to a series of PRC regulations and rules, such as the Provisional Measures of Administration of Funds Exclusively for the Development of the Modern Service Industry (Software Industry) of Jiangsu Province (江蘇省省級現代服務業(軟件產業)發展專項引導資金管理暫行辦法) and the Measures of Administration of Funds Exclusively for the Development of Software Industry of Nanjing City (南京市軟件產業發展專項資金管理辦法) promulgated on 17 December 2008 and 22 November 2006, respectively, an enterprise which is engaged in software research and development in Jiangsu and/or Nanjing is eligible to apply for government grants. We received government grants (“**Project Government Grants**”) for our on-going software R&D projects which amounted to approximately RMB4.5 million, RMB0.6 million and RMB3.8 million for the years ended 31 December 2010, 2011 and 2012, respectively.

As research and development is an integral and indispensable part of our ordinary and usual course of business, any incomes derived from our R&D activities (including Project Government Grants) were considered as income arising from our ordinary and usual course of business and directly offset against our research and development costs to the extent of related cost already incurred during the respective period. Pursuant to the written confirmation of Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會) (“**Jiangsu EITC**”) dated 9 March 2011, it had previously reserved, and would continue to reserve, funds as Project Government Grants for our software research and development on an on-going basis. Our Directors are of the view that our R&D activities were carried on in a sustainable and cyclic manner and the PRC government would continue its preferential policies towards the PRC software industry, and therefore our receipts of Project Government Grants were recurring during the Track Record Period and would be recurring in the future. Our PRC legal advisers have confirmed that Jiangsu EITC is the competent authority to issue such confirmation, and the issue of such confirmation does not violate the relevant PRC laws and regulations.

As the number of grant applications made by us and the size of software research and development projects varied over time, the amounts of Project Government Grants we received fluctuated during the Track Record Period.

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Other income and gains

Other income and gains primarily included interest income, government grants, gain from change in fair value of held-for-trading investments, interest income from loan receivables, net foreign exchange gain and net impairment loss reversed on trade receivables.

Interest income primarily represented income from bank deposits.

Government grants represented the non-recurring grants from the PRC government authorities which were not specifically related to any software research and development project.

Gain from change in fair value of held-for-trading investments mainly represented the gain from disposals of our investments in the PRC stock market in 2010. We invested in such securities in initial public offerings with our idle cash. The aim was to generate short-term capital gain without affecting our normal business operation. We would normally sold such kind of investment on the first few days of trading unless the share price fell below the offer price, in which case the shares would be sold on the first day where the share price hit the offer price. The disposals of the aforesaid investments generated a gain of approximately RMB1.1 million in 2010. We did not make any such held-for-trading investment in 2011 and 2012, and we do not intend to make such investments in the future.

Interest income from loan receivables represented the interest income from certain entrusted loans arranged via a bank to Nanjing Jingtian, which was unsecured and carried a fixed interest rate of 10% per annum. Such loans were fully settled in April 2011. As advised by our PRC legal advisers, the aforesaid entrusted loans were in compliance with relevant PRC laws and regulations.

Net foreign exchange gain for 2011 and 2012 mainly represented the unrealised exchange gain derived from certain short-term bank loans denominated in US dollars as Renminbi appreciated against US dollars during the Track Record Period.

We recorded a net impairment loss reversed on trade receivables of approximately RMB4.8 million in 2011 because the changes in circumstances during 2011 indicated that certain receivables could be collected.

Distribution and selling expenses

Our distribution and selling expenses primarily consisted of salary and benefit in kind for our sales and marketing staff, marketing expenses (which represent travelling and entertainment expenses), rental expenses, office and other expenses, and were approximately RMB12.0 million, RMB12.1 million and RMB14.7 million for the years ended 31 December 2010, 2011 and 2012, respectively. For each of the three years ended 31 December 2012, the distribution and selling expenses accounted for approximately 7.9%, 6.5% and 6.5% of our total revenue, respectively.

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Administrative and general expenses

Our administrative and general expenses primarily consist of (i) staff costs, (ii) rental expenses, (iii) amortisation and depreciation, (iv) travelling and marketing expenses for our administrative staff, and (v) other office expenses, which amounted to approximately RMB12.9 million, RMB16.1 million and RMB21.0 million for the years ended 31 December 2010, 2011 and 2012, respectively. For each of the years ended 31 December 2010, 2011 and 2012, the administrative and general expenses amounted for approximately 8.4%, 8.7% and 9.3% of our total revenue, respectively.

Staff costs mainly represented the salaries, benefits in kind and social insurance to our administrative staff.

Rental expenses mainly represented the rent for our office premises in Nanjing. The rental expenses in 2011 and 2012 were much higher than that in 2010 because we moved into our new office premises in October 2010 and the total gross service area increased from approximately 1,083 sq.m. to approximately 21,000 sq.m.

Amortisation and depreciation mainly represented the amortisation of administrative software costs and the depreciation charges of our office equipment and properties.

Traveling and marketing expenses mainly represented the costs incurred in respect of the business trips of our senior management staff.

Other office expenses mainly included utilities, communication expenses, vehicle expenses, professional fees and other office expenses.

Other expenses and losses

The components of other expenses and losses are summarised as follow:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Listing expenses	—	7,024	7,183
Donation	140	330	900
Impairment loss recognised on trade receivables, net	5,082	—	1,700
Net foreign exchange loss	912	—	—
Others	28	24	52
	<u>6,162</u>	<u>7,378</u>	<u>9,835</u>

Our other expenses primarily included professional fees relating to the Listing, donation to certain charity organisations which were Independent Third Parties and impairment loss recognised on trade receivables.

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The expenses relating to the Listing to be borne by our Company in 2013 (excluding the underwriting commission) would be approximately RMB9.4 million, which would be treated as follows: (i) approximately RMB3.5 million will be charged to profit or loss; and (ii) approximately RMB5.9 million will be charged against equity and accounted for as a deduction from the share premium account of our Group upon Listing.

Net foreign exchange loss in 2010 represented the unrealised foreign exchange loss arose from the amount owed by Infotech Holdings to Sinosoft UK and the changes in the exchange rate of US dollars against British pounds.

Finance costs

Finance costs primarily represented interest on bank loans wholly repayable in five years.

Income tax expense

Income tax expense mainly represented the income tax paid or payable and the provisions of deferred tax in accordance with the relevant laws and regulations in the PRC. We had no other income tax payable in other jurisdictions during the Track Record Period.

The statutory EIT rate in the PRC for the Track Record Period was 25%.

Nanjing Skytech has been recognised as a “High-tech Enterprise” since 2008 for three years and have it renewed in 2011, and is entitled to a reduced EIT rate of 15%. Furthermore, Nanjing Skytech was recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) in 2010 and enjoyed a preferential EIT rate of 10% in 2010. The applicable EIT rate of Nanjing Skytech for the two years ended 31 December 2012 was 15% because the “High-tech Enterprise” status had not expired. In 2013 Nanjing Skytech was again recognised as a “Key Software Enterprise under the National Plan” (國家規劃佈局內重點軟件企業) for 2011 and 2012, and thus enjoyed a preferential EIT rate of 10% in 2011 and 2012.

Jiangsu Skyinformation is entitled to enjoy a five-year tax holiday from the first profit-making year, with two years of exemption from EIT followed by a 50% reduction in EIT for the subsequent three years. Jiangsu Skyinformation started such tax holiday from 2009. As a result, the applicable EIT rate for Jiangsu Skyinformation for 2010, 2011 and 2012 was 0%, 12.5% and 12.5%, respectively.

The effective income tax rate for our Group as a whole for 2010, 2011 and 2012 (calculated by dividing income tax expense by profit before tax) was 4.3%, 19.1% and 18.8%, respectively. The effective income tax rates for 2011 and 2012 were relatively higher as compared to the average preferential rates enjoyed by our PRC subsidiaries. This is primary because (i) certain expenses incurred by the non-PRC companies in our Group (such as the Listing expenses incurred by our Company) were not deductible for EIT purpose; (ii) the tax effect of certain tax losses (e.g. the loss before tax recorded by Jiangsu Skyinformation in 2012) was not recognised; (iii) we were subject to withholding income tax on undistributed profits attributable to our PRC subsidiaries.

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On the other hand, the incremental effect of the above on the effective tax rate was partly offset by (i) the fact that certain income was not taxable, such as the value-added tax refund we received; (ii) additional tax deductions relating to our R&D costs.

Under the EIT Law, dividends paid to non-resident overseas shareholders declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards is subject to a PRC withholding tax rate of up to 10%. For investors incorporated in Singapore, a preferential rate of 5% will be applied where appropriate. As at 31 December 2010, 2011 and 2012, we have fully provided the deferred tax liabilities of withholding tax of 5% on the undistributed earnings of our PRC subsidiaries.

For further details, see notes 13 and 19 to the Accountants' Report.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2012 compared to year ended 31 December 2011

Revenue

Our revenue increased by approximately 22.6% from approximately RMB184.9 million in 2011 to approximately RMB226.7 million in 2012. The increase was mainly due to the combined effect of the followings:

- ***export tax software and related services***: the revenue increased by approximately 27.5% from approximately RMB30.6 million in 2011 to approximately RMB39.0 million in 2012. Such revenue growth was mainly caused by a significant growth in the revenue from our additional export tax software on top of the Skytech ETM System (for example, the information processing platform and the USB export tax software suites) as we started to offer free download of the Skytech ETM System on our website and ceased its sales in January 2012 in a view to attract more users for our additional export tax applications. The revenue from these additional export tax software rose by approximately RMB8.1 million, or 155.0%, in 2012, more than offsetting the reduction in revenue of approximately RMB3.6 million in relation to the free offering of the Skytech ETM System;
- ***e-Government solutions***: the revenue remained relatively flat at approximately RMB61.6 million in 2011 and approximately RMB63.1 million in 2012;
- ***Carbon management solutions***: the revenue increased by approximately 72.7% from approximately RMB7.7 million in 2011 to approximately RMB13.3 million in 2012. Such increase was attributable to the revenue from the deployment of our carbon management solutions in two cities in Jiangsu in 2012 (as compared to one in 2011);

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- **information integration software:** the revenue increased by approximately 96.1% from approximately RMB28.4 million in 2011 to approximately RMB55.7 million in 2012 and such increase was mainly attributable to (i) the introduction of new software with enhanced functions which enabled us to ask for higher project prices; (ii) deepened relationship with customers leading to increased purchases (for instance, one of our major customers' purchases increased from approximately RMB15.2 million in 2011 to approximately RMB35.2 million in 2012); and
- **system integration solutions:** the revenue remained steady at approximately RMB56.7 million in 2011 and approximately RMB55.7 million in 2012.

Cost of sales

Our cost of sales decreased slightly by approximately 1.4% from approximately RMB76.9 million for 2011 to approximately RMB75.8 million for 2012. Such decrease was primarily caused by a fall in the amount of system components and equipment we purchased for the provision of system integration solutions, which was largely offset by an increase in research and development costs for software and solutions accounted for as cost of sales.

Segment results and segment results margin

Our total segment results (meaning the sum of revenue and value-added tax refund less cost of sales and research and development costs) rose by approximately 37.4% from RMB101.0 million in 2011 to RMB138.8 million in 2012, primarily reflecting an increase in total revenue by approximately 22.6% and that the contribution of the cost-intensive system integration solutions, as a portion of the total revenue, fell from approximately 30.6% to 24.6%. Our total segment results margin improved from 54.6% to 61.2% primarily because of the falling contribution of system integration solutions, which had a relatively lower segment results margin.

Other income and gains

Other income and gains reduced by approximately 67.0% from approximately RMB10.0 million in 2011 to approximately RMB3.3 million in 2012. Such reduction mainly stemmed from (i) the fact that there was an impairment loss reversed on trade receivables of approximately RMB5.7 million in 2011 as result of the change in circumstances relating to certain receivables from a customer; (ii) that the net foreign exchange gain, which mainly consisted of the exchange gain from the short-term bank loans dominated in US dollars, decreased from approximately RMB1.5 million in 2011 to approximately RMB0.2 million in 2012 because the appreciation of Renminbi against US dollars slowed in 2012.

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Research and development costs

Our research and development costs increased by approximately 30.2% from approximately RMB15.9 million in 2011 to approximately RMB20.7 million in 2012. Such increase was primarily due to an increase in the amount of amortisation of third party software in 2012 for mobile information dissemination and data management technologies used in our export tax software and information integration software.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 21.5% from approximately RMB12.1 million in 2011 to approximately RMB14.7 million in 2012. The increase was primarily due to an increase in the expenses for marketing and promotion activities (such as participating in trade exhibitions) by approximately RMB2.0 million in 2012.

Administrative and general expenses

Our administrative and general expenses increased by approximately 30.4% from approximately RMB16.1 million in 2011 to approximately RMB21.0 million in 2012, which was mainly attributable to (i) an increase in staff costs from approximately RMB4.2 million in 2011 to approximately RMB7.0 million in 2012 as a result of increased salary; and (ii) an increase in amortisation and depreciation costs from approximately RMB2.4 million in 2011 to approximately RMB3.5 million in 2012 primarily as a result of the depreciation of the additional electrical and office equipment purchased for our new office premises.

Other expenses and losses

Other expenses and losses increased by approximately 32.4% from approximately RMB7.4 million in 2011 to approximately RMB9.8 million in 2012. Such increase was principally due to the impairment loss recognised on trade receivables of approximately RMB1.7 million in 2012, as well as the increase in the amount of donation from approximately RMB0.3 million in 2011 to RMB0.9 million in 2012.

Finance costs

Finance costs remained flat at approximately RMB2.9 million in 2011 and approximately RMB2.7 million in 2012.

Income tax expense

Our income tax expenses increased by 27.3% from approximately RMB13.9 million for 2011 to approximately RMB17.7 million for 2012, which was broadly in line with the growth of our business.

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Profit for the year

For the reasons described above, our profit increased by approximately 29.6% from approximately RMB58.8 million in 2011 to approximately RMB76.2 million in 2012.

Year ended 31 December 2011 compared to year ended 31 December 2010

Revenue

Our revenue increased by approximately 21.3% from approximately RMB152.4 million for 2010 to approximately RMB184.9 million for 2011. This increase was due to the combined effect of the following:

- ***export tax software and related services***: the revenue increased by approximately 32.5% from approximately RMB23.1 million in 2010 to approximately RMB30.6 million in 2011. Such increase was mainly attributable to the increase in the revenue from the sales of additional export tax software and the provision of export tax-related services (such as export tax filing consultation and training).
- ***e-Government solutions***: the revenue increased by approximately 81.2% from approximately RMB34.0 million in 2010 to approximately RMB61.6 million in 2011, reflecting our deepened customer relationships and the PRC government's digitalisation initiative. Such increase mainly represented (i) the significant increase in the sales of e-Government solutions to one of our major customers from approximately RMB18.6 million in 2010 to RMB35.7 million in 2011; and (ii) the revenue recognised for a number of relatively large e-Government projects, including a digital management system of underground pipelines with contract value of approximately RMB13.2 million and the e-Government infrastructure for an economic and technological development zone in Jiangsu with contract value of approximately RMB5.0 million;
- ***carbon management solutions***: we first deployed our carbon management solutions in Wuxi of Jiangsu in June 2011, generating a revenue of approximately RMB7.7 million.
- ***information integration software***: the revenue increased by approximately 9.7% from approximately RMB25.9 million in 2010 to approximately RMB28.4 million in 2011. Such increase was primarily due to the increased purchases from a major customer in the amount of approximately RMB15.2 million; and
- ***system integration solutions***: the revenue decreased by approximately 18.2% from approximately RMB69.3 million in 2010 to approximately RMB56.7 million in 2011. Such decrease was mainly due to our Directors' decision to focus on the development of other business segments with higher profit margins.

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Cost of sales

Our cost of sales remained steady at approximately RMB79.0 million in 2010 and RMB76.9 million in 2011 as a result of a decrease in the purchases of system components and equipment for our system integration solutions, largely offset by an increase in research and development costs for software and solutions accounted for as cost of sales.

Segment results and segment results margins

Our total segment results (meaning the sum of revenue and value-added tax refund less cost of sales and research and development costs) rose by approximately 32.4% from approximately RMB76.3 million in 2010 to approximately RMB101.0 million in 2011, primarily reflecting an increase in total revenue by approximately 21.4% and that the contribution of the cost-intensive system integration solutions, as a portion of the total revenue, fell from approximately 45.5% to 30.6%. Our total segment results margin improved from approximately 50.1% to 54.6% primarily because of the falling contribution of system integration solutions, which had a relatively lower segment results margin. The change in the product mix and the segment results margins represented a change in our business focus as we scale down the cost-intensive system integration solution business and focus on our business development of the software products and solutions of other operating segments (i.e. export tax software and related services, e-Government solutions, carbon management solutions and information integration software) with higher segment results margins. During the Track Record Period, the segment results margins of export tax software and related services, e-Government solutions, carbon management solutions and information integration software ranged from 61.2% to approximately 90.8%, which were much higher than that of system integration solutions which ranged from approximately 2.5% to approximately 12.8% during the Track Record Period. The overall segment result margin increased from 50.1% for 2010 to approximately 61.2% for 2011.

Research and development costs

Our research and development costs increased by approximately 218.0% from approximately RMB5.0 million in 2010 to approximately RMB15.9 million in 2011, primarily due to the increase in the amount of amortisation of purchased software in 2011 for the mobile information dissemination technologies needed in our export tax software.

Other income and gains

Other income and gains increased by approximately 122.2% from approximately RMB4.5 million in 2010 to approximately RMB10.0 million in 2011. Such increase was mainly due to (i) the fact that there was an impairment loss reversed on trade receivables of approximately RMB5.7 million in 2011 as result of the change in circumstances relating to certain receivables from a customer; (ii) that a net foreign exchange gain, which mainly consisted of the exchange gain from short-term bank loans denominated in US dollars, of approximately RMB1.5 million

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was recorded in 2011; (iii) an increase in interest income by approximately RMB1.1 million, reflecting the higher level of average bank balances (including pledged bank deposits and bank balances and cash) and higher interest rates in 2011; and (iv) an increase in government grants by approximately RMB1.2 million.

Distribution and selling expenses

Our distribution and selling expenses remained flat in 2010 to 2011, which amounted to approximately RMB12.0 million in 2010 and approximately RMB12.1 million in 2011.

Administrative and general expenses

Our administrative and general expenses increased by approximately 24.8% from approximately RMB12.9 million in 2010 to approximately RMB16.1 million in 2011. Such increase was primarily due to the full-year effect of the lease of our new office premises started in October 2010 and the increased amortisation and depreciation costs as a result of the depreciation of additional electrical and office equipment purchased for our new office premises.

Other expenses and losses

Other expenses and losses increased by approximately 19.4% from approximately RMB6.2 million in 2010 to approximately RMB7.4 million in 2011. Such increase was principally due to the fact that listing expenses of approximately RMB7.0 million was incurred in 2011, which was partially offset by the absence of impairment loss on trade receivables in 2011 (as compared to a net impairment loss on trade receivables of approximately RMB5.1 million in 2010).

Finance costs

Finance costs increased by approximately 141.7% from approximately RMB1.2 million in 2010 to approximately RMB2.9 million in 2011. It was primarily due to the full-year effect in 2011 of the bank loans raised in the second half of 2010 and the additional loans raised in 2011.

Income tax expense

Income tax expense increased by approximately 561.9% from approximately RMB2.1 million in 2010 to approximately RMB13.9 million in 2011. Such increase was a result of (i) an increase in our profit before tax by approximately 49.5%; and (ii) our effective tax rate increased from approximately 4.3% in 2010 to 19.1% in 2011 mainly as a result of (x) the applicable tax rate for Nanjing Skytech increased from 10% in 2010 to 15% in 2011; (y) the applicable tax rate for Jiangsu Skyinformation increased from 0% in 2010 to 12.5% in 2011; and (z) in 2011 more expenses (such as Listing expenses) were not deductible for EIT purpose. See the paragraph headed “Description of selected items of consolidated statements of comprehensive income — Income tax expense” in this section above for further details.

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Profit for the year

For the reasons described above, our profit increased by approximately 26.5% from approximately RMB46.5 million in 2010 to approximately RMB58.8 million in 2011.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Intangible assets

Our intangible assets mainly consist of capitalised software costs (mainly comprise the staff costs of R&D staff) and purchased software. As at 31 December 2010, 2011 and 2012, the carrying values of our intangible assets amounted to approximately RMB55.4 million, RMB62.1 million and RMB87.4 million, respectively. The increase in intangible assets over the Track Record Period was mainly attributable to (i) the addition to capitalised software costs of approximately RMB16.4 million, RMB23.8 million and RMB27.2 million, respectively; (ii) the addition to purchased software of approximately RMB12.1 million, RMB4.2 million and RMB35.6 million, respectively; and partially offset by (iii) the amortisation charges of approximately RMB21.3 million, RMB21.4 million and RMB37.5 million, respectively.

As we focus on software development, we would have relatively higher percentage of intangible assets as compared to our total non-current assets. Furthermore, we did not own any significant property except for a flat of which the carrying value was approximately RMB1.6 million, RMB1.5 million and RMB1.4 million as at 31 December 2010, 2011 and 2012, respectively. Our intangible assets accounted for approximately 60.1%, 84.8% and 89.3% of our total non-current assets as at 31 December 2010, 2011 and 2012, respectively.

When determining whether an intangible asset arising from the development phase of an internal project should be recognised, our Directors would consider all of the following criteria set out in International Accounting Standards 38 - Intangible assets in respect of eligible capital expenditures during development phase for capitalisation, including:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

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- its ability to measure the expenditure attributable to the intangible asset during the development phase.

In reaching the conclusion for capitalisation, our Directors would assess probabilities of future economic benefits on project basis, including preparing detailed project development plans and market plans in deriving future cash flows from individual projects based on expected time and resources to be spent on design, development and marketing of software.

Furthermore, our Directors would also assess the internal resources to complete, use and obtain the benefits from each particular software development, detailed business plan (項目立項書) including technical feasibility study report, technical and financial resources, e.g. competent technicians, funding requirements and internal or external financial arrangements.

Other than the above, we have maintained systematic records in measuring costs directly attributable to the development, e.g. staff costs, costs of material and other expenditures incurred on project basis. Such records would be regularly reviewed and agreed by the management to pre-approved business plan as part of the monitoring procedures.

Available-for-sale financial assets

Available-for-sale financial assets as at 31 December 2011 and 2012 represented our equity investment in Cyberunion, which was engaged in research and development, design, sale, investment and project management of hardware and software products in the information industry. It was led by the Jiangsu Economic and Information Technology Commission (江蘇省經濟和信息化委員會) and founded by 19 IT companies^{Note} (including Nanjing Skytech) within Jiangsu to promote the development of the IT industry in Jiangsu. Pursuant to an investors' agreement dated 30 June 2011, each of these 19 shareholders holds an equal shareholding (approximately 5.3%). Each of them would contribute RMB2 million as capital, with RMB1 million payable before 30 June 2011 and the remaining RMB1 million payable before 30 June 2012. Before we invested in Cyberunion, we had prepared an investment proposal which covered, among other things, the purpose of the investment, the business scope and corporate structure of Cyberunion and the extent of financial commitment. The proposal has been approved by Nanjing Skytech's board of directors, who believed that such investment would provide a platform to foster cooperation and resource sharing with other market players. Such investment is closely related to our business, the latest development of which will be reported to the Investment Management Committee on a monthly

Note: Out of the other 18 IT companies holding interests in Cyberunion, two are listed on the Stock Exchange (Nanjing Sample Technology Company Limited (Stock code: 1708) and Jiangsu NandaSoft Technology Company Limited (Stock code: 8045)) and three are listed on the Shenzhen Stock Exchange (Wiscom System Co., Ltd. (Stock code:002009), Focus Technology Co., Ltd (Stock code: 002315) and Nanjing Sciyon Automation Group Co., Ltd. (Stock code: 002380)). The remaining 13 are private companies established in the PRC. During the Track Record Period, Nanjing Sample Technology Company Limited was one of our suppliers with aggregate purchase amount of approximately RMB1.3 million; two of the private companies were our customers accounting for sales of approximately RMB1.3 million and RMB0.7 million, respectively. Save as aforesaid, our Directors confirm that these companies are Independent Third Parties and have no other business relationships with us.

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basis in accordance with our Investment Management Policy (as set out under the paragraph “Continued monitoring” in the section headed “Business — Internal control — Forex and other investments — Investment management policy”). We intend to hold the interest in Cyberunion as long-term investment. The carrying value of the investment measured at cost-less-impairment basis was approximately RMB1 million in 2011 and increased to approximately RMB2 million in 2012 as a result of further capital contribution of RMB1 million made in 2012. As Cyberunion is a private company that does not have a quoted market price in an active market and no recent market transaction was known to us at 31 December 2011 and 2012, a valuation technique was applied under three-tier fair value measurement hierarchy according to guidance under IAS 39 of the International Financial Reporting Standards. Choosing a valuation technique is a highly judgmental exercise involving the selection of a valuation model, formulae and various assumptions. It is unlikely for our Directors to make a reasonable assessment on the probabilities of various estimates underlying the valuation model and significant difference may rise should there be any change in those variables. As a result, the investment was measured at cost less any identified impairment losses at 31 December 2011 and 2012, respectively, as required by IAS 39 of the International Financial Reporting Standards.

Loan receivables

We had loan receivables of approximately RMB30.1 million as at 31 December 2010, represented entrusted loans to Nanjing Jingtian of a principal amount of RMB30.1 million, carrying a fixed interest rate of 10.0% per annum. The entrusted loans were used by Nanjing Jingtian for the construction of the office premises which is now leased to us. Despite Mr. Liu Biao’s resignation from Sinosoft UK in July 2010, the then management of Nanjing Skytech did not envisage any substantial risk of default on the part of Nanjing Jingtian, and considered that the continuation of such loan arrangement would bring Nanjing Skytech a higher interest income than ordinary bank deposits. Hence the then management of Nanjing Skytech did not demand repayment of the loan upon his resignation. The above loans were repaid in full in April 2011.

As advised by our PRC legal advisers, our entrusted loans to Nanjing Jingtian were in compliance with relevant PRC laws and regulations. Our Directors confirm that we will not continue such kind of entrusted loan arrangement with any related parties or Independent Third Parties in the future.

Trade and other receivables

Trade receivables

Our trade receivables represented receivables from customers of our e-Government, carbon management solutions, information integration software and system integration solutions.

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The table below sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables:			
Third parties	93,431	123,601	200,249
Related parties	9,039	—	—
	102,470	123,601	200,249
Less: Allowance for doubtful debts	(8,684)	(3,934)	(5,634)
	93,786	119,667	194,615

For the discussion relating to trade receivables in this section, we would divide our government agency customers into the following sub-categories:

- **Direct government customers:** this includes (i) government units (such as governmental departments) and (ii) state-owned enterprises.
- **Agents of government projects:** this includes enterprises other than direct government customers (including non-government enterprises) which are engaged as government units' agents to source software and solutions (such as traffic control system solutions and system integration solutions).

Our balance of trade receivables net of allowance for doubtful debts increased from approximately RMB93.8 million in 2010 to approximately RMB119.7 million in 2011, primarily reflecting the increase in our revenue. It further increased to approximately RMB194.6 million in 2012 primarily due to the expansion of our business as well as the delay in payment of certain direct government customers (including, among others, three customers for our major e-Government solutions and carbon management solutions projects, the receivables from which amounted to approximately RMB24.2 million and were aged more than 360 days) as further detailed in the following paragraphs. The retention money included in our trade receivables was of approximately RMB5.5 million, RMB3.0 million and RMB4.0 million as at 31 December 2010, 2011 and 2012, respectively.

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Aging analysis of trade receivables and turnover days

The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of goods or rendering of services to customers which approximated the respective dates on which revenue was recognised:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	43,218	55,401	121,058
61 to 90 days	19,360	24,569	20,466
91 to 180 days	7,915	17,952	3,871
181 days to 1 year	4,559	17,462	6,839
1 to 2 years	14,226	3,967	41,068
Over 2 years	4,508	316	1,313
	93,786	119,667	194,615

The following tables set forth the breakdown of the aging analysis of our trade receivables net of allowance for doubtful debts by customer categories as at the dates indicated presented based on the date of delivery of goods or rendering of services to customers which approximated the respective dates on which revenue was recognised:

	As at 31 December 2012						
	0-60 days	61-90 days	91-180 days	181 days - 1 year	1 to 2 years	Over 2 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government agencies							
Direct government customers	106,596	11,962	3,757	6,609	40,312	1,313	170,549
Agents of government projects	—	—	—	—	—	—	—
Non-government enterprises	14,462	8,504	114	230	756	—	24,066
Total	121,058	20,466	3,871	6,839	41,068	1,313	194,615
	As at 31 December 2011						
	0-60 days	61-90 days	91-180 days	181 days - 1 year	1 to 2 years	Over 2 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government agencies							
Direct government customers	52,000	24,569	17,259	16,893	3,947	262	114,930
Agents of government projects	—	—	—	—	—	—	—
Non-government enterprises	3,401	—	693	569	20	54	4,737
Total	55,401	24,569	17,952	17,462	3,967	316	119,667

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As at 31 December 2010

	0-60 days	61-90 days	91-180 days	181 days - 1 year	1 to 2 years	Over 2 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government agencies							
Direct government customers	27,109	10,946	7,871	2,877	11,525	4,427	64,755
Agents of government projects	—	—	—	—	—	—	—
Non-government enterprises	16,109	8,414	44	1,682	2,701	81	29,031
Total	<u>43,218</u>	<u>19,360</u>	<u>7,915</u>	<u>4,559</u>	<u>14,226</u>	<u>4,508</u>	<u>93,786</u>

We generally allow a credit period of up to 180 days to our customers. The trade receivables that were past due but not impaired slightly decreased from approximately RMB23.3 million as at 31 December 2010 to approximately RMB21.7 million as at 31 December 2011, but increased to approximately RMB49.2 million as at 31 December 2012 (including three customers for our major e-Government solutions and carbon management solutions projects, the receivables of which amounted to approximately RMB24.2 million and were aged more than 1 year).

The following table sets out the breakdown of our trade receivables as at the dates indicated by customers:

As at 31 December

	2010		2011		2012	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Government agencies						
Direct government customers	64,755	69.0	114,930	96.0	170,549	87.6
Agents of government projects	—	0.0	—	0.0	—	0.0
Non-government enterprises	29,031	31.0	4,737	4.0	24,066	12.4
Total	<u>93,786</u>	<u>100.0</u>	<u>119,667</u>	<u>100.0</u>	<u>194,615</u>	<u>100.0</u>

The following table sets out the breakdown of our trade receivables aged more than 180 days as at the dates indicated by customers:

As at 31 December

	2010		2011		2012	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Government agencies						
Direct government customers	18,829	80.8	21,102	97.0	48,234	98.0
Agents of government projects	—	0.0	—	0.0	—	0.0
Non-government enterprises	4,464	19.2	643	3.0	986	2.0
Total	<u>23,293</u>	<u>100.0</u>	<u>21,745</u>	<u>100.0</u>	<u>49,220</u>	<u>100.0</u>

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The net amount of trade receivables aged more than 180 days increased from approximately RMB23.3 million as at 31 December 2010 to approximately RMB49.2 million as at 31 December 2012. The increase was mainly attributable to the longer credit periods granted to certain direct government customers which accounted for 80.8% to 98.0% of the trade receivables which were past due but not impaired during the Track Record Period. To the best knowledge of our Directors, our direct government customers were subject to stringent internal settlement procedures by various operation units of such customers, such as submission of evidence of project completion by technical department, making payment request to finance department, and processing of fund transfer by the treasury department, etc. Some direct government customers may need to obtain approvals from the finance department of the local government for the payment. Therefore, they requested for a longer credit period. The extended credit periods^{Note} granted to direct government customers generally ranged from approximately 180 days to two years. We have agreed to grant extended credit periods to such direct government customers (including those with trade receivables due for more than 180 days as at 31 December 2010, 2011 and 2012, respectively, in material aspects. Besides, we did not grant any material extended credit period to the agents of government projects with trade receivables due for more than 180 days as at 31 December 2010, 2011 and 2012, respectively. The Directors believe that this repayment pattern is in line with the industry practice of dealing with government customers. After consideration of the background and creditworthiness of these direct government customers and our business relationship and regular communication with them, we agreed to grant a longer effective credit period.

As at 31 December 2010, 2011 and 2012, no trade receivables were owed by agents of government projects. This is because the revenue from such agents of government projects were project-oriented and relatively small (accounting for only approximately RMB40.1 million, or 7.1%, of our total revenue during the Track Record Period), and almost all of them were derived from three entities which happened to have settled their trade receivables before the year end date during the Track Record Period. We did not grant material extended credit period to our non-government enterprises customer during the Track Record Period. We would closely monitor the trade receivables owing from our non-government enterprises customers aged more than 180 days and actively pursue settlement of these trade receivables, and would provide provision for bad debts where appropriate.

As at 31 December 2012, the net balance of our trade receivables aged more than two years was approximately RMB1.3 million. We have granted extended credit periods to these direct government customers owing trade receivables aged over two years.

Note: The extended credit period would start to run after the expiry of the initial 180 days credit period.

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The following table sets forth the trade receivable turnover days^{Note} by customer categories:

	Year ended 31 December		
	2010	2011	2012
	<i>(days)</i>	<i>(days)</i>	<i>(days)</i>
Government agencies			
Direct government customers	333	232	354
Agents of government projects	—	—	—
Non-government enterprises	179	146	67
Overall	200	211	253

Note: Trade receivable turnover days are computed by dividing the average balance of trade receivables net of allowance for doubtful debts by the revenue for the corresponding year and multiplied by 365 days.

The trade receivable turnover days from direct government customers decreased from 333 days in 2010 to 232 days in 2011, which was primarily attributable to the revenue growth of the e-Government solutions and carbon management solutions business segments in 2011, such as the revenue of approximately RMB11.2 million generated from a e-Government solution project in Nanjing, an increased e-Government solution revenue from a state-owned enterprise by approximately RMB17.1 million and approximately RMB7.7 million generated from a carbon management solution project in Wuxi.

The trade receivable turnover days from direct government customers increased from 232 days in 2011 to 354 days in 2012, which was primarily attributable to the completion of (i) a e-Government project for a government unit in Nanjing with revenue of approximately RMB12.8 million recognised in the last quarter of 2012, (ii) an information integration project for a state-owned enterprise in Jiangsu with revenue of approximately RMB25.6 million recognised in the last quarter of 2012, and (iii) carbon management solutions project for two government units in Jiangsu with revenue of approximately RMB13.2 million recognised in the last quarter of 2012 which led to a sharp increase in our trade receivables aged less than or equal to three months as at 31 December 2012. Moreover, long credit period was granted to direct government customers for e-Government projects and carbon management solutions projects completed in 2011. Therefore, the balance of trade receivables increased in 2012 and hence the length of trade receivable turnover days.

The trade receivable turnover days from non-government enterprises decreased from 179 days in 2010 to 146 days in 2011, which was primarily due to the decrease in trade receivables from non-government enterprises from approximately RMB29.0 million as at 31 December 2010 to approximately RMB4.7 million as at 31 December 2011. Such decrease was mainly attributable to the decrease in the revenue from non-government enterprises from RMB51.4 million for the year ended 31 December 2010 to approximately RMB42.2 million for the year ended 31 December 2011. In addition, in 2011 we recovered certain relatively long-outstanding trade receivables due from non-government enterprises as at 31 December 2010. Therefore, the balance of trade receivables due from non-government enterprises aged over 180 days decreased from approximately RMB4.5 million as at 31 December 2010 to approximately RMB0.6 million as at 31 December 2011.

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The trade receivable turnover days from non-government enterprises decreased from 146 days in 2011 to 67 days in 2012, which was primarily due to the increase in revenue generated from non-government enterprises by approximately RMB35.6 million in 2012. The increase in revenue in 2012 was primarily attributable to the completion of a non-government enterprise project in the last quarter of 2012, which generated approximately RMB15.7 million revenue.

For the reasons described above, the trade receivables turnover days rose from 200 days for 2010 to 211 days for 2011, and further increased to 253 days for 2012, all of which exceeded the general credit period we offered our customers.

Allowance for doubtful debts and recovery policy

We assess the recoverability of trade receivables on monthly basis. If there is any event or change in circumstances that renders trade receivables uncollectable, we would consider making an impairment loss, the amount of which would be measured as the difference between the carrying amount of the balance of trade receivables as stated in the accounting records and the present value of estimated collectable amount. If the circumstances indicate that trade receivables are collectable, we may extend our credit period on a case-by-case basis. When considering recoverability and extension of credit period, we would take into account, among other things, the relevant customer's background, creditworthiness, repayment history, our business relationship with it and the reasons for the delay in payment.

Allowance for doubtful debts for trade receivables decreased from approximately RMB8.7 million in 2010 to approximately RMB3.9 million in 2011. Such decrease was primarily due to the reversal of impairment losses of approximately RMB5.7 million from a government unit who purchased our e-Government solutions and system integration solutions. As at 31 December 2010, we made allowance for doubtful debts for such trade receivables because the customer had expressed a reluctance to settle the receivables for our system could not be deployed satisfactorily due to an internal security issue. After the security issue was resolved in the first half of 2011, the customer settled the receivables and the relevant impairment losses were reversed. Allowance for doubtful debts increased from approximately RMB3.9 million in 2011 to approximately RMB5.6 million in 2012 because the balance of trade receivables increased, partly offset by and reversal of impairment loss of approximately RMB1.0 million due to the recovery of such amount from our customers in 2012.

As at 31 December 2010, 2011 and 2012, we made allowance for doubtful debts on receivables due from direct government customers in the amount of approximately RMB8.6 million, RMB3.2 million and RMB4.3 million, respectively. Our Directors confirm that, apart from the trade receivables on which allowance for doubtful debts had been made, there was no material recoverability issue regarding the receivables due from direct government customers as at the Latest Practicable Date.

During the Track Record Period, we had instituted legal proceedings in August 2011 against only one customer who failed to pay us the contract sum in the amount of approximately RMB563,000. Please refer to the section headed "Business — Our customers" for further details.

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Our finance department would perform monthly analysis of our trade receivables and report to the chief financial officer. The results would be provided to the sales team to communicate with the customers to follow-up any recoverability issues. To streamline the monitoring process, we would request our customers to complete a form on the overdue trade receivables for our record. Our sales department would issue collection notices during the week after our month end closing on the fifteenth day of each month to customers who have over 80% of their trade receivables unsettled as at month end closing. For those receivables aged over one year, the finance department would remit the case to our management for assessing the recoverability, taking into account a customer's credit profile (such as scale of operation, payment history, length of relationship, etc.). If necessary, provisions for bad debts will be made. Mr. Ma Ming, one of our senior management and four sales managers would follow up with the relevant customers and closely monitor the financial conditions of such customers by telephone contacts, site visits, etc. If there is any signs of deterioration of recoverability, we would consider taking legal actions against such customers. We would also keep a detailed record of such customers for future analysis. Having considered, among other things, that (i) the extra measures taken by our Group to follow and monitor the financial conditions of our customers; (ii) the additional manpower assigned to monitor the financial condition of our customers; and (iii) the internal control reviewers had not identified any material deficiency in our sales process during their latest review, the Directors are of the view that adequate and effective credit control measures were in place.

Subsequent settlement

As at 30 April 2013, being the latest practicable date for the purpose of indebtedness statement, approximately RMB47.4 million, or approximately 24.4%, of the trade receivables as at 31 December 2012 had been settled, and approximately RMB16.9 million, or approximately 34.4%, of the trade receivables that were past due as at 31 December 2012 had been settled.

The following table sets forth the breakdown of our subsequent settlements as at 30 April 2013 of trade receivables net of allowance for doubtful debts as at 31 December 2012 by customer categories:

	<u>Amount of subsequent settlement by</u>
	<i>(RMB'000)</i>
Government agencies	
Direct government customers	35,337
Agents of government projects	—
Non-government enterprises	<u>12,092</u>
Total	<u><u>47,429</u></u>

Other receivables

Other receivables mainly represented (i) prepayments to suppliers for the purchases of system components and equipment mainly for the provision of system integration solutions; (ii) rental and renovation deposits, tender deposits and cooperation deposits with our tender partners; (iii) advances to employees as travelling disbursements; (iv) VAT recoverable arising from VAT refund for software sales.

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Our other receivables decreased from approximately RMB23.1 million as at 31 December 2010 to approximately RMB8.5 million as at 31 December 2011, and further decreased to approximately RMB6.2 million as at 31 December 2012. Such decrease was mainly due to (i) the utilisation of the rental and renovation deposit of approximately RMB2.9 million paid in 2010 for our new office premises; (ii) the reduction in the amount of project deposits as we had ceased to make joint-bidding since 2011^{Note}; (iii) the fall in the amount of prepayments to suppliers for system components and equipment as we strategically scaled down our system integration solutions business.

Restricted deposits

As at 31 December 2010, the amount represented cash deposited with a bank for capital verification of Wuxi Skytech. The deposit was released upon completion of capital verification in 2011.

Trade payables

The table below sets forth the trade payables and the trade payables turnover days as at the dates indicated:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	21,320	32,882	25,749
Trade payables turnover days ⁽¹⁾	103	129	141

(1): Trade payables turnover days are computed by dividing the average balance of trade payables (including notes payables) by the cost of sales of the corresponding year and multiplied by 365 days.

Our trade payables were derived primarily from payables relating to the purchases of system components and equipment for the provision of system integration solutions.

Our trade payables increased from approximately RMB21.3 million as at 31 December 2010 to approximately RMB32.9 million as at 31 December 2011. Such increase was mainly due to the increase in trade payables for the purchase of system components and equipment for the provision of system integration solutions in the second half of 2011 for one of our major customers. Our trade payables decreased from approximately RMB32.9 million as at 31 December 2011 to approximately RMB25.7 million as at 31 December 2012. Such decrease was mainly due to the decrease in the purchase of system components and equipment for the provision of system integration solutions as a result of our strategy to scale down our system integration solutions business.

Note: We had one joint-bidding project during the Track Record Period with a PRC enterprise which was engaged in provision of system integration solutions. We entered into a joint-bidding agreement with this enterprise in 2010. As the project did not materialise eventually, the joint-bidding deposit of approximately RMB4.2 million was returned to us in 2011.

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During Track Record Period, we generally enjoyed a credit term of 90 days from the invoice date. The trade payables turnover days increased from 103 days as at 31 December 2010 to 129 days as at 31 December 2011, and further increased to 141 days as at 31 December 2012, all being longer than the general credit period offered by our suppliers. The relatively long trade payable turnover days and the increasing trend primarily reflected (i) that our purchases of system components and equipment were concentrated in the second half of the year since our direct government customers were inclined to conclude contracts and make payments in the second half of the year; and (ii) that it generally took longer for government customers for our system integration solutions to test and approve the solutions implemented, hence delaying our payment to suppliers. During the Track Record Period, we were able to negotiate and agree on extending the payment dates with our suppliers.

As at 30 April 2013, being the latest practicable date for the purpose of indebtedness statement, approximately RMB15.5 million, or approximately 60.1%, of the trade payables as at 31 December 2012 had been settled.

Other payables

Other payables related primarily to prepayments from customers, payroll payables, dividend payables and VAT payables pertaining to sales of software and solutions.

Other payables increased from approximately RMB24.0 million as at 31 December 2010 to approximately RMB29.5 million as at 31 December 2011. Such increase was mainly attributable to (i) an increase in other VAT payables from approximately RMB8.3 million as at 31 December 2010 to approximately RMB14.6 million as at 31 December 2011 because of the revenue growth in 2011; (ii) the increase payroll payables; and (iii) the impact of dividends of approximately RMB4.9 million declared in 2010 but paid in 2011.

Other payables increased from approximately RMB29.5 million as at 31 December 2011 to approximately RMB42.4 million as at 31 December 2012. Such increase was mainly attributable to an increase in VAT payables from approximately RMB14.6 million as at 31 December 2011 to approximately RMB25.2 million as at 31 December 2012 as a result of our business growth.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are for the payment of purchases from suppliers, staff costs, various operating expenses, dividends and capital expenditure. In the past, we have financed our liquidity requirements primarily through cash generated from our operations, short-term bank borrowings and shareholders' capital contributions.

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Going forward, we believe our liquidity requirements will be satisfied through a combination of the proceeds from the Global Offering, cash generated from operating activities and bank loans. We will use part of the proceeds from the Global Offering to fulfil our capital needs for future expansion and, based on our current and anticipated levels of operations and conditions in the markets and industry, we believe that we can generate adequate cash from our operations to fund our ongoing operating cash needs and the continuing expansion of our business. See the section headed “Future plans and use of proceeds” in this prospectus for further information.

We may use short-term bank borrowings to finance our operations and repay bank borrowings. It is our policy to monitor regularly our liquidity requirements and compliance with debt covenants (if any) to ensure that we maintain sufficient resources of cash and adequate debt or equity financing. We have not experienced and do not expect to experience any difficulty in meeting our obligations as they fall due. However, our ability to fund our working capital needs, repay our indebtedness and finance other obligations depends on our future operating performance and cash flow, which are in turn subject to the prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. Any future significant acquisition or expansion may require additional capital, and we cannot assure you that such capital will be available to us on acceptable terms, or at all.

The following table is a condensed summary of our consolidated cash flow statements for the periods indicated:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Net cash from operating activities	38,547	96,041	68,536
Net cash used in investing activities	(78,374)	(3,124)	(76,638)
Net cash from (used in) financing activities	<u>28,600</u>	<u>(72,285)</u>	<u>13,180</u>
Net (decrease) increase in cash and cash equivalents	(11,227)	20,632	5,078
Cash and cash equivalents at beginning of year	<u>38,461</u>	<u>27,234</u>	<u>47,866</u>
Cash and cash equivalents at end of year	<u>27,234</u>	<u>47,866</u>	<u>52,944</u>

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Net cash generated from operating activities

The following table summarises our cash flows from operating activities for the periods indicated:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	48,623	72,673	93,880
Adjustments	<u>25,845</u>	<u>18,198</u>	<u>42,631</u>
Operating cash flows before movements in working capital	74,468	90,871	136,511
Movements in working capital:			
<i>Decrease (increase) in inventories</i>	2,158	(2,118)	4,243
<i>Increase in trade and other receivables</i>	(36,981)	(6,484)	(74,334)
<i>Decrease in held-for-trading investments</i>	1,257	—	—
<i>(Decrease) increase in trade payables</i>	(1,984)	11,562	(7,133)
<i>Increase in other payables</i>	<u>941</u>	<u>10,415</u>	<u>12,839</u>
Net working capital inflow (outflow)	(34,609)	13,375	(64,385)
Cash generated from operations	39,859	104,246	72,126
Interest paid	(1,167)	(2,855)	(2,716)
Interest received	199	1,253	1,932
Income taxes paid	<u>(344)</u>	<u>(6,603)</u>	<u>(2,806)</u>
Net cash from operating activities	<u><u>38,547</u></u>	<u><u>96,041</u></u>	<u><u>68,536</u></u>

Our net cash from operating activities decreased by approximately RMB27.5 million in 2012, reflecting a change from a net working capital inflow of approximately RMB13.4 million in 2011 to a net working capital outflow of approximately RMB64.4 million in 2012, partially offset by an increase in operating cash flows before movements in working capital by approximately RMB45.6 million. For 2012 we recorded net cash generated from operating activities of approximately RMB68.5 million, which mainly comprised operating cash flows before movements in working capital of approximately RMB136.5 million and a net working capital outflow of approximately RMB64.4 million. The net working capital outflow was mainly driven by an increase in trade and other receivables of approximately RMB74.3 million as a result of increased revenue in 2012 as well as the delayed payments of certain government customers under the stringent internal settlement procedures of such customers (see the paragraph headed “Description of certain items of consolidated statements of financial

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position — Trade and other receivables” in this section). Also contributing to such net working capital outflow was a decrease in trade payables because we reduced the purchase for system components and equipment as we strategically scaled down our system integration solutions business.

Our net cash from operating activities increased by approximately RMB57.5 million in 2011, reflecting an increase of operating cash flows before movements in working capital of approximately RMB16.4 million and a change from a net working capital outflow of approximately RMB34.6 million in 2010 to a net working capital inflow of approximately RMB13.4 million in 2011. For 2011 we had net cash generated from operating activities of approximately RMB96.0 million, which mainly comprised operating cash flows before movements in working capital of RMB90.9 million and a net working capital inflow of approximately RMB13.4 million. The net working capital inflow was mainly due to an increase in trade payables of approximately RMB11.6 million, primarily reflecting the purchase orders to one of our major suppliers of approximately RMB13.2 million for certain communication solutions used in our system integration solutions, as well as an increase in other payables of approximately RMB10.4 million, mainly comprising VAT payables for software sold and the listing expenses. Such net working capital inflow was partially offset by an increase in inventories of approximately RMB2.1 million and an increase in trade and other receivables of approximately RMB6.5 million.

Net cash used in investing activities

Our investing activities principally comprised payment for the cost of intangible assets, settlement of loan receivables, placement of pledged bank deposits, purchase of property, plant and equipment and advances to a related party or a company held by a non-controlling shareholder of our Company.

For the year ended 31 December 2012, our net cash used in investing activities was approximately RMB76.6 million, mainly comprising (i) the payment for the cost of intangible assets of approximately RMB62.8 million; and (ii) the net increase in pledged bank deposits of approximately RMB11.9 million.

For the year ended 31 December 2011, our net cash used in investing activities was approximately RMB3.1 million, mainly comprising (i) the payment for the cost of intangible assets of approximately RMB28.0 million; and (ii) the net increase in pledge bank deposits of approximately RMB10.0 million, as partially offset by (i) the settlement of loan receivables due from Nanjing Jingtian of approximately RMB30.1 million; and (ii) the proceeds from release of restricted deposits of approximately RMB5.0 million upon completion of capital verification of Wuxi Skytech in 2011.

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For the year ended 31 December 2010, our net cash used in investing activities was approximately RMB78.4 million, primarily reflecting (i) the payment for the cost of intangible assets of approximately RMB28.5 million; (ii) the net increase in pledged bank deposits of approximately RMB38.2 million; (iii) the payment of restricted deposit of RMB5 million for capital verification of Wuxi Skytech; and (iv) the advances to Nanjing Xinlihua and Nanjing Jingtian of RMB6.2 million.

Net cash generated from/used in financing activities

We derive our cash inflow from financing activities from new short-term bank loans. Our cash outflow from financing activities relates primarily to payment of dividends and repayment of short-term bank loans.

For the year ended 31 December 2012, our net cash generated from financing activities was approximately RMB13.2 million, comprising the proceeds from the new bank loan raised of approximately RMB35.2 million, partially offset by the repayment of short-term bank loans of approximately RMB22.0 million.

For the year ended 31 December 2011, our net cash used in financing activities was approximately RMB72.3 million, reflecting (i) the payment of dividends of approximately RMB72.5 million; (ii) the repayment of short-term bank loans of approximately RMB71.7 million, partially offset by the proceeds from the new bank loans raised of approximately RMB70.8 million.

For the year ended 31 December 2010, our net cash generated from financing activities was approximately RMB28.6 million. The amount was mainly attributable to the proceeds from bank loans of approximately RMB70.8 million, which was partially offset by the repayment of a bank loan of approximately RMB8.0 million and the payment of dividends of approximately RMB34.4 million declared previously.

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INDEBTEDNESS

Borrowings

The table below sets forth our short-term bank loans as at the dates indicated:

	As at 31 December					
	2010		2011		2012	
	<i>RMB'000</i>	<i>Range of interest rate</i>	<i>RMB'000</i>	<i>Range of interest rate</i>	<i>RMB'000</i>	<i>Range of interest rate</i>
Bank loans secured by our Group's pledged bank deposits	39,736	2.50%	47,378	2.37% - 3.03%	59,712 ⁽²⁾	2.31% - 3.28%
Bank loans secured by our Group's trade receivables	—	—	22,000	7.02%	22,600	6.60%-7.22%
Unsecured bank loans guaranteed by related parties ⁽¹⁾	32,000	5.84% - 6.16%	—	—	—	—
Total	<u>71,736</u>		<u>69,378</u>		<u>82,312</u>	

Notes:

- (1) At 31 December 2010, bank loans amounting to RMB32,000,000 were guaranteed by Ms. Xin and Jiangsu Homelike Construction Materials Supermarket Co., Ltd., being a subsidiary of Nanjing Xinlihua, in which Ms. Xin's sibling has interest in.
- (2) Such facilities were granted by DBS Bank Limited pursuant to the facility letter dated 14 December 2012, constituting three revolving facilities of US\$6.5 million, US\$1.5 million and US\$1.5 million, respectively. They were secured by our pledged bank deposits of approximately RMB62.8 million. As at 31 December 2012, the facility had been fully utilised. The expiry dates of these three facilities are 3 October 2013, 4 April 2014 and 20 December 2013, respectively. We intend to use a portion of the net proceeds we will receive from the Global Offering to fully repay all these facilities (see the section headed "Future plans and use of proceeds" in this prospectus). As we intend to repay the facilities with the proceeds from the Global Offering in Hong Kong dollars (which is linked to US dollars), we are of the view that we would not be subject to any material foreign exchange risk in respect of these facilities).

All of our bank loans were repayable within one year.

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Our short-term bank borrowings which were denominated in US dollars were re-translated in Renminbi and stated as:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Short-term loans denominated in US dollars	<u>39,736</u>	<u>47,378</u>	<u>59,712</u>

Our PRC legal advisers have confirmed that all outstanding loan agreements and related security agreements entered by our PRC subsidiaries do not violate PRC laws and are legal, valid and enforceable and have binding effect on the relevant parties.

Indebtedness as at 30 April 2013

At the close of business on 30 April 2013, being the latest practicable date for the purpose of indebtedness statement, we had drawn down all bank facilities available to us, which were short-term loans in total of approximately RMB81.7 million, of which approximately RMB22.6 million were secured by our Group's trade receivables and approximately RMB59.1 million which were denominated in US dollars and secured by our Group's pledged bank deposits.

Other than as disclosed above and apart from intra-group liabilities and normal trade payables, we did not have, as at the close of business on 30 April 2013, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

CAPITAL EXPENDITURES

Historical capital expenditures

We have historically funded our capital expenditures from cash generated from business operation, proceeds from bank loans, and capital contributions by our then shareholders.

The table below sets forth the capital expenditures as represented by additions to property, plant and equipment and intangible assets for the periods indicated:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Additions to property, plant and equipment	1,290	6,247	993
Additions to intangible assets	28,501	28,044	62,792
Total	<u>29,791</u>	<u>34,291</u>	<u>63,785</u>

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The additions to property, plant and equipment mainly represented purchases of electrical equipment, office equipment and motor vehicles used in our operations. The amount increased from approximately RMB1.3 million in 2010 to approximately RMB6.2 million in 2011, and then reduced to approximately RMB1.0 million in 2012. Such fluctuations were primarily caused by the fact that we relocated to our new premises in October 2010 and hence incurring substantially more costs on new electrical and office equipment in 2011.

The additions to intangible assets represented the costs of software used in our operations. The amount remained flat at approximately RMB28.5 million in 2010 and approximately RMB28.0 million in 2011. The amount increased to approximately RMB62.8 million in 2012 mainly due to an increase in purchases of third party software from approximately RMB4.2 million in 2011 to RMB35.6 million in 2012 for the development of certain e-Government solutions and information integration software.

Planned capital expenditures

Our capital expenditures are expected to primarily consist of expenditures related to purchases of computer equipment and other ancillary software mainly for administration purpose, such as computers, servers and software.

Based on our current plan, we estimate that an aggregate of approximately RMB11.9 million will be required in 2013 and 2014. See the section headed “Future plans and use of proceeds” for further information.

OPERATING LEASE COMMITMENTS

We lease our office premises under operating lease arrangements. The leases are for a term of one year. The following table sets forth our outstanding operating lease commitments under non-cancellable operating leases as at the dates indicated:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	<u>7,807</u>	<u>7,807</u>	<u>7,807</u>
Total	<u><u>7,807</u></u>	<u><u>7,807</u></u>	<u><u>7,807</u></u>

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NET CURRENT ASSETS

Details of our current assets and current liabilities as at 31 December 2010, 2011 and 2012 and 30 April 2013 (being the latest practicable date for the purpose of indebtedness statement) are as follows:

	As at 31 December			30 April
	2010	2011	2012	2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current assets				
Inventories	2,830	4,948	705	1,746
Trade and other receivables	116,916	128,150	200,784	196,556
Restricted deposit	5,000	—	—	—
Amounts due from a related party	2,500	—	—	—
Amount due from a company controlled by a non-controlling shareholder of our Company	3,700	—	—	—
Pledged bank deposits	41,429	51,453	63,306	62,741
Bank balances and cash	27,234	47,866	52,944	36,385
Total current assets	<u>199,609</u>	<u>232,417</u>	<u>317,739</u>	<u>297,428</u>
Current liabilities				
Trade payables	21,320	32,882	25,749	7,317
Other payables	24,013	29,514	42,353	36,312
Tax liabilities	2,485	8,203	17,701	19,950
Amounts due to a related party	618	—	—	—
Amounts due to subsidiaries	—	—	—	—
Short-term bank loans	71,736	69,378	82,312	81,698
Total current liabilities	<u>120,172</u>	<u>139,977</u>	<u>168,115</u>	<u>145,277</u>
Net current assets	<u>79,437</u>	<u>92,440</u>	<u>149,624</u>	<u>152,151</u>

Our unaudited net current assets increased to approximately RMB152.2 million as at 30 April 2013 from approximately RMB149.6 million as at 31 December 2012. The increase was primarily due to a decrease in our current liabilities from approximately RMB168.1 million as at 31 December 2012 to approximately RMB145.3 million as at 30 April 2013 as a result of the settlement of our trade payables and payroll payables during the four months ended 30 April 2013.

During the year ended 31 December 2012, our net current assets increased from approximately RMB92.4 million to RMB149.6 million. The increase was principally related to an increase in trade receivables as a result of increased revenue in 2012, as well as the delayed payments of certain government customers as a result of the stringent internal

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settlement procedures of such customers (see the paragraph headed “Description of certain items of consolidated statements of financial position — Trade and other receivables” in this section.)

During the year ended 31 December 2011, our net current assets increased from approximately RMB79.4 million to RMB92.4 million. The increase was primarily due to an increase in bank balances and cash, reflecting the net cash inflow from our operating activities as partially offset by the payment of dividends, as well as the increase in trade receivables, reflecting the increased revenue in 2011. Also contributing to the increase in our net current assets was increased pledged bank deposits as our bank borrowings increased in 2011.

Key financial ratios

The table below sets forth the current ratio and net gearing ratio as at the dates indicated:

	As at 31 December		
	2010	2011	2012
Current ratio ⁽¹⁾	1.7	1.7	1.9
Net gearing ratio ⁽²⁾	27.1%	13.7%	12.6%

Notes:

- (1) Current ratio is calculated as current assets divided by current liabilities.
- (2) Net gearing ratio is calculated as net borrowings (i.e. short-term loans less cash and cash equivalents) divided by total equity attributable to owners of our Company.

Current ratio

As at 31 December 2010, 2011 and 2012, our current ratio was approximately 1.7, 1.7 and 1.9, respectively, showing no significant fluctuation.

Net gearing ratio

As at 31 December 2010, 2011 and 2012, our net gearing ratio was approximately 27.1%, 13.7% and 12.6%, respectively. The fall in net gearing ratio as at 31 December 2011 was mainly due an increase in bank balances and cash from approximately RMB27.2 million as at 31 December 2010 to approximately RMB47.9 million as at 31 December 2011 as a result of increased profit in 2011. The net gearing ratio further decreased in 2012 primarily due to an increase in total equity from approximately RMB157.2 million in 2011 to approximately RMB233.4 million 2012 as a result of increased profit in 2012.

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WORKING CAPITAL

Taking into account the financial resources presently available to our Group, including internally generated funds, credit facilities and the net proceeds from the Global Offering, the Directors believe that we will have sufficient working capital for our business and operations for the 12 months following the date of this prospectus.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any material off-balance sheet transactions or arrangements.

CONTINGENT LIABILITIES

As at 30 April 2013, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities or guarantees.

SUBSEQUENT EVENTS

On 23 January 2013, our Company declared dividends of US\$3,261,380 to its then Shareholders. The dividends were paid out of our internal resources on 5 February 2013.

On 11 June 2013, our Company subdivided all its issued and unissued shares of HK\$0.10 each into 10 Shares of HK\$0.01 each. On the same date, our Company increased its authorised share capital to HK\$80,000,000 through the creation of 7,962,000,000 additional Shares. The number of Shares for the purpose of calculating basic earnings per Share for the Track Record Period has been retrospectively adjusted for the Capitalisation Issue and subdivision of shares disclosed in Appendix IV to this prospectus as if the Shares had been in issue throughout the Track Record Period.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency risk

The primary economic environment in which we operate is the PRC and our functional currency is Renminbi. However, certain of our bank balances, other payables and short-term borrowings are denominated in US dollars, which is currency other than the functional currency of our Group and expose us to foreign currency risk.

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The carrying amounts of our foreign currency denominated monetary assets and monetary liabilities at the end of the respective reporting periods are as follows:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets			
USD	2,639	622	5,945
Liabilities			
USD	45,268	48,122	61,866

We currently have a foreign exchange investment policy. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure pursuant to our policy should the need arise.

Interest rate risk

Our fair value interest rate risk relates primarily to our fixed-rate loan receivables and pledged bank deposit. Our cash flow interest rate risk relates primarily to our variable-rate bank borrowings and bank balances which carry prevailing market interest rates. However, such exposure relating to bank balances is minimal to us as the bank balances are all short-term in nature. We currently have not entered into interest rate swaps to hedge against our exposure to changes in fair values of the loan receivables. Currently, we do not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider restructuring our credit facilities should the need arise.

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments including variable rate bank borrowings. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the possible change in interest rates.

If the interest rate on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, our profit for the year ended 31 December 2010, 2011 and 2012 would decrease/increase by RMB343,000, RMB330,500 and RMB395,000, respectively.

Credit risk

At the end of the reporting period, our maximum exposure to credit risk which will cause a financial loss to us due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover

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overdue debts. In addition, we review the recoverable amount of each individual trade receivables and loan receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that our credit risk is significantly reduced.

There is concentration of credit risk as the top five biggest customers accounted for approximately 35%, 73% and 62% of the carrying amounts of trade receivables as at 31 December 2010, 2011 and 2012, respectively. The management generally grants credit only to customers with sound historical trading records and also closely monitors overdue trade debts. The recoverable amount of each individual trade receivables is reviewed at the end of each reporting period and adequate impairment for doubtful debts has been made for irrecoverable amounts.

Liquidity risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

DIVIDEND POLICY

During the year ended 31 December 2011, we declared and fully paid a dividend of US\$10,430,000 payable to our then shareholders in respect of profits accumulated prior to 2011. On 23 January 2013, we further declare a dividend of US\$3,261,380 to our then shareholders, which was fully paid on 5 February 2013 out of our internal fund.

Historically, the dividends were declared and paid from Infotech Holdings to Sinosoft UK in US dollars to be in line with the functional currency of Sinosoft UK.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of our Shareholders.

Future dividend payments will also depend upon the availability of dividends received from our foreign-invested subsidiary in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions

FINANCIAL INFORMATION

from our foreign invested subsidiary may also be restricted if it incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries and associated companies may enter into in the future.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

Subject to the factors above, our Directors currently intend to recommend, at the relevant shareholders' meetings of our Company, an annual dividend of not more than 30% of the net profit attributable to owners of our Company for the financial years subsequent to the Global Offering. Such intention does not amount to any guarantee or representation or indication that we must or will declare and pay dividends in such manner or declare and pay dividends at all. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

No reserve was available for distribution to the shareholders of our Company as at 31 December 2012.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 31 December 2012 (being the date as of which our latest audited consolidated financial statements were prepared as set out in the Accountants' Report).

RECENT DEVELOPMENTS OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

There has been no material change to our business model and product mix. The unaudited revenue for the four months ended 30 April 2013 was approximately RMB57.0 million, being approximately 18.7% higher than that for the same period in 2012, which mainly reflected (i) the growth in the sales of our high-end tax rebate application suites with advanced functions and the revenue from provision of export tax management training; (ii) the growth in the revenue from the completion of certain e-Government projects during the period. The unaudited total segment results for the four months ended 30 April 2013 were approximately RMB37.1 million. Our unaudited net current assets increased to approximately RMB152.2 million as at 30 April 2013 from approximately RMB149.6 million as at 31 December 2012. The increase was primarily due to a decrease in our current liabilities from approximately RMB168.1 million as at 31 December 2012 to approximately RMB145.3 million as at 30 April 2013 as a result of the settlement of our trade payables and payroll payables during the four months ended 30 April 2013. The selected information disclosed above is derived from the

FINANCIAL INFORMATION

unaudited financial statements for the four months ended 30 April 2013 prepared by our Directors in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standard Board, which have been reviewed by the Reporting Accountants in accordance with the Hong Kong Standard on Review Engagements 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

In June 2013, we set up a new subsidiary in the PRC, namely Zhenjiang Skyinformation, which will principally engage in, among other things, the sales of carbon management solutions.

We have not considered or engaged in any foreign exchange investment or other investment transactions after the Track Record Period and up to the Latest Practicable Date.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Save as disclosed, our Directors have confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of our adjusted net tangible assets prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on our net tangible assets attributable to the equity holders of our Company as at 31 December 2012 assuming the Capitalisation Issue and the Global Offering had been completed on 31 December 2012 and the Over-allotment Option is not exercised.

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This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as at 31 December 2012 or at any future dates following the Global Offering.

	Unadjusted audited consolidated net tangible assets attributable to the owners of our Company as at 31 December 2012 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾⁽⁴⁾	Unaudited pro forma adjusted net tangible assets attributable to the owners of our Company	Unaudited pro forma adjusted net tangible assets per Share ⁽³⁾	
	RMB'000	RMB'000	RMB'000	RMB	HK\$ ⁽⁴⁾
Based on the minimum indicative Offer Price of HK\$1.22 per Offer Share	<u>146,025</u>	<u>227,579</u>	<u>373,604</u>	<u>0.37</u>	<u>0.46</u>
Based on the maximum indicative Offer Price of HK\$1.50 per Offer Share	<u>146,025</u>	<u>281,976</u>	<u>428,001</u>	<u>0.43</u>	<u>0.54</u>

Notes:

- (1) The unadjusted audited consolidated net tangible assets attributable to the equity holders of our Company as at 31 December 2012 is extracted from the Accountants' Report, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company of approximately RMB233,395,000 after deduction of intangible assets of RMB87,370,000.
- (2) The estimated net proceeds from the Global Offering to be received by our Company are based on 250,000,000 New Shares at the minimum indicative and maximum indicative Offer Price of HK\$1.22 and HK\$1.50 per Offer Share, respectively, after deduction of underwriting fees and other related fees and expenses incurred and to be incurred by our Company since 1 January 2013. The calculation of such estimated net proceeds does not take into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates approved on 11 June 2013 which is set out in Appendix IV to this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at on the basis that 1,000,000,000 Shares were in issue assuming that the Capitalisation Issue and the Global Offering had been completed on 31 December 2012 and the Over-allotment Option is not exercised.
- (4) The estimated net proceeds from the Global Offering are converted into Renminbi and the unaudited pro forma adjusted net tangible assets per Share in Hong Kong dollars are converted from Renminbi at the PBOC rate of HK\$1 to RMB0.8012 prevailing on 26 April 2013. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rate or at all.
- (5) Except as disclosed above, no adjustment has been made to reflect any trading result or other transaction of us entered into subsequent to 31 December 2012.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the paragraph headed “Business — Our business strategies” in this prospectus for a detailed description of our future plans.

PROPOSED USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering which we will receive, assuming an Offer Price of HK\$1.36 per Offer Share (being the mid-point of the indicative Offer Price range), will be approximately HK\$300.3 million (equivalent to approximately RMB240.6 million), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We currently intend to use such net proceeds from the Global Offering as follows:

- (a) approximately HK\$120.2 million (equivalent to approximately RMB96.3 million which account for approximately 40.1% of the total estimated net proceeds) will be used for our R&D activities among which approximately 10.8% will be used in the development of export tax software, approximately 10.8% in e-Government software, approximately 9.7% in carbon management solutions and approximately 8.8% in information integration software for the R&D projects in the future, the details of which are set out below:
- approximately 45% of the net proceeds for R&D activities will be used to (i) increase the number of R&D personnel from approximately 404 as at the Latest Practicable Date to approximately 450 within two years to enhance the efficiency of our R&D, and we generally aim to recruit engineers with at least bachelor’s degrees and three years’ experience in the software industry. It is expected that the staff costs of these additional staff would amount to approximately RMB20.4 million over the next two years, representing approximately 21.2% of the net proceeds for R&D activities; (ii) increase the salaries and other staff incentives of our R&D engineers with reference to the market benchmark so that we can maintain and attract the talent in the competitive labour market in the PRC. We expect to increase the basic salaries of our R&D engineers by not less than 20% per annum over the next two years, amounting to approximately RMB12.0 million, and an amount of approximately RMB13.4 million would be reserved for other staff incentives, in total representing approximately 26.4% of the net proceeds for R&D activities. Assuming everything else remains unchanged, the increase in the basic salaries of our existing R&D staff and the increase in the number of staff, as amortised, will reduce our profit by approximately RMB2.3 million and RMB5.0 million in 2013 and 2014, respectively;

FUTURE PLANS AND USE OF PROCEEDS

- approximately 20% of the net proceeds for R&D activities will be used on researches on future technologies that can be of commercial benefit to our Group, whether on our own effort or by collaboration with others;
- approximately 15% of the net proceeds for R&D activities will be used to purchase software licences from third party vendors for R&D purposes over the next three years. These software products include basic software modules or technologies which are to be incorporated into our own software products. We would purchase such software products when we consider it more efficient to purchase than develop these software on our own. We expect to spend not less than RMB4.8 million per annum in such third-party software licences over the next three years;
- approximately 10% of the net proceeds for R&D activities will be used to enhance the knowledge and skills of our R&D members by enrolling them in continuous learning programmes (such as EMBA programmes and exchange programmes with major software firms) and hiring consultants to provide training courses; and
- approximately 10% of the net proceeds for R&D activities will be used to purchase computer equipment (such as back-up servers), software and testing platforms for R&D purposes to perform more complex and advanced computation and to meet the needs of our enlarged R&D force.

With our R&D efforts, we intend to complete the R&D of 15 to 20 new software products over the next two years;

- (b) approximately HK\$65.6 million (equivalent to approximately RMB52.6 million which account for approximately 21.9% of the total estimated net proceeds) will be used as reserve for potential mergers and acquisitions in the future. As at the Latest Practicable Date, we were not in negotiation with any specific acquisition targets and had not identified any such targets;
- (c) approximately HK\$74.0 million (equivalent to approximately RMB59.3 million which account for approximately 24.6% of the total estimated net proceeds) will be used for repayment of bank facilities utilised by Infotech Holdings of approximately US\$9.5 million. The proceeds of the loans had mainly been used (i) as to approximately US\$6.1 million for paying the dividend declared to Sinosoft UK on 31 December 2008 and were fully paid by 31 October 2011; and (ii) as to approximately US\$1.7 million for paying the expenses related to the Listing. Such bank loans were secured by our Group's pledged bank deposits. See the section headed "Financial information — Indebtedness — Borrowings" for further details of the facilities.

FUTURE PLANS AND USE OF PROCEEDS

- (d) approximately HK\$14.8 million (equivalent to approximately RMB11.9 million which account for approximately 4.9% of the total estimated net proceeds) will be used for purchase of computer equipment and other ancillary software, mainly for administrative purpose, such as computer, laptop and our server and relevant software to be used;
- (e) approximately HK\$14.8 million (equivalent to approximately RMB11.9 million which account for approximately 4.9% of the total estimated net proceeds) will be used for the marketing of our products and services and the promotion of our Group. We intend to strengthen our marketing effort outside Jiangsu and to increase the number of sales personnel. We intend to actively participate in more business-related exhibitions and conferences in the future; and
- (f) approximately HK\$10.9 million (equivalent to approximately RMB8.7 million which account for approximately 3.6% of the total estimated net proceeds) will be used for our working capital requirements and general corporate purposes.

If the Offer Price is set at the high-end or low-end of the indicative Offer Price range, the net proceeds of the Global Offering (excluding net proceeds from the sale of the Sale Shares and assuming that the Over-allotment Option is not exercised) will increase or decrease by approximately HK\$33.9 million, respectively.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering Offer will increase to approximately HK\$359.6 million, assuming an Offer Price of HK\$1.36 per Offer Share, being the mid-point of the indicative Offer Price range. If the Offer Price is set at the high-end or low-end of the indicative Offer Price range, the net proceeds from the Global Offering (excluding the net proceeds from the sale of the Sale Shares and including the net proceeds from the exercise of the Over-allotment Option) will increase or decrease by approximately HK\$40.1 million, respectively.

Pending the use of the net proceeds from the Global Offering for the purposes set out above and/or if we are unable to effect any part of our future development plans as intended, we intend to hold such funds in short-term deposits with licensed banks and authorised financial institutions in Hong Kong and/or the PRC for so long as we consider that it would be in our best interests to do so. We will disclose the same in the relevant annual report.

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we will allocate such additional proceeds pro-rata for the purpose listed in paragraphs (a), (b), (d), (e) and (f) above, but the amount allocated for repayment of bank loans as stated in paragraph (c) above (approximately HK\$74.0 million (equivalent to approximately RMB59.3 million)) is fixed and will not be subject to any adjustment even if the net proceeds from the Global Offering are more or less than expected.

We estimate that the Selling Shareholder will receive net proceeds of approximately HK\$66.0 million (equivalent to approximately RMB52.9 million), assuming an Offer Price of

FUTURE PLANS AND USE OF PROCEEDS

HK\$1.36 per Offer Share and after deduction of underwriting fees and commissions (assuming the full payment of discretionary fee) and estimated expenses payable by the Selling Shareholder in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the net proceeds of the Global Offering from the sale of the Sale Shares by the Selling Shareholder.

Our Group has adopted the following internal control measures to monitor the use of proceeds from the Global Offering:

- a) The executive Directors will be responsible for the execution of the future plans and the use of the net proceeds from the Global Offering. In executing the future plans, the executive Directors will prepare a proposal on the application of such sum. Such proposal will be reviewed and approved by the independent non-executive Directors who will ensure the use of the net proceeds is consistent with the disclosure in this prospectus;
- b) the executive Directors will prepare a monthly summary on the use of proceeds, including the reconciliation between the unused net proceeds and the bank balances, for review by the Board and the compliance adviser of our Company;
- c) any proposed change in the use of net proceeds after the Listing shall be approved by the Board, and the Board will consult with the compliance adviser of our Company prior to making such decision;
- d) our Company will make announcements to the public regarding any change in the use of net proceeds in accordance with the Listing Rules; and
- e) to the extent that the net proceeds are not immediately required for the disclosed purposes or if we are unable to implement any part of our future development plans as intended, our Company may hold such funds in short-terms Hong Kong dollar and/or Renminbi deposits with licensed banks and/or authorised financial institutions in Hong Kong and/or the PRC for so long as it is in the best interest of our Group and the Shareholders as a whole.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
CMB International Capital Limited
RHB OSK Securities Hong Kong Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions set out in this prospectus and the Application Forms.

Subject to, among other conditions, the Listing Committee granting its approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering or otherwise described in this prospectus and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions set out in this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for the Public Offer Shares are subject to termination. The Joint Global Coordinators (on behalf of all the Public Offer Underwriters) shall have the absolute right by notice in writing to our

UNDERWRITING

Company to terminate the Public Offer Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

- (a) there has come to the attention of the Joint Global Coordinators or any of the Public Offer Underwriters:
 - (i) any matter or event showing any of the representations, warranties, agreements and undertakings contained in the Public Offer Underwriting Agreement given by, among others, our Company to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the representations, warranties, agreements or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Joint Global Coordinators and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Joint Global Coordinators, to be material in the context of the Global Offering; or
 - (ii) any statement contained in this prospectus, the Application Forms, the formal notice and any announcements issued by our Company in connection with the Public Offer (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any material respect which is considered, in the sole and absolute opinion of the Joint Global Coordinators, to be material in the context of the Global Offering; or
 - (iii) any material event, series of events, matters or circumstances occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offering Underwriting Agreement, would have rendered any of the representations, warranties, agreement or undertakings contained in the Public Offer Underwriting agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Joint Global Coordinators to be material in the context of the Global Offering; or
 - (iv) any material matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole opinion of the Joint Global Coordinators, a material omission in the context of the Global Offering; or

UNDERWRITING

- (v) any breach by any party to the Public Offer Underwriting Agreement (other than the Joint Global Coordinators and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Joint Global Coordinators, is material;

- (b) there shall have developed, occurred, existed, or come into effect any material event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
 - (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the Cayman Islands, Singapore, the United States, Canada, the United Kingdom or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group; or

 - (ii) any change in, or any event or series of events or development resulting or likely to result in any material change in the local, regional or international financial, equity securities, currency, political, military, industrial economic, stock market or other market conditions or prospects in or affecting Hong Kong, the PRC, the Cayman Islands, Singapore, the United States, Canada, the United Kingdom or any of the jurisdictions relevant to the business and/or operation of our Group; or

 - (iii) any change in system under which the value of the Hong Kong dollars or Renminbi is linked to that of the US dollars; or

 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or

 - (v) any change or development involving a prospective material change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the PRC, the Cayman Islands, Singapore, the United States, Canada, the United Kingdom or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law, rule, or regulation to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group; or

UNDERWRITING

- (vi) any material change or prospective material change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the United States or any other country or organisation in Hong Kong, the PRC or any other jurisdictions relevant to the business and/or operation of our Group; or
- (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the PRC, Hong Kong or any other jurisdictions relevant to the business and/or operation of our Group; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or
- (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting Hong Kong, the PRC, the United States, Canada, the United Kingdom, or any other jurisdiction relevant to the business and/or operation of our Group; or
- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) any material litigation or claim of material importance of any third party being instigated or threatened against any member of our Group;

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which, in the sole and absolute opinion of the Joint Global Coordinators:

- (1) is or will be, or is likely to be, material adverse to the business, financial or other condition or prospects of our Group taken as a whole or any member of our Group; or
- (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (3) makes it impracticable, inadvisable or inexpedient for the Public Offer Underwriters to proceed with the Public Offer as a whole.

For the above purpose:

- (a) a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions with reference to paragraph (b)(ii) above; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Lock-up undertakings to the Public Offer Underwriters

Undertakings by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to the Joint Global Coordinators (on behalf of all the Public Offer Underwriters) that, and the Controlling Shareholders have undertaken to the Joint Global Coordinators (on behalf of all the Public Offer Underwriters) to procure that:

- (a) except for the issue of Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option), the Capitalisation Issue, the grant of options under the Share Option Scheme and the issue of Shares on exercise thereof or as otherwise with the Joint Global Coordinators' prior written consent, and unless in compliance with the Listing Rules, our Company will not, and will procure none of our Subsidiaries, will, at any time after the date of this prospectus up to and including the date falling six months from the Listing Date (the "**First Six-month Period**");
 - (i) offer, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or, as applicable to

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our subsidiaries only, any of its share capital, debt capital or any securities of our Company or any of its subsidiaries or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or securities or interest therein, as applicable); or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or interest therein as described in paragraph (i) above; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or
 - (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i), (ii) or (iii) above, whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise; and
- (b) in the event of our Company entering into or agreeing to enter into any of the foregoing transactions in respect of any Share or other securities of our Company or any of its subsidiaries or any interest therein by virtue of the aforesaid exceptions or during the six-month period commencing from the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), we will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to the Joint Global Coordinators (on behalf of all the Public Offer Underwriters) that:

- (a) save as pursuant to the Stock Borrowing Agreement and/or the Share Option Scheme, he/she/it will not, and will procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it will not, without the Joint Global Coordinators’ prior written consent and unless in compliance with the Listing Rules, at any time during the First Six-Month Period (i) offer, accept subscription for, sell, pledge, mortgage, charge (other than any pledge or charge of the Company’s issued share capital after the consummation of the Global Offering (assuming the Over-allotment Option is not exercised) in favour of an authorised instruction as defined in the Banking Ordinance (Cap 155 of the laws of Hong Kong) for a bona fide commercial loan), contract to sell, sell any option or contract to purchase, purchase any option

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or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital of our Company or any securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein; or (iii) enter or agree to enter into, conditionally or unconditionally, or effect any transaction with the same economic effect as any of the transactions referred to in (i) or (ii) above; or (iv) agree or contract to, or publicly announce any intention to enter into or effect any of the transactions referred to in (i), (ii) or (iii) above, whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;

- (b) he/she/it will not, at any time during the Second Six-Month Period, enter into any of the foregoing transactions in paragraph (a)(i), (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it will cease to be a controlling shareholder (as such term is defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be, or regarded as, controlling shareholders (as such term is defined in the Listing Rules) of our Company;
- (c) until expiry of the Second Six-Month Period, in the event that he/she/it enters into any such transactions in paragraph (a)(i), (ii) or (iii) above or agrees or contracts to or publicly announces an intention to enter into any such transactions by virtue of the aforesaid exceptions, he/she/it will take all reasonable steps to ensure that such action will not create a disorderly or false market in the Shares or other securities of our Company; and
- (d) he/she/it will comply with the requirements of Rule 10.07(1) and Note (3) to Rule 10.07(2) of the Listing Rules (including procuring our Company to comply with the requirements under Note (3) of Rule 10.07(2) of the Listing Rules), and comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder controlled by him/her/it and his/her/its associates and companies controlled by him/her/it of any Shares or other securities of our Company.

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Each of the Controlling Shareholders has jointly and severally undertaken to the Joint Global Coordinators (on behalf of all the Public Offer Underwriters) that at any time during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling twelve months from the Listing Date, he/she/it will:

- (i) when he/she/it pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which he/she/it is the beneficial owner, immediately inform our Company and the Sole Sponsor in writing of any such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and
- (ii) when he/she/it receives any indication, whether verbal or written, from any such pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of any such indication.

Our Company has undertaken to the Sole Sponsor, and the Controlling Shareholders have undertaken to the Sole Sponsor that they will procure our Company to, inform the Stock Exchange as soon as our Company has been informed of the matters mentioned in paragraphs (i) and (ii) immediately above, and to make a public disclosure of such matters as soon as possible thereafter in accordance with the Listing Rules.

Lock-up undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Stock Borrowing Agreement, the Global Offering and the Over-allotment Option, he/she/it shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the First Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; and (ii) at any time during the Second Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

UNDERWRITING

Our Controlling Shareholders have further undertaken to us and the Stock Exchange that he/she/it will, within a period of commencing from the date of this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any shares or securities of our Company beneficially owned by any of our Controlling Shareholders, whether directly or indirectly, in favor of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, and the number of such shares or securities of our Company so pledged or charged; and
- (b) any indication received by him/her/it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company have undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the issue of Shares pursuant to the Share Option Scheme.

International Placing

In connection with the International Placing, it is expected that our Company, the Selling Shareholder and the Controlling Shareholders will enter into the International Placing Underwriting Agreement with, among others, the International Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below save that the Selling Shareholder will undertake not to dispose of its Shares within six months from the date of the International Placing Underwriting Agreement. Under the International Placing Underwriting Agreement, subject to the conditions set forth therein, the International Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the International Placing Shares initially being offered pursuant to the International Placing. It is expected that the International Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the International Placing Underwriting Agreement is not entered into, the Global Offering will not proceed. The International Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the International Placing Underwriting Agreement, our Company and the Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed "Lock-up undertakings to the Public Offer Underwriters" above in this section.

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Our Company is expected to grant to the Joint Global Coordinators the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Placing Underwriters at any time from the date of the Price Determination Date until 30 days after the last date for the lodging of applications under the Public Offer, to require our Company to allot and issue up to an aggregate of 45,000,000 additional Shares representing 15% of the Offer Shares initially offered under the Global Offering, at the same price per Offer Share under the International Placing to cover, among other things, over-allocations in the International Placing, if any, and/or the obligations of the Stabilising Manager to return Shares which it may borrow under the Stock Borrowing Agreement.

Commissions and expenses

The Public Offer Underwriters will, and the International Placing Underwriters are expected to, receive an underwriting commission at the rate of 3% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions. The Sole Sponsor will also receive a documentation fee. The underwriting commissions, documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Global Offering are estimated to amount to approximately HK\$39.7 million in total (based on the Offer Price of HK\$1.36 per Offer Share, being the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised), and are payable by our Company.

The Selling Shareholder will pay underwriting commission and brokerage fee, SFC transaction levy and Stock Exchange trading fee and any stamp or capital duty (if any) or premium duty (if any) in respect of the Sale Shares.

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor will receive a documentation fee. The Joint Global Coordinators and the other Underwriters will or are expected to receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission and expenses" above in this section.

Save as disclosed above, none of the Sole Sponsor and the other Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group or has any interest in the Global Offering.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Global Coordinators will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Public Offer as part of the Global Offering. CMB International and CICC Hong Kong Securities are the Joint Global Coordinators, and CICC Hong Kong Securities, CMB International and RHB OSK Securities are the Joint Bookrunners and Joint Lead Managers.

The Global Offering consists of (subject to re-allocation and the Over-allotment Option):

- the Public Offer of 30,000,000 New Shares (subject to re-allocation as mentioned below) in Hong Kong as described under the paragraph headed “The Public Offer” below in this section; and
- the International Placing of 270,000,000 Shares, comprising 220,000,000 New Shares and 50,000,000 Sale Shares (subject to re-allocation as mentioned below) outside the United States in reliance on Regulation S as described under the paragraph headed “The International Placing”.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the Offer Shares to professional, institutional and other investors outside the United States in reliance on Regulation S. The International Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Public Offer and the International Placing respectively may be subject to re-allocation as described in the paragraph headed “Pricing and allocation” below in this section.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK\$1.50 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Price payable on application

Applicants under the Public Offer must pay, on application, the maximum indicative Offer Price of HK\$1.50 per Public Offer Share plus 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of HK\$3,030.24 per board lot of 2,000 Shares. Each Application Form includes a table showing the exact amount payable on certain multiples of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK\$1.50, appropriate refund payments (including the brokerage fee, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. See the section headed “Further terms and conditions of the Public Offer — 8. Refund of application monies”.

Determining the Offer Price

The International Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around Wednesday, 3 July 2013.

The Offer Price is expected to be fixed by agreement between our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, 3 July 2013 and in any event, no later than 12:00 noon on Monday, 8 July 2013.

If, for any reason, our Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price at or before 12:00 noon on Monday, 8 July 2013, the Global Offering will not proceed and will lapse.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Global Coordinators (on behalf of the Underwriters) consider it appropriate and together with our consent, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

revision, as appropriate, of the offering statistics as currently set out in the section headed “Summary” and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants under the Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the indicative Offer Price range and/or number of Offer Shares is so reduced.

Allocation

The Shares to be offered in the Public Offer and the International Placing may, in certain circumstances, be re-allocated as between these offerings at the discretion of the Joint Global Coordinators.

Allocation of the Offer Shares pursuant to the International Placing will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Announcement of final Offer Price and basis of allocations

The applicable final Offer Price, the level of indications of interest in the International Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Monday, 8 July 2013 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** application forms, or by applying online through **HK eIPO White Form Service** (www.hkeipo.hk) and by giving **electronic application instructions** to HKSCC, will be made available through a variety of channels as described in the section headed “How to apply for Public Offer Shares — 9. Announcement of results of the Public Offer” in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be made available pursuant to the Capitalisation Issue, the exercise of the Over-allotment Option and any Shares which may fall to be issued upon the exercise of the options which may be granted under the Share Option Scheme);
- the Offer Price having been duly agreed on or around the Price Determination Date;
- the execution and delivery of the International Placing Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Underwriters under each of the International Placing Underwriting Agreement and the Public Offer Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of each of the Public Offer and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will cause to be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “Further terms and conditions of the Public Offer — 8. Refund of application monies” in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Share certificates for the Offer Shares are expected to be issued on Monday, 8 July 2013 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 9 July 2013, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination” in this prospectus has not been exercised.

THE PUBLIC OFFER

Number of Shares Initially Offered

Our Company is initially offering 30,000,000 Shares at the Offer Price, representing 10% of the Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 3% of the total issued share capital of our Company immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Public Offer” above in this section.

Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 15,000,000 Public Offer Shares and Pool B will comprise 15,000,000 Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 15,000,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Re-allocation

The allocation of Shares between the Public Offer and the International Placing is subject to adjustment. If the number of Shares validly applied for in the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Public Offer, the total number of Shares available under the Public Offer will be increased to 90,000,000, 120,000,000 and 150,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Shares allocated in the International Placing will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate, and such additional Shares will be allocated to Pool A and Pool B equally.

If the Public Offer Shares are not fully subscribed, the Joint Global Coordinators have the authority to re-allocate all or any unsubscribed Public Offer Shares to the International Placing, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered any Offer Shares under the International Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

THE INTERNATIONAL PLACING

Number of Offer Shares Offered

The number of Shares to be initially offered for subscription and sale under the International Placing will be 270,000,000 Shares, representing 90% of the Offer Shares initially available under the Global Offering. The International Placing is subject to the Public Offer being unconditional.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Allocation

Pursuant to the International Placing, the International Placing Underwriters will conditionally place the Shares with professional, institutional and other investors expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the “book-building” process described in the paragraph headed “Pricing and allocation” above in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

OVER-ALLOTMENT OPTION

Our Company intends to grant the Over-allotment Option to the International Placing Underwriters, exercisable at the discretion of the Joint Global Coordinators (on behalf of the International Placing Underwriters) within 30 days from the last day for the lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, the Joint Global Coordinators will have the right to require us to allot and issue up to an aggregate of 45,000,000 additional Shares, representing 15% of the initial number of Offer Shares, at the Offer Price, to cover over-allocations in the International Placing, if any, and/or the obligations of the Stabilising Manager to return Shares which it may borrow under the Stock Borrowing Agreement. If the Over-allotment Option is exercised in full, assuming an Offer Price of HK\$1.36 per Offer Share (being the mid-point of the indicative Offer Price range), our Company would receive additional net proceeds (after deducting commission and expenses attributable to the exercise of the Over-allotment Option) of approximately HK\$59.3 million. A press announcement will be made in the event that the Over-allotment Option is exercised.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 45,000,000 Shares from Long Capital pursuant to the Stock Borrowing Agreement, or acquire Shares from other sources, including exercising the Over-allotment Option.

STABILISATION AND OVER-ALLOTMENT

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, as stabilising manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely, 45,000,000 Shares, which is 15% of the number of Offer Shares initially available under the Global Offering.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of

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the Offer Price, and is expected to expire on the last business day immediately before the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Joint Global Coordinators may over-allocate up to and not more than an aggregate of 45,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Joint Global Coordinators on behalf of the International Placing Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Stabilising Manager may borrow up to 45,000,000 Shares from Long Capital, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 9 July 2013, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 9 July 2013. The Shares will be traded in board lots of 2,000 Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

METHODS OF APPLYING FOR THE PUBLIC OFFER SHARES

There are two ways to make an application for the Public Offer Shares. You may either (i) use a **YELLOW** or **WHITE** Application Form; or (ii) electronically instruct HKSCC to cause HKSCC Nominees or through the **HK eIPO White Form** service to cause to the **HK eIPO White Form** Service Provider to apply for the Public Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service.

1. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for Public Offer Shares if you or any person(s) for whose benefit you are applying are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- outside the United States; and
- are not a US person (as defined in Regulation S of US Securities Act).

If you wish to apply for Public Offer Shares online through the designated website at www.hkeipo.hk under the **HK eIPO White Form** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **HK eIPO White Form** service if you are an individual applicant. Corporations or joint applicants may not apply by means of the **HK eIPO White Form** service.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If an application is made by a person duly authorised under a valid power of attorney, the Joint Global Coordinators (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

Our Company and the Joint Global Coordinators, in their capacity as our Company's agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Public Offer Shares are not available to existing beneficial owners of Shares, our Directors, or chief executive or their respective associates or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become connected persons of our Company immediately upon completion of the Global Offering.

You should also note that you may apply for Shares under the Public Offer or indicate an interest for shares under the International Placing, but may not do both.

2. APPLYING BY USING AN APPLICATION FORM

- Use a **WHITE** Application Form if you want the Shares issued in your own name;
- Use a **YELLOW** Application Form if you want the Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account; or

3. WHERE TO COLLECT THIS PROSPECTUS AND APPLICATION FORMS

You can collect a **WHITE** Application Form and this prospectus from:

- Any of the following addresses of the Public Offer Underwriters;

CMB International Capital Limited at Units 1803-4, 18th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong

China International Capital Corporation Hong Kong Securities Limited at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

RHB OSK Securities Hong Kong Limited at 12th Floor, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

- any of the branches of the following receiving banks:

(a) Wing Lung Bank Limited

District	Branch	Address
Hong Kong Island	Head Office	45 Des Voeux Road Central
	Johnston Road Branch	118 Johnston Road
	Kennedy Town Branch	28 Catchick Street
	Aberdeen Branch	201 Aberdeen Main Road
Kowloon	Mongkok Branch	B/F Wing Lung Bank Centre, 636 Nathan Road
	Tsim Sha Tsui Branch	4 Carnarvon Road
	Lam Tin Sceneway Plaza Branch	Shop 59, 3/F Sceneway Plaza, 8 Sceneway Road, Lam Tin
	To Kwa Wan Branch	64 To Kwa Wan Road
New Territories	Shatin Plaza Branch	21 Shatin Centre Street
	Tsuen Wan Branch	251 Sha Tsui Road

(b) Bank of Communications Co., Ltd. Hong Kong Branch

District	Branch	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Quarry Bay Sub-Branch	G/F., 981 C, King's Road, Quarry Bay
	Chaiwan Sub-Branch	G/F., 121-121A Wan Tsui Road, Chaiwan
	North Point Sub-Branch	442-444 King's Road, North Point
Kowloon	Wanchai Sub-Branch	G/F., 32-34 Johnston Road
	Mongkok Sub-Branch	Shops A & B, G/F., Hua Chiao Commercial Centre, 678 Nathan Road
	Cheung Sha Wan Plaza Sub-Branch	Unit G04, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
	Tsimshatsui Sub-Branch	Shop 1-3, G/F., 22-28 Mody Road, Tsimshatsui
New Territories	Shatin Sub-Branch	Shop No.193, Level 3, Lucky Plaza, Shatin
	Sha Tsui Road Sub-Branch	122-124 Sha Tsui Road, Tsuen Wan

HOW TO APPLY FOR PUBLIC OFFER SHARES

Prospectuses and Application Forms will be available for collection at the above places during the following times:

Thursday, 27 June 2013 — 9:00 a.m. to 5:00 p.m.

Friday, 28 June 2013 — 9:00 a.m. to 5:00 p.m.

Saturday, 29 June 2013 — 9:00 a.m. to 1:00 p.m.

Tuesday, 2 July 2013 — 9:00 a.m. to 5:00 p.m.

Wednesday, 3 July 2013 — 9:00 a.m. to 12:00 noon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 27 June 2013 till 12:00 noon on Wednesday, 3 July 2013 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
- your stockbroker who may also have Application Forms and this prospectus available.

4. HOW TO COMPLETE THE APPLICATION FORMS

- (a) Obtain an Application Form as described in the paragraph headed “3. Where to collect this prospectus and Application Forms” above in this section.
- (b) Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker’s cashier order(s) to you (or the first named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.
- (c) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker’s cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker’s cashier order does not meet the requirements set out on the Application Form.
- (d) Lodge the Application Form in one of the collection boxes by the time and at one of the locations, as respectively referred to in sub-paragraph (a) of the paragraph headed “6. When may applications be made” below in this section.
- (e) You should note that by signing on the Application Form:
 - (i) you confirm that you have only relied on the information and representations in this prospectus and the Application Form in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) you agree that our Company, our Directors, the Joint Global Coordinators, the Underwriters and other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;
- (iii) you undertake and confirm that you (if the application is made for your benefit), or the person(s) for whose benefit you have made the application, have not indicated an interest for, applied for or taken up any of the International Placing Shares; and
- (iv) you agree to disclose to our Company, the Hong Kong branch share registrar of our Company, the receiving bankers, the Joint Global Coordinators and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application.

In order for an application made on a **YELLOW** Application Form to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(i) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

- (A) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.

(ii) If the application is made by an individual CCASS Investor Participant:

- (A) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and
- (B) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

- (A) the Application Form must contain all joint CCASS Investor Participants' names and Hong Kong identity card numbers; and
- (B) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

- (A) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and

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(B) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked “For nominees” account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorised attorney, our Company and the Joint Global Coordinators as its agent may accept it at our discretion, and subject to any conditions our Company thinks fit, including evidence of the authority of your attorney.

Our Company and the Joint Global Coordinators in its capacity as its agent will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

5. (I) APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) General

CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf. You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company, the Joint Global Coordinators and the Hong Kong branch share registrar of our Company.

(b) Application for Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Public Offer Shares:

- (a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (b) HKSCC Nominees does the following on behalf of each such person:
 - (i) agrees that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
 - (ii) undertakes and agrees to accept the Public Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
 - (iii) undertakes and confirms that that person has not indicated an interest for, applied for or taken up any Offer Shares under the International Placing nor otherwise participated in the International Placing;
 - (iv) (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;
 - (v) (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
 - (vi) understands that the above declaration will be relied upon by our Company, our Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Public Offer Shares in respect of the **electronic application instructions** given by that person and that person may be prosecuted if he makes a false declaration;

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- (vii) authorises our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Public Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
- (viii) confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- (ix) confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations save as set out in any supplement to this prospectus, and that person agrees that neither our Company, our Directors, the Joint Global Coordinators, the Underwriters or any of the parties involved in the Global Offering will have any liability for any such other information or representation;
- (x) agrees that our Company, the Joint Global Coordinators, the Underwriters and any of their respective directors, officers, employees, partners, agents or advisers are liable only for the information and representations contained in this prospectus and any supplement thereto;
- (xi) agrees to disclose that person's personal data to our Company, the Hong Kong branch share registrar of our Company, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents and any information which they may require about that person for whose benefit the application is made;
- (xii) agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;
- (xiii) agrees that any application made by HKSCC Nominees on behalf of that person pursuant to the **electronic application instructions** given by that person is irrevocable before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before until the expiration of the fifth day after the opening of the application lists, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which

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is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- (xiv) agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by our Company;
- (xv) agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Public Offer Shares;
- (xvi) agrees with our Company, for ourselves and for the benefit of each of the Shareholders (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Cayman Islands Companies Law, the Companies Ordinance and the Articles of Association; and
- (xvii) agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

(c) **Effect of giving electronic application instructions to HKSCC**

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, and the related brokerage fee, the SFC transaction levy, and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Offer Share paid on application, refund of the application monies (in each case including brokerage fee, the SFC transaction levy, and the Stock Exchange trading fee) by crediting your designated bank account; and

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- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

(d) **Minimum Subscription Amount and Permitted Multiples**

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions in respect of a minimum of 2,000 Public Offer Shares. Each electronic application instruction in respect of more than 2,000 Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms. No application for any other number or multiples of Public Offer Shares will be considered and any such application is liable to be rejected.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

(e) **Allocation of Public Offer Shares**

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instruction is given will be treated as an applicant.

(f) **Section 40 of the Companies Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

(g) **Personal Data**

The section headed “Personal data” in the Application Forms applies to any personal data held by our Company, the Hong Kong branch share registrar of our Company, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

(h) **Warning**

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Joint Global Coordinators and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the Systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either:

- (i) submit a **WHITE** or **YELLOW** Application Form; or
- (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 3 July 2013, or such later time as described under the paragraph headed "6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists" below in this section.

(II) APPLYING THROUGH HK eIPO WHITE FORM

- (a) If you are an individual and meet the criteria set out above in the section headed "How to apply for Public Offer Shares — 1. Who can apply for the Public Offer Shares", you may apply under the **HK eIPO White Form** service by submitting an application to the **HK eIPO White Form** Service Provider at the designated website at www.hkeipo.hk. If you apply under the **HK eIPO White Form** service, the Shares will be issued in your own name.
- (b) Detailed instructions for application through the **HK eIPO White Form** service are set out in the designated website at www.hkeipo.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the **HK eIPO White Form** Service Provider and may not be submitted to our Company.
- (c) In addition to the terms and conditions set out in this prospectus, the **HK eIPO White Form** Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at www.hkeipo.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.
- (d) By submitting an application to the **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service, you are deemed to have authorised the **HK eIPO White Form** Service Provider to transfer the details of your application to our Company and the Hong Kong branch share registrar of our Company.
- (e) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each application instruction in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.hkeipo.hk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (f) You should apply through the **HK eIPO White Form** service at the times set out the paragraph headed “6. When may applications be made” below in this section.
- (g) You should make payment for your application made by **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at www.hkeipo.hk. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Wednesday, 3 July 2013, or such later time as described under the paragraph headed “6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists” below, the **HK eIPO White Form** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.hkeipo.hk.
- (h) Once you have completed payment in respect of any application instruction given by you or for your benefit to the designated **HK eIPO White Form** Service Provider, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.
- (i) for applicants applying through the **HK eIPO White Form** service by paying the application monies through a single bank account and applicant’s application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant’s application, e-Auto Refund payment instructions (if any) will be despatched to application payment bank account on or around Monday, 8 July 2013; and/or
- (j) for applicants applying through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts and applicant’s application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant’s application, refund cheque(s) will be sent to the address specified in applicant’s application instructions to the designated **HK eIPO White Form** Service Provider on or around Monday, 8 July 2013, by ordinary post and at applicant’s own risk.
- (k) **Warning:** The application for Public Offer Shares through the **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Our Company, our Directors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **HK eIPO White Form** service will be submitted to our Company or that you will be allotted any Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the HK eIPO White Form service, you are advised not to wait until the last day for submitting applications in the Public Offer to submit your application instructions. In the event that you have problems connecting to the designated website for the HK eIPO White Form service, you should submit a **WHITE** Application Form. However, once you have submitted the application instruction and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit another application. See the paragraph headed “7. How many applications may be made” below in this section.

6. WHEN MAY APPLICATIONS BE MADE

(a) Applications on **WHITE** or **YELLOW** Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of the receiving bankers listed under the section headed “How to apply for Public Offer Shares — 3. Where to collect this prospectus and Application Forms” above at the following times:

Thursday, 27 June 2013 — 9:00 a.m. to 5:00 p.m.

Friday, 28 June 2013 — 9:00 a.m. to 5:00 p.m.

Saturday, 29 June 2013 — 9:00 a.m. to 1:00 p.m.

Tuesday, 2 July 2013 — 9:00 a.m. to 5:00 p.m.

Wednesday, 3 July 2013 — 9:00 a.m. to 12:00 noon

Completed **WHITE** and **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, 3 July 2013, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed “6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists” below in this section.

(b) Electronic Application Instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants should input **electronic application instructions** at the following times on the following dates:

Thursday, 27 June 2013 — 9:00 a.m. to 8:30 p.m.⁽¹⁾

Friday, 28 June 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾

Saturday, 29 June 2013 — 8:00 a.m. to 1:00 p.m.⁽¹⁾

Tuesday, 2 July 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾

Wednesday, 3 July 2013 — 8:00 a.m. to 12:00 noon⁽¹⁾

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

HOW TO APPLY FOR PUBLIC OFFER SHARES

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, 27 June 2013 until 12:00 noon on Wednesday, 3 July 2013 (24 hours daily, except the last application day).

The latest time for inputting electronic application instructions will be 12:00 noon on Wednesday, 3 July 2013, the last application day, or if the application lists are not open on that day, by the time and date stated in the paragraph headed “6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists” below in this section.

(c) Applying online through HK eIPO White Form Service Provider under HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk from 9:00 a.m. on Thursday, 27 June 2013 until 11:30 a.m. on Wednesday, 3 July 2013 or such later time as described under the paragraph headed “6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists” below in this section (24 hours daily, except on the last application day).

The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 3 July 2013, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed “6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists” below in this section.

You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(d) Application lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 3 July 2013, except as provided in the paragraph headed “6. When may applications be made — (e) Effect of bad weather conditions on the opening of the application lists” below in this section.

Applicants should note that cheques or banker’s cashier orders will not be presented for payment before the closing of the application lists but may be presented at any time thereafter.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(e) Effect of bad weather conditions on the opening of the application lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 3 July 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

7. HOW MANY APPLICATIONS MAY BE MADE

Multiple applications or suspect multiple applications are liable to be rejected.

You may make more than one application for the Public Offer Shares only in the following circumstances:

- (a) **if you are a nominee**, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code

for **each** beneficial owner. If you do not include this information, the application will be treated as being for your benefit.

Otherwise, multiple applications are not allowed.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

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For further information, please see the section headed “Further terms and conditions of the Public Offer — 5. Multiple applications” in this prospectus.

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK\$1.50 per Offer Share. You must also pay brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for every board lot of 2,000 Public Offer Shares, you will pay HK\$3,030.24. The Application Forms have tables showing the exact amount payable for certain multiples of Public Offer Shares up to 15,000,000 Public Offer Shares.

9. ANNOUNCEMENT OF RESULTS OF THE PUBLIC OFFER

Our Company expects to publish the announcement on the level of applications in the Public Offer, the level of indications of interest in the International Placing and the basis of allotment of the Public Offer Shares and the Offer Price in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company at www.sinosoft-technology.com and on the website of the Stock Exchange at www.hkexnews.hk on Monday, 8 July 2013. Results of allocations in the Public Offer, including the Hong Kong Identity Card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of Public Offer Shares successfully applied for under **WHITE** Application Forms, or **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (www.hkeipo.hk) will be made available at the times and dates and in the manner specified below:

- results of allocations in the Public Offer can be found in our announcement to be posted on our Company’s website at www.sinosoft-technology.com on Monday, 8 July 2013;
- results of allocations in the Public Offer will be available from the Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 8 July 2013 to Thursday, 11 July 2013;
- results of allocations in the Public Offer will be available from our designated results of allocations website at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Monday, 8 July 2013 to 12:00 midnight on Friday, 12 July 2013. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its Application Form to search for his/her/its own allocation result;

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- results of allocations in the Public Offer can be found on the website of the Stock Exchange at www.hkexnews.hk on Monday, 8 July 2013;
- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Monday, 8 July 2013 to Wednesday, 10 July 2013 at all the receiving bank branches and sub-branches at the addresses set out in the paragraph headed “3. Where to collect this prospectus and Application Forms” above in this section.

10. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage fee, SFC transaction levy, and Stock Exchange trading fee thereon) paid on application, or if the conditions of the Global Offering are not fulfilled in accordance with the section headed “Structure and conditions of the Global Offering — Conditions of the Public Offer” or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy, and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Public Offer Shares issued to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form, subject as mentioned below, in due course, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form or given via online application:

- (a) (i) share certificate(s) for all the Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful (except for wholly successful and partially successful applicants on **YELLOW** Application Forms whose share certificates will be deposited into CCASS as described below); and/or
- (b) refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly

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unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application, in each case including related brokerage fee at the rate of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% but without interest.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Subject as mentioned below, refund cheque for surplus application monies (if any) in respect of wholly and partially unsuccessful applications under **WHITE** or **YELLOW** Application Forms and share certificates for successful applicants under **WHITE** Application Forms or through **HK eIPO White Form** service are expected to be posted on or before Monday, 8 July 2013. The right is reserved to retain any share certificates and any surplus application monies pending clearance of cheque(s).

If you apply by giving **electronic application instructions** to HKSCC, and your application is wholly or partially successful:

- (a) your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Monday, 8 July 2013 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees; and
- (b) refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Public Offer Share paid on application, in each case including the related brokerage fee of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 8 July 2013. No interest will be paid thereon.

If you apply using a WHITE Application Form:

If you have applied for 1,000,000 Public Offer Shares or more and you have elected on your **WHITE** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong branch share registrar of our Company, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28

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Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 8 July 2013. If you are an individual, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your company chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your refund cheque(s) and share certificate(s) within the time period specified for collection, they will be despatched thereafter to you by ordinary post to the address as specified in your Application Form at your own risk.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Forms that you will collect your share certificate(s) and/or refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Global Offering — Conditions of the Public Offer" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, Stock Exchange trading fee, and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Monday, 8 July 2013 by ordinary post and at your own risk.

If you apply using a YELLOW Application Form:

If you apply for Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Monday, 8 July 2013, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer on Monday, 8 July 2013 in the manner described in the paragraph headed "9. Announcement of results of the Public Offer" above in this section. You should check the results published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 8 July 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you

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can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Forms that you will collect your refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Public Offer Shares and if your application is rejected, not accepted or accepted in part only, or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Global Offering — Conditions of the Public Offer" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate portion thereof, together with the related brokerage fee, Stock Exchange trading fee, SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Monday, 8 July 2013 by ordinary post and at your own risk.

If you apply through HKSCC Nominees:

If you apply by giving **electronic application instructions** through HKSCC Nominees, our Company will publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company shall include information relating to the beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the newspapers on Monday, 8 July 2013. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 8 July 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 8 July 2013. Immediately following the credit of the Public Offer Shares to your stock

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account and the credit of the refund monies to your bank account, HKSCC will make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

If you apply through HK eIPO White Form:

If you apply for 1,000,000 Public Offer Shares or more under the **HK eIPO White Form** service by applying online through the **HK eIPO White Form** Service Provider at designated website at www.hkeipo.hk and your application is wholly or partially successful, you may collect your share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 8 July 2013, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/refund cheques.

If you do not collect your share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the **HK eIPO White Form** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the **HK eIPO White Form** Service Provider on Monday, 8 July 2013 by ordinary post and at your own risk.

Please also note that the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the **HK eIPO White Form** Service Provider set out in the section headed "Further terms and conditions of the Public Offer — 10. Additional information for applicants applying through **HK eIPO White Form**" in this prospectus.

11. REFUND OF APPLICATION MONIES

If you do not receive any Public Offer Shares for any reason, our Company will refund your application monies, including related brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies (including the related brokerage fee of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%) without interest.

If the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage fee, SFC transaction levy, and Stock Exchange trading fee thereon) paid on application, our Company will refund to you the surplus application monies, together with the related brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

HOW TO APPLY FOR PUBLIC OFFER SHARES

All such interest accrued prior to the date of despatch of refund will be retained for our benefit.

In a contingency situation involving a substantial over-application, at the discretion of our Company and the Joint Global Coordinators, cheques for applications made on Application Forms for certain small denominations of Public Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) is expected to be made on Monday, 8 July 2013 in accordance with the various arrangements as described above.

12. SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

13. COMMENCEMENT OF DEALINGS IN THE SHARES

- Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Tuesday, 9 July 2013.
- The Shares will be traded in board lots of 2,000 Shares.

FURTHER TERMS AND CONDITIONS OF THE PUBLIC OFFER

1. GENERAL

- (a) If you apply for Public Offer Shares in the Public Offer, you will be agreeing with our Company and the Joint Global Coordinators (on behalf of the Public Offer Underwriters) as set out below.
- (b) If you **give electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for Public Offer Shares on your behalf, you will have authorised HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.
- (c) In this section, references to “you”, “applicants”, “joint applicants” and other like references shall, if the context so permits, include references to both nominees and principals on whose behalf HKSCC Nominees is applying for Public Offer Shares, and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC.
- (d) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the Application Forms or imposed by HKSCC prior to making any application for Public Offer Shares.

2. OFFER TO PURCHASE THE PUBLIC OFFER SHARES

- (a) You offer to purchase from our Company at the Offer Price the number of the Public Offer Shares indicated in your Application Form or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus, the relevant Application Form and the additional information provided by the **HK eIPO White Form** Service Provider on the designated website at www.hkeipo.hk for the **HK eIPO White Form** service.
- (b) For applicants using Application Forms or through **HK eIPO White Form** service, a refund cheque in respect of the surplus application monies (if any) representing the Public Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable thereto), is expected to be sent to you at your own risk to the address stated on your Application Form on or before Monday, 8 July 2013.

FURTHER TERMS AND CONDITIONS OF THE PUBLIC OFFER

Details of the procedure for refunds relating to each of the Public Offer methods are contained below in the sections headed “Further terms and conditions of the Public Offer — 7. If your application for Public Offer Shares is successful (in whole or in part)”, “Further terms and conditions of the Public Offer — 8. Refund of application monies” and “Further terms and conditions of the Public Offer — 9. Additional information for applicants applying by giving **electronic application instructions** to HKSCC”.

- (c) Any application may be rejected in whole or in part.
- (d) Applicants under the Public Offer should note that in no circumstances (save for those provided under section 40 of the Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

3. ACCEPTANCE OF YOUR OFFER

- (a) The Public Offer Shares will be allocated after the application lists close. Our Company expects to announce the final number of Public Offer Shares, the level of applications under the Public Offer and the basis of allocations of the Public Offer Shares in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Monday, 8 July 2013.
- (b) The results of allocations of the Public Offer Shares under the Public Offer, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Public Offer Shares successfully applied for, will be made available on Monday, 8 July 2013 in the manner described in the section headed “How to apply for Public Offer Shares — 9. Announcement of results of the Public Offer” in this prospectus.
- (c) Our Company may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.
- (d) If our Company accepts your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Public Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Global Offering” in this prospectus.

FURTHER TERMS AND CONDITIONS OF THE PUBLIC OFFER

- (e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

4. EFFECT OF MAKING ANY APPLICATION

- (a) By completing and submitting any Application Form, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:
- instruct and authorise our Company, the Joint Global Coordinators and the Underwriters (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Public Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;
 - undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares allocated to you, and as required by the Articles of Association;
 - represent, warrant and undertake that you understand that the Public Offer Shares have not been and will not be registered under the US Securities Act and you are outside the United States when completing the Application Form and are not a US person (as defined in Regulation S of the US Securities Act);
 - confirm that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and not on any other information or representation save as set out in any supplement to this prospectus;
 - agree that our Company, the Joint Global Coordinators, the Underwriters and any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;
 - without prejudice to any other rights which you may have, agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation and you may not revoke it other than as provided in this prospectus;

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- if the application is made for your own benefit, warrant that the application is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** Service;
- if the application is made by an agent on your behalf, warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;
- if you are an agent for another person, warrant that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service and that you are duly authorised to sign the Application Form as that other person's agent;
- undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any of the International Placing Shares, nor otherwise participate in the International Placing;
- warrant the truth and accuracy of the information contained in your application;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- undertake and agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- authorise our Company to place your name(s) or HKSCC Nominees, as the case may be, on its register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post at your own risk to the address stated on your Application Form (except that if you have applied for 1,000,000 Public Offer Shares or more and have indicated in your Application Form you will collect your share certificates and refund cheque (where applicable) in person);
- agree to disclose to our Company, the Hong Kong branch share registrar of our Company, the receiving bankers, the Joint Global Coordinators, the Underwriters and their respective advisers and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application;

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- understand that these declarations and representations will be relied upon by our Company, the Joint Global Coordinators and the Underwriters in deciding whether or not to allocate any Public Offer Shares in response to your application;
 - if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators and the Public Offer Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;
 - agree with our Company and each Shareholder, and our Company agrees with each of the Shareholders, to observe and comply with the Cayman Islands Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;
 - agree that the processing of your application, including the despatch of refund cheque(s) (if any), may be done by the receiving bankers;
 - agree with our Company and each Shareholder that the Public Offer Shares are freely transferable by the holders thereof; and
 - authorise our Company to enter into a contract on your behalf with each Director and our officer whereby such Directors and officers undertake to observe and comply with their obligations to Shareholders stipulated in the Articles.
- (b) If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) agree that:
- any Public Offer Shares allotted to you shall be issued in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your election on the Application Form;
 - each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Public Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Public Offer Shares for deposit into CCASS; (2) to cause such allotted Public Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are joint applicants, to the

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name of the first-named applicant) at your own risk and costs; and (3) to cause such allotted Public Offer Shares to be issued in your name (or, if you are joint applicants, in the name of the first-named applicant) and in such a case, to post the share certificates for such allotted Public Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Public Offer Shares issued in the name of HKSCC Nominees;
 - neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
 - neither HKSCC nor HKSCC Nominees shall be liable to you in any way.
- (c) In addition, by giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:
- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
 - instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage fee, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Offer Price initially paid on application, refund of the application monies, in each case including brokerage fee, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and
 - (where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Public Offer Shares) in addition to the confirmations and agreements set out in paragraph (a), above, instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **WHITE** Application Form, and the following:
 - agree that the Public Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on your behalf or your CCASS Investor Participant stock account;

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- undertake and agree to accept the Public Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;
- (if the **electronic application instructions** are given for your own benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the benefit of that other person and that you are duly authorised to give those instructions as that other person's agent;
- understand that the above declaration will be relied upon by our Company, our Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Public Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place the name of HKSCC Nominees on its register of members as the holder of the Public Offer Shares allotted in respect of your **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have only relied on the information and representations in this prospectus in giving your **electronic application instructions** or instructing your broker or custodian to give **electronic application instructions** on your behalf;
- agree (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf pursuant to the **electronic application instructions** given by you is irrevocable before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of

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our Company agreeing that our Company will not offer any Public Offer Shares to any person until the expiration of the fifth day after opening of the application lists, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agree that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by our Company;
 - agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Public Offer Shares.
- (d) Our Company, the Joint Global Coordinators, the Underwriters and their respective directors, officers, employees, partners, agents and advisers and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.
- (e) All the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally.

5. MULTIPLE APPLICATIONS

- (a) It will be a term and condition of all applications that by completing and delivering an Application Form, you:
- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service; or

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- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service and that you are duly authorised to sign the Application Form as that other person's agent.
- (b) Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:
- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service;
 - both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service;
 - apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service for more than 15,000,000 Public Offer Shares, being 50% of the Shares initially offered for public subscription under the Public Offer; or
 - have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) Offer Shares under the International Placing.
- (c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and
- the principal business of that company is dealing in securities; and
 - you exercise statutory control over that company, then the application will be treated as being for your benefit.

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For these purposes:

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you or your application is liable to be rejected:

- (a) If your application is revoked:

By completing and submitting an Application Form or submitting **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf cannot be revoked before the fifth day after the time of the opening of application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that our Company will not offer any Public Offer Shares to any person until the expiration of the fifth day after opening of the application lists except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf may be revoked before the fifth day after the time of the opening of application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

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If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- (b) If our Company, the Joint Global Coordinators or their respective agents exercise their discretion to reject your application:

Our Company and the Joint Global Coordinators (as agent for our Company), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

- (c) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant permission to list and deal in the Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing of the application lists.

- (d) If:

- you make multiple applications or suspected multiple applications;

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- you or the person(s) for whose benefit you apply have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares in the International Placing. By filling in any of the Application Forms or giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider, you agree not to apply for Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received International Placing Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Public Offer Shares in the Public Offer;
- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service for more than 15,000,000 Public Offer Shares, being 50% of the Shares initially offered for public subscription under the Public Offer; or
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- your Application Form is not completed correctly and in accordance with the instructions;
- either of the Underwriting Agreements do not become unconditional in accordance with their respective terms;
- either of the Underwriting Agreements are terminated in accordance with their respective terms; or
- our Company and/or the Joint Global Coordinators believe that by accepting your application, they would violate the applicable securities or other laws, rules or regulations.

7. IF YOUR APPLICATION FOR PUBLIC OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

No temporary document of title will be issued in respect of the Shares.

No receipt will be issued for sums paid on application.

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Share certificates will only become valid certificates of title at 8:00 a.m. on Tuesday, 9 July 2013 provided that the Public Offer has become unconditional in all respects and the right of termination described in the section headed “Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination” in this prospectus has not been exercised.

(a) If you apply using a **WHITE** Application Form:

If you apply for 1,000,000 Public Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your share certificate(s) and/or refund cheque (where applicable) from Tricor Investor Services Limited and have provided all information required by the Application Form, you may collect it/them in person from Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 8 July 2013 or such other date as notified by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as the date of despatch/collection of share certificates/refund cheques.

If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited.

If you do not collect your refund cheque(s) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares or if you apply for 1,000,000 Public Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) and/or share certificate(s) (where applicable) in person, your refund cheque(s) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Monday, 8 July 2013, by ordinary post and at your own risk.

(b) If you apply using a **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC:

If you apply for Public Offer Shares using a **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant

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stock account or the stock account of your designated CCASS Participant as instructed by you (on your Application Form or electronically (as the case may be)) on Monday, 8 July 2013, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a **YELLOW** Application Form for Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant on a **YELLOW** Application Form, our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Monday, 8 July 2013. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 8 July 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same procedure, as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Public Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Monday, 8 July 2013, by ordinary post and at your own risk.

If you have given **electronic application instructions** to HKSCC, our Company expects to make available the application results of the Public Offer, including the results of CCASS Participants' applications (and in the case of CCASS Clearing Participants and CCASS Custodian Participants, our Company shall include information relating to the beneficial owner), your Hong Kong identity card number or passport number or Hong Kong business registration number or other identification code (as appropriate) and the basis of allotment of the Public Offer in the manner described the section headed "How to apply for Public Offer Shares —

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9. Announcement of results of the Public Offer” in this prospectus on Monday, 8 July 2013. You should check the results made available by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 8 July 2013 or any other date HKSCC or HKSCC Nominees chooses.

If you are instructing your CCASS Clearing Participant or CCASS Custodian Participant to give **electronic application instructions** to HKSCC on your behalf, you can also check the number of Public Offer Shares allocated to you and the amount of refund (where applicable) payable to you with that CCASS Clearing Participant or CCASS Custodian Participant.

If you are applying as a CCASS Investor Participant by giving **electronic application instruction** to HKSCC, you can also check the number of the Public Offer Shares allotted to you and the amount of refund (where applicable) payable to you via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Monday, 8 July 2013. Immediately following the credit of the Public Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of the Public Offer Shares credited to your stock account and the amount of refund credited to your designated bank account (where applicable).

(c) If you apply through **HK eIPO White Form**

If you apply for 1,000,000 Public Offer Shares or more under the **HK eIPO White Form** service through the **HK eIPO White Form** Service Provider at the designated website at www.hkeipo.hk and your application is wholly or partially successful, you may collect your share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 8 July 2013, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/refund cheques.

If you do not collect your share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the **HK eIPO White Form** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the **HK eIPO White Form** Service Provider on Monday, 8 July 2013 by ordinary post and at your own risk.

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Please also note that the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the **HK eIPO White Form** Service Provider set out in the paragraph headed “10. Additional information for applicants applying through **HK eIPO White Form**” below in this section.

8. REFUND OF APPLICATION MONIES

Your application monies, or the appropriate portion thereof, together with the related brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be refunded if:

- your application is rejected, not accepted or accepted in part only or if you do not receive any Public Offer Shares for any of the reasons set out above in the paragraph headed “6. Circumstances in which you will not be allotted Public Offer Shares” above in this section;
- the Offer Price as finally determined is less than the Offer Price of HK\$1.50 per Offer Share (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application;
- the conditions of the Public Offer are not fulfilled in accordance with the section headed “Structure and conditions of the Global Offering — Conditions of the Public Offer” in this prospectus; or
- any application is revoked or any allotment pursuant thereto has become void.

No interest will be paid thereon. All interest accrued on such monies prior to the date of refund will be retained for the benefit of our Company.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Global Coordinators, cheques for applications for certain small denominations of Public Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Monday, 8 July 2013 in accordance with the various arrangements as described herein. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate. All refunds will be made by a cheque crossed “Account Payee Only” made out to you, or if you are joint applicants, to the first-named applicant. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data will also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number or

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passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate your refund cheque. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

(b) Deposit of share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Monday, 8 July 2013, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the results of CCASS Participant (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), together with your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations, if supplied) and the results of allocations in the Public Offer through a variety of channels as described in the section headed “How to apply for Public Offer Shares — 9. Announcement of results of the Public Offer” in this prospectus. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 8 July 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any)

FURTHER TERMS AND CONDITIONS OF THE PUBLIC OFFER

payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 8 July 2013. Immediately following the credit of the Public Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Offer Price initially paid on application, in each case including brokerage fee of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 8 July 2013. No interest will be paid thereon.

10. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING THROUGH HK eIPO WHITE FORM

For the purposes of allocating Public Offer Shares, each applicant who applies through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Public Offer Shares for which you have applied, or if your application is otherwise rejected by the **HK eIPO White Form** Service Provider, the **HK eIPO White Form** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the **HK eIPO White Form** Service Provider on the designated website at www.hkeipo.hk.

Otherwise, any monies payable to you due to a refund for any of the reasons set out above in the paragraph headed "8. Refund of application monies" shall be made pursuant to the arrangements described above in this section.

11. PERSONAL DATA

Personal Information Collection Statement

The main provisions of the Hong Kong Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "**Ordinance**") came into effect in Hong Kong on 20 December 1996. This Personal Information Collection Statement informs the applicant for and holder of the Shares of the policies and practices of our Company and the Hong Kong branch share registrar of our Company in relation to personal data and the Ordinance.

FURTHER TERMS AND CONDITIONS OF THE PUBLIC OFFER

(a) ***Reasons for the collection of your personal data***

From time to time it is necessary for applicants for the securities or registered holders of the securities of our Company to supply their latest correct personal data to our Company and the Hong Kong branch share registrar of our Company when applying for the securities or transferring the securities into or out of their names or in procuring the services of the Hong Kong branch share registrar of our Company. Failure to supply the requested data may result in your application for the securities being rejected or in delay or inability of our Company or the Hong Kong branch share registrar of our Company to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Public Offer Shares which you have successfully applied for and/or the despatch of share certificate(s) and/or refund cheque(s) (where applicable) to which you are entitled.

It is important that holders of securities inform our Company and the Hong Kong branch share registrar of our Company immediately of any inaccuracies in the personal data supplied.

(b) ***Purposes***

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Public Offer Shares;
- enabling compliance with, including making disclosure as required, by all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the registers of holders of securities of our Company;
- conducting or assisting to conduct signature verifications, any other verification or exchange of information;
- establishing benefit entitlements, such as dividends, rights issues and bonus issues;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and shareholder profiles;

FURTHER TERMS AND CONDITIONS OF THE PUBLIC OFFER

- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong branch share registrar of our Company to discharge its obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

(c) ***Transfer of personal data***

Personal data held by our Company and the Hong Kong branch share registrar of our Company relating to the applicants and the holders of securities will be kept confidential but our Company and the Hong Kong branch share registrar of our Company, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- our Company or its appointed agents such as financial advisers, the receiving bankers and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the securities to be deposited into CCASS);
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to our Company and/or the Hong Kong branch share registrar of our Company in connection with the operation of our or their business;
- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies;
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

By signing an Application Form or by giving **electronic application instructions** to HKSCC, you agree to all of the above.

(d) ***Access to and correction of personal data***

The Ordinance provides the holders of securities with rights to ascertain whether our Company or the Hong Kong branch share registrar of our Company hold(s) their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

FURTHER TERMS AND CONDITIONS OF THE PUBLIC OFFER

In accordance with the Ordinance, our Company and the Hong Kong branch share registrar of our Company have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to our Company, at its head office and principal place of business in Hong Kong as disclosed in the section headed “Corporate information” in this prospectus or as notified from time to time in accordance with applicable law, for the attention of the company secretary of our Company, or the Hong Kong branch share registrar of our Company for the attention of the privacy compliance officer.



德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

27 June 2013

The Board of Directors
Sinosoft Technology Group Limited
CMB International Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Sinosoft Technology Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2012 (the “Track Record Period”), for inclusion in the prospectus of the Company dated 27 June 2013 (the “Prospectus”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Sinosoft Technology plc (“Sinosoft UK”), incorporated in the United Kingdom (the “UK”), was previously listed on the Alternative Investment Market (the “AIM”) of the UK and was previously the holding company of all subsidiaries of the Company prior to the delisting of Sinosoft UK from the AIM on 3 December 2010. The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 January 2011. Pursuant to a group reorganisation (the “Group Reorganisation”), as more fully explained in the section headed “History, Reorganisation and group structure” in the Prospectus, the Company became the holding company of the Group on 20 January 2011.

All companies now comprising the Group have adopted 31 December as their financial year end date.

Except for Infotech Holdings Pte. Ltd. which is directly held by the Company, the Company has indirect interests in the following subsidiaries during the Track Record Period and at the date of this report:

Name of company	Country and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Attributable equity interest of the Group				Principal activities	Legal form
			As at 31 December			At the date of this report		
			2010	2011	2012			
Infotech Holdings Pte. Ltd. ("Infotech Holdings")	Singapore 15 October 2004	Singapore dollar ("SGD") 108,000	100%	100%	100%	100%	Investment holding	Limited private company
Nanjing Skytech Co., Limited ("Nanjing Skytech") 南京擎天科技有限公司	People's Republic of China ("PRC") 14 December 1998	Renminbi ("RMB") 68,000,000	100%	100%	100%	100%	Software development, system integration, information integration solutions, sales of related computer products and provision of solution services	Wholly foreign-owned limited liability company
Jiangsu Skyinformation Co., Limited ("Jiangsu Skyinformation") 江蘇擎天信息科技有限公司	PRC 8 September 2005	RMB12,000,000	100%	100%	100%	100%	Development and sale of information integration	Limited liability company
Jiangsu Skytech Information (Wuxi) Co., Limited ("Wuxi Skytech") 江蘇擎天信息科技(無錫)有限公司	PRC 14 January 2011	RMB5,000,000	N/A	100%	100%	100%	Development and sale of information integration	Limited liability company
Nanjing Skytech Quan Shui Tong Information Technology Co., Limited ("Quan Shui Tong") 南京擎天全稅通信息科技有限公司	PRC 18 December 2012	RMB10,000,000	N/A	N/A	100%	100%	Development and sale of export tax software	Limited liability company
Zhenjiang Skyinformation Co., Limited 鎮江擎天信息科技有限公司	PRC 5 June 2013	RMB5,000,000	N/A	N/A	N/A	100%	Development and sale of software and system related products and services	Limited liability company

The statutory financial statements of the entities now comprising the Group were audited by the following certified public accountants registered in their respective jurisdictions.

<u>Name of Group entity</u>	<u>Financial year</u>	<u>Name of statutory auditor</u>
Infotech Holdings	For each of the three years ended 31 December 2012	蘇明智會計公司 Saw Meng Tee & Partners Public Accounting Corporation
Nanjing Skytech	For each of the three years ended 31 December 2012	北京永拓會計師事務所 Beijing Yongtuo Certified Public Accountants Co., Ltd.
Jiangsu Skyinformation	For each of the three years ended 31 December 2012	北京永拓會計師事務所 Beijing Yongtuo Certified Public Accountants Co., Ltd.
Wuxi Skytech	For the period ended 31 December 2011	無錫大眾會計師事務所
	For the year ended 31 December 2012	無錫大眾會計師事務所

No statutory audited financial statements have been prepared for the Company as it was incorporated in jurisdiction where there is no statutory audit requirement. No statutory audited financial statements have been prepared for Quan Shui Tong since its date of establishment as its first year statutory financial statements is yet due to be issued.

The statutory financial statements of Infotech Holdings were prepared in accordance with the Singapore Financial Reporting Standards ("SFRS"). The statutory financial statements of Nanjing Skytech, Jiangsu Skyinformation and Wuxi Skytech were prepared in accordance with the relevant accounting policies and financial regulations in the PRC.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group, for each of the three years ended 31 December 2012 in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). We have carried out an independent audit on the Underlying Financial Statements in accordance with International Standards on Auditing.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information of the Group for the Track Record Period as set out in this report has been prepared from the Underlying Financial Statements on the basis set out in Note 1 of section A below. No adjustments are considered necessary to the Underlying Financial Statements for the preparation of the Financial Information.

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

In our opinion, on the basis of preparation set out in Note 1 of section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2010, 31 December 2011 and 31 December 2012, and of the Company as at 31 December 2011 and 31 December 2012, and of the consolidated results and consolidated cash flows of the Group for each of the three years ended 31 December 2012.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2010	2011	2012
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	152,354	184,934	226,728
Value-added tax refund	7	7,970	8,912	8,495
Cost of sales		(78,958)	(76,893)	(75,783)
Research and development costs		(5,017)	(15,939)	(20,667)
Other income and gains	8	4,470	10,012	3,336
Distribution and selling expenses		(12,014)	(12,068)	(14,699)
Administrative and general expenses		(12,853)	(16,052)	(20,979)
Other expenses and losses	9	(6,162)	(7,378)	(9,835)
Finance costs	10	<u>(1,167)</u>	<u>(2,855)</u>	<u>(2,716)</u>
Profit before tax	11	48,623	72,673	93,880
Income tax expense	13	<u>(2,081)</u>	<u>(13,911)</u>	<u>(17,654)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>46,542</u>	<u>58,762</u>	<u>76,226</u>
		<i>RMB cents</i>	<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share — basic	14	<u>6.21</u>	<u>7.83</u>	<u>10.16</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION/STATEMENTS OF FINANCIAL POSITION

	Notes	The Group			The Company	
		As at 31 December			As at 31 December	
		2010	2011	2012	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets						
Property, plant and equipment	16	5,450	9,393	7,470	—	—
Intangible assets	17	55,404	62,055	87,370	—	—
Investment in a subsidiary	36	—	—	—	—	—
Available-for-sale financial assets	18	—	1,000	2,000	—	—
Loan receivables	24	30,092	—	—	—	—
Deferred tax assets	19	1,264	696	952	—	—
		<u>92,210</u>	<u>73,144</u>	<u>97,792</u>	<u>—</u>	<u>—</u>
Current assets						
Inventories	20	2,830	4,948	705	—	—
Trade and other receivables	21	116,916	128,150	200,784	—	—
Restricted deposit	22	5,000	—	—	—	—
Amount due from a related party	23	2,500	—	—	—	—
Amount due from a company controlled by a non-controlling shareholder of the Company	23	3,700	—	—	—	—
Pledged bank deposits	25	41,429	51,453	63,306	—	—
Bank balances and cash	26	27,234	47,866	52,944	5	4
		<u>199,609</u>	<u>232,417</u>	<u>317,739</u>	<u>5</u>	<u>4</u>
Current liabilities						
Trade payables	27	21,320	32,882	25,749	—	—
Other payables	28	24,013	29,514	42,353	744	2,154
Tax liabilities		2,485	8,203	17,701	—	—
Amount due to a related party	29	618	—	—	—	—
Amounts due to subsidiaries	29	—	—	—	7,324	13,846
Short-term bank loans	30	71,736	69,378	82,312	—	—
		<u>120,172</u>	<u>139,977</u>	<u>168,115</u>	<u>8,068</u>	<u>16,000</u>
Net current assets (liabilities)		<u>79,437</u>	<u>92,440</u>	<u>149,624</u>	<u>(8,063)</u>	<u>(15,996)</u>
Total assets less current liabilities		<u>171,647</u>	<u>165,584</u>	<u>247,416</u>	<u>(8,063)</u>	<u>(15,996)</u>

	Notes	The Group			The Company	
		As at 31 December			As at 31 December	
		2010	2011	2012	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liability						
Deferred tax liabilities	19	7,393	8,415	14,021	—	—
		<u>164,254</u>	<u>157,169</u>	<u>233,395</u>	<u>(8,063)</u>	<u>(15,996)</u>
Capital and reserves						
Share capital	31	891	8	8	8	8
Reserves	32	<u>163,363</u>	<u>157,161</u>	<u>233,387</u>	<u>(8,071)</u>	<u>(16,004)</u>
Total equity attributable to owners of the Company		<u>164,254</u>	<u>157,169</u>	<u>233,395</u>	<u>(8,063)</u>	<u>(15,996)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company				
	Share capital	PRC statutory reserve (Note 32)	Capital reserve	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	891	19,009	—	97,812	117,712
Profit and total comprehensive income for the year	—	—	—	46,542	46,542
Transfer	—	7,349	—	(7,349)	—
At 31 December 2010	891	26,358	—	137,005	164,254
Profit and total comprehensive income for the year	—	—	—	58,762	58,762
Reorganisation (note 1)	(883)	—	891	—	8
Shareholder's contribution (note 2)	—	—	1,736	—	1,736
Dividend recognised as distribution (Note 15)	—	—	—	(67,591)	(67,591)
Transfer	—	210	—	(210)	—
At 31 December 2011	8	26,568	2,627	127,966	157,169
Profit and total comprehensive income for the year	—	—	—	76,226	76,226
Transfer	—	20,839	—	(20,839)	—
At 31 December 2012	8	47,407	2,627	183,353	233,395

Notes:

- (1) As part of the Reorganisation set out in Note 1 of Section A, the Company acquired 100% interest in Infotech Holdings in January 2011 and became the holding company of Infotech Holdings and its subsidiaries as disclosed in the section headed "History, Reorganisation and group structure" in the Prospectus.
- (2) The amount of RMB1,736,000 credited under capital reserve represents the cost of an arbitration proceedings in a dispute between Nanjing Skytech and Janful Limited. The cost was indemnified by the ultimate shareholder, Ms. Xin Yingmei, and was recognised as capital contribution.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities			
Profit before tax	48,623	72,673	93,880
Adjustments for:			
Depreciation of property, plant and equipment	1,532	2,304	2,916
Amortisation of intangible assets	21,301	21,393	37,477
Impairment losses recognised (reversed) on trade receivables, net	5,082	(4,750)	1,700
Interest income from loan receivables	(2,807)	(899)	—
Finance costs	1,167	2,855	2,716
Interest income	(199)	(1,253)	(1,932)
Gain from change in fair value of held-for-trading investments	(1,143)	—	—
Net foreign exchange loss (gain)	912	(1,452)	(246)
Operating cash flows before movements in working capital	74,468	90,871	136,511
Decrease (increase) in inventories	2,158	(2,118)	4,243
Increase in trade and other receivables	(36,981)	(6,484)	(74,334)
Decrease in held-for- trading investments	1,257	—	—
(Decrease) increase in trade payables	(1,984)	11,562	(7,133)
Increase in other payables	941	10,415	12,839
Cash generated from operations	39,859	104,246	72,126
Interest paid	(1,167)	(2,855)	(2,716)
Interest received	199	1,253	1,932
Income taxes paid	(344)	(6,603)	(2,806)
Net cash from operating activities	38,547	96,041	68,536

	Notes	Year ended 31 December		
		2010	2011	2012
		RMB'000	RMB'000	RMB'000
Investing activities				
Interest from loan receivables received		2,807	899	—
Advance to a related party/a company controlled by a non-controlling shareholder of the Company		(6,200)	—	—
Repayment of advance from a related party/a company held by no-controlling interest shareholder of the Company		—	6,200	—
Purchase of property, plant and equipment		(1,290)	(6,247)	(993)
Payment for the cost incurred of intangible assets		(28,501)	(28,044)	(62,792)
Repayment of loan receivables		—	30,092	—
Placement of pledged bank deposits		(41,934)	(51,230)	(65,077)
Proceeds from release of pledged bank deposits		3,744	41,206	53,224
Placement of restricted deposit	22	(5,000)	—	—
Proceeds from release of restricted deposit	22	—	5,000	—
Settlement of acquisition of a subsidiary in previous years		(2,000)	—	—
Acquisition of available-for-sale financial assets		—	(1,000)	(1,000)
Net cash used in investing activities		<u>(78,374)</u>	<u>(3,124)</u>	<u>(76,638)</u>
Financing activities				
Dividends paid		(34,381)	(72,505)	—
Repayment of short-term bank loans		(8,000)	(71,736)	(22,000)
New bank loans raised		70,824	70,830	35,180
Reimburse of legal proceeding cost from ultimate shareholder		—	1,736	—
Proceeds from capital contribution		—	8	—
Advance from related parties		157	—	—
Repayment of advance from a related party		—	(618)	—
Net cash from (used in) financing activities		<u>28,600</u>	<u>(72,285)</u>	<u>13,180</u>
Net (decrease) increase in cash and cash equivalents		(11,227)	20,632	5,078
Cash and cash equivalents at beginning of year		<u>38,461</u>	<u>27,234</u>	<u>47,866</u>
Cash and cash equivalents at end of year, represented by				
Bank balances and cash		<u>27,234</u>	<u>47,866</u>	<u>52,944</u>

NOTES TO THE FINANCIAL INFORMATION**1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, on 6 January 2011. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company. The principal activities of its subsidiaries are software development, system integration, information integration and provision of other related services.

Pursuant to the Group Reorganisation, the Company became the holding company of the companies now comprising the Group on 20 January 2011. The Company and the subsidiaries now comprising the Group have been under the common control of Ms. Xin Yingmei (the controlling party) throughout the Track Record Period. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information of the Group has been prepared on the basis as if the Company has always been the holding company of the companies comprising the Group throughout the Track Record Period, using the principles of merger accounting.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended 31 December 2010 and 2011 are prepared as if the Company had been the holding company of Infotech Holdings and its subsidiaries throughout the Track Record Period. The consolidated statement of financial position of the Group as at 31 December 2010 has been prepared to present the assets and liabilities of the companies now comprising the Group as at 31 December 2010 as if the group structure upon completion of the Group Reorganisation had been in existence as at that date.

The Financial Information is presented in RMB, the currency of the primacy economic environment in which the Group operates (the functional currency).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information throughout the Track Record Period, the Group has consistently applied all the new and revised International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), amendments and the related Interpretations ("IFRICs") (hereinafter collectively referred to as the "IFRSs") which are effective for the financial year beginning on 1 January 2012 issued by the IASB and the IFRS Interpretations Committee (formerly known as the International Financial Reporting Interpretations Committee) of the IASB.

At the date of this report, the Group has not applied the following new and revised standards, amendments and interpretation that have been issued but not yet effective.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle ¹
Amendments to IFRS 1	Government Loans ¹
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities ¹
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures ²
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities ⁴
IFRS 9	Financial Instruments ²
IFRS 10	Consolidated Financial Statements ¹
IFRS 11	Joint Arrangements ¹
IFRS 12	Disclosure of Interests in Other Entities ¹
IFRS 13	Fair Value Measurement ¹
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income ³
IAS 19 (Revised 2011)	Employee Benefits ¹
IAS 27 (Revised 2011)	Separate Financial Statements ¹
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ¹
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets ⁴
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine ¹
IFRIC 21	Levies ⁴

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2015

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2014

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (as revised in October 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that

have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

IFRS 9 is effective from annual period beginning on or after 1 January 2015, with earlier application permitted.

Other than available-for-sale financial assets, the directors of the Company anticipate that the application of IFRS 9 for annual period beginning 1 January 2015 is unlikely to have a significant impact on financial assets reported in the Financial Information. However it is not practicable to provide a reasonable estimate of that effect relating to available-for-sale financial assets until a detailed review has been completed.

Since the Group does not have any financial liabilities designated as at fair value through profit or loss, the directors of the Company do not expect the application of IFRS 9 will have a material effect on the financial liabilities of the Group as reported in the Financial Information.

New and revised standards on consolidated, joint arrangements, associates and disclosures

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 are new or revised standards on consolidation, joint arrangements and disclosures which were issued by the IASB in May 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. Overall, the application of IFRS 10 requires extensive use of judgment.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in IFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under IAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

The directors of the Company anticipate that the adoption of these five standards for annual period beginning 1 January 2013 is unlikely to have significant impact on the results and financial position of the Group as the Company owns 100% equity interest in all of its subsidiaries and does not have any associates or jointly controlled entities at the end of the Track Record Period.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad: it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 "Financial instruments: Disclosures" will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 will be adopted by the Group for annual period beginning on 1 January 2013. The directors anticipate that the application of the new standard shall have no material impact on the amounts reported in the Financial Information but may result in more extensive disclosures in the Financial Information.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to this standard will be adopted by the Group for annual period beginning 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly.

The directors of the Company anticipate that the application of the other new or revised standards, amendments and interpretation will have no material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the accounting policies which conform with IFRSs issued by the IASB. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The policies have been consistently applied throughout the Track Record Period.

The Financial Information has been prepared on the historical cost basis, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services. The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year (other than business combinations involving entities under common control) are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations that took place on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statement of financial position at cost less accumulated impairment losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of sales related taxes.

When the outcome of a contract for system integration can be estimated reliably, revenue from fixed price contracts is recognised on the percentage of completion method, as measured by the proportion that costs incurred to date to estimated total costs for each contract. When the outcome of the contract cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable that they are recoverable.

Revenue from sales of goods in the normal course of business is recognised when the goods are delivered and title has passed. Deposits received from customers in respect of sales of goods prior to meeting the above criteria on revenue recognition are included in trade and other payables.

After sales service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment after taking into account their estimated residual values, using the straight-line method, over their estimated useful lives as follows:

Building	20 years
Electrical equipment	3 years
Office equipment	5 years
Motor vehicles	8 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that entity's functional currency (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them, if any and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred, are recognised as deduction to recorded expenses, or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised under heading of "other income and gains" in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available

against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on non-current assets below). Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (see the accounting policy in respect of impairment losses on non-current assets below), if any.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Impairment losses on non-current assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require deliver of assets within the time frame established by regulation or convention in the market place.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, amount due from a related party and a company controlled by a non-controlling shareholder of the Company, bank balances and cash and pledged bank deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments;
or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a related party, amounts due to subsidiaries and short-term bank loans are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Impairment of trade receivables

Trade receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, 2011 and 2012, the carrying amount of trade receivables are RMB93,786,000, RMB119,667,000 and RMB194,615,000, net of allowance for doubtful debts of RMB8,684,000, RMB3,934,000 and RMB5,634,000 respectively.

Useful lives and Impairment of intangible assets

The Group reviews the estimated useful lives of intangible assets at the end of each reporting period. During the Track Record Period, management is satisfied that there is no change in the estimated useful lives of the intangible assets from prior years.

At the end of the reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. The management is satisfied that no impairment loss is required to recognise during the Track Record Period.

The carrying amounts of intangible assets at the end of the reporting periods are disclosed in Note 17.

5. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of debt, which includes the bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in the Financial Information.

The management of the Group reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt.

Management monitors capital structure based on the Group's net gearing ratio. The Group's net gearing ratio is calculated as net borrowings divided by total equity. Net borrowings are calculated as total short-term loans less cash and cash equivalents at the end of the reporting period.

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash borrowings	44,502	21,512	29,368
Total equity	164,254	157,169	233,395
Net gearing ratio (%)	<u>27</u>	<u>14</u>	<u>13</u>

Categories of financial instruments

The carrying amounts of financial assets and financial liabilities are as follows:

	The Group			The Company	
	As at 31 December			As at 31 December	
	2010	2011	2012	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Loans and receivables (including cash and cash equivalents)	213,992	221,200	313,380	5	4
Available-for-sale financial assets	—	1,000	2,000	—	—
Financial liabilities					
At amortised cost	94,706	105,200	112,810	7,324	13,846

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, restricted deposit, loan receivables, amounts due from/to related parties, amount due from a company controlled by a non-controlling shareholder of the Company, trade and other payables, short-term bank loans, bank balances and cash and pledged bank deposits. Details of these financial instruments are disclosed in respective notes.

The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk management

The primary economic environment in which the Group operates is the PRC and its functional currency is RMB. However, certain of the Group's bank balances, other payables and short-term borrowings are denominated in United States Dollar ("USD"), which is currency other than the functional currency of the relevant group entities and expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the respective reporting periods are as follows:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets			
USD	2,639	622	5,945
Liabilities			
USD	45,268	48,122	61,866

The Group currently has a foreign exchange investment policy. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure pursuant to its policy should the need arise.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% change in RMB against USD, represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in profit for the year where the relevant foreign currencies strengthen 5% against RMB. For a 5% weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit for the year.

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD impact	(2,131)	(2,375)	(2,796)

In the management's opinion, the sensitivity analysis is unrepresentative of foreign currency risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Group's fair value interest rate risk relates primarily to its fixed-rate loan receivables and pledged bank deposit. The Group's cash flow interest rate risk relates primarily to their variable-rate bank borrowings and bank balances which carry prevailing market interest rates. However, such exposure relating to bank balances is minimal to the Group as the bank balances are all short-term in nature. Currently, the Group does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider restructuring the Group's credit facilities should the need arise.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments including variable rate bank borrowings. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rate on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2010, 2011 and 2012 would decrease/increase by RMB343,000, RMB330,500 and RMB395,000, respectively.

In the management's opinion, the sensitivity analysis is unrepresentative of interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables and loan receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

There is concentration of credit risk as the top five biggest customers account for approximately 35%, 73% and 62% of the carrying amounts of trade receivables as at 31 December 2010, 2011 and 2012, respectively. The management of the Group generally grants credit only to customers with sound historical trading records and also closely monitors overdue trade debts. The recoverable amount of each individual trade receivable is reviewed at the end of each reporting period and adequate impairment for doubtful debts has been made for irrecoverable amounts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings or are state owned.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of the total trade receivables as at each end of the Track Record Period.

Other than concentration of credit risk on trade receivables, loan receivables and liquid funds deposited at several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associates with its financial assets.

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average effective interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
At 31 December 2010						
Financial liabilities						
Trade and other payables	—	3,037	19,315	—	22,352	22,352
Amount due to a related party	—	618	—	—	618	618
Short-term bank loans						
- variable rate	4.02	—	—	73,778	73,778	71,736
		<u>3,655</u>	<u>19,315</u>	<u>73,778</u>	<u>96,748</u>	<u>94,706</u>
At 31 December 2011						
Financial liabilities						
Trade and other payables	—	6,476	29,346	—	35,822	35,822
Short-term bank loans						
- variable rate	3.99	—	—	70,730	70,730	69,378
		<u>6,476</u>	<u>29,346</u>	<u>70,730</u>	<u>106,552</u>	<u>105,200</u>

	Weighted average effective interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2012						
Financial liabilities						
Trade and other payables	—	1,100	29,398	—	30,498	30,498
Short-term bank loans						
- variable rate	4.15	—	—	84,000	84,000	82,312
		<u>1,100</u>	<u>29,398</u>	<u>84,000</u>	<u>114,498</u>	<u>112,810</u>
The Company						
At 31 December 2011						
Financial liabilities						
Amounts due to subsidiaries	—	<u>7,324</u>	<u>—</u>	<u>—</u>	<u>7,324</u>	<u>7,324</u>
At 31 December 2012						
Financial liabilities						
Other payables	—	457	—	—	457	457
Amounts due to subsidiaries	—	<u>13,846</u>	<u>—</u>	<u>—</u>	<u>13,846</u>	<u>13,846</u>
		<u>14,303</u>	<u>—</u>	<u>—</u>	<u>14,303</u>	<u>14,303</u>

The amounts included above for non-derivative financial liabilities bearing variable interest rate is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The Company has net current liabilities of RMB15,996,000 as at 31 December 2012 and is exposed to liquidity risk if it is not able to raise sufficient fund to meet its financial obligation.

The directors of the Company are satisfied that the Company is able to control the repayment of the financial obligation owed to its subsidiaries and the liquidity risk is significantly reduced.

Fair value

The fair value of the Group's financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices, respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

6. REVENUE AND SEGMENT INFORMATION

The Group has consistently applied IFRS 8 *Operating Segments* throughout the Track Record Period. IFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, the chief operating decision maker (the “CODM”) in order to allocate resources to segments and to assess their performance.

The Group is organised into different business units by products, based on which information is prepared and reported to the Group’s CODM for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into five core product lines, namely export tax software and related services, e-Government solutions, carbon management solutions, information integration software and system integration solutions. These products form the basis on which the Group reports its segment information.

The following is an analysis of the Group’s revenue and results by operating and reportable segments for the Track Record Period:

	Year ended 31 December					
	2010		2011		2012	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment revenue						
Export tax software and related services	23,148	15.2	30,566	16.5	38,994	17.2
e-Government solutions	33,991	22.3	61,595	33.3	63,103	27.8
Carbon management solutions	—	—	7,692	4.2	13,274	5.9
Information integration software	25,901	17.0	28,401	15.4	55,663	24.5
System integration solutions	69,314	45.5	56,680	30.6	55,694	24.6
Total revenue	<u>152,354</u>	<u>100</u>	<u>184,934</u>	<u>100</u>	<u>226,728</u>	<u>100</u>

	Year ended 31 December					
	2010		2011		2012	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment results						
Export tax software and related services	21,024	27.5	23,587	23.3	32,144	23.2
e-Government solutions	25,004	32.7	48,753	48.3	55,926	40.3
Carbon management solutions	—	—	6,752	6.7	9,537	6.9
Information integration software	22,826	29.9	20,517	20.3	34,052	24.5
System integration solutions	7,495	9.9	1,405	1.4	7,114	5.1
Total segment results	<u>76,349</u>	<u>100</u>	<u>101,014</u>	<u>100</u>	<u>138,773</u>	<u>100</u>
Other income and gains	4,470		10,012		3,336	
Other expenses and loss	(6,162)		(7,378)		(9,835)	
Finance costs	(1,167)		(2,855)		(2,716)	
Distribution and selling expenses	(12,014)		(12,068)		(14,699)	
Administrative and general expenses	<u>(12,853)</u>		<u>(16,052)</u>		<u>(20,979)</u>	
Profit before tax	48,623		72,673		93,880	
Income tax expense	<u>(2,081)</u>		<u>(13,911)</u>		<u>(17,654)</u>	
Profit for the year	<u>46,542</u>		<u>58,762</u>		<u>76,226</u>	

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the Track Record Period.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the sum of revenue and value-added tax refund less cost of sales and research and development costs of the relevant product line. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

The CODM does not review assets and liabilities by operating segment for the purpose of resource allocation and performance assessment.

Geographical information

The Group's non-current assets are substantially located in the PRC, the place of domicile of the relevant group entities.

Substantially all of the Group's revenue is derived from the PRC, the place of domicile of the major subsidiaries, Nanjing Skytech and Jiangsu Skyinformation, during the Track Record Period.

Information about major customers

Revenue from major customers which account for 10% or more of the Group's revenue is as follows:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Customer A ¹	37,142	*	*
Customer B ²	<u>29,393</u>	<u>87,505</u>	<u>65,937</u>

1: Revenue from System Integration Solutions and Information Integration Software.

2: Revenue from e-Government Solutions, System Integration Solutions and Information Integration Software.

*: The corresponding revenue did not contribute over 10% of the Group's revenue.

7. VALUE-ADDED TAX REFUND

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Value-added tax ("VAT") refund	<u>7,970</u>	<u>8,912</u>	<u>8,495</u>

The amount represents the benefit of the refund of VAT on Group's sale of e-Government solutions, information integration software and export tax software products received or receivable from the PRC tax authorities as part of the PRC government's policy of encouraging software development in the PRC. The sales of software products in the PRC are subject to VAT calculated at 17%. Companies which develop their own software products and have the software products registered with the relevant authorities in the PRC are entitled to a refund of VAT equivalent to the excess over 3% of the sales invoice amount paid in the month when output VAT exceeds input VAT.

8. OTHER INCOME AND GAINS

	Year ended 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Interest income	199	1,253	1,932
Government grants (<i>Note 1</i>)	303	1,542	1,158
Gain from change in fair value of held-for-trading investments	1,143	—	—
Interest income from loan receivables	2,807	899	—
Net foreign exchange gain	—	1,452	246
Impairment loss reversed on trade receivables, net (<i>Note 2</i>)	—	4,750	—
Others	18	116	—
	<u>4,470</u>	<u>10,012</u>	<u>3,336</u>

Note 1: The grants are incentive received by the PRC subsidiaries for eminent contribution to technology development and encouragement of business development. These grants are accounted for as immediate financial support with no future related costs expected to be incurred nor related to any assets.

Note 2: For the year ended 31 December 2011, the impairment loss recognised in the year ended 31 December 2010 for certain receivables over 360 days was reversed because the changes in circumstances during 2011 indicated that certain receivables could be collected.

9. OTHER EXPENSES AND LOSSES

	Year ended 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Listing expenses	—	7,024	7,183
Donation	140	330	900
Impairment loss recognised on trade receivables, net	5,082	—	1,700
Net foreign exchange loss	912	—	—
Others	28	24	52
	<u>6,162</u>	<u>7,378</u>	<u>9,835</u>

10. FINANCE COSTS

	Year ended 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Interest on bank loans wholly repayable within 5 years	<u>1,167</u>	<u>2,855</u>	<u>2,716</u>

11. PROFIT BEFORE TAX

	Year ended 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Profit before tax has been arrived at after charging (crediting):			
Depreciation of property, plant and equipment	1,532	2,304	2,916
Amortisation of intangible assets:			
Amortisation of capitalised software costs (included in cost of sales)	15,815	13,665	22,520
Amortisation of other software (included in research and development costs)	5,486	7,728	14,957
Total depreciation and amortisation	<u>22,833</u>	<u>23,697</u>	<u>40,393</u>
Auditors' remuneration	47	48	50
Research and development costs recognised as an expense	9,517	16,539	24,467
Less: government grants (<i>Note</i>)	<u>(4,500)</u>	<u>(600)</u>	<u>(3,800)</u>
	<u>5,017</u>	<u>15,939</u>	<u>20,667</u>
Cost of inventories recognised as an expense	63,143	63,228	53,263
Cost of defined contribution retirement benefit plans	1,608	1,878	1,979
Directors' emoluments	1,461	1,512	1,918
Employee benefits expenses	<u>23,915</u>	<u>32,282</u>	<u>35,234</u>
Total staff cost	26,984	35,672	39,131
Less: amount included in capitalised software costs	<u>(13,984)</u>	<u>(17,507)</u>	<u>(23,311)</u>
	<u>13,000</u>	<u>18,165</u>	<u>15,820</u>

Note: These grants represent subsidies for expenditures incurred for software development with intended usage. The amounts are recognised as deduction to research and development costs to the extent of related costs already incurred during respective period.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors of the Company were as follows:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors' emoluments:			
- Salaries and other benefits	1,430	1,435	1,831
- Contributions to retirement benefit schemes	31	77	87
Total	<u>1,461</u>	<u>1,512</u>	<u>1,918</u>
	Salaries and other benefits	Contribution to retirement benefit schemes	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ended 31 December 2010			
Ms. Xin Yingmei	980	26	1,006
Mr. Yu Yifa	450	5	455
	<u>1,430</u>	<u>31</u>	<u>1,461</u>
For the year ended 31 December 2011			
Ms. Xin Yingmei	985	32	1,017
Mr. Yu Yifa	450	45	495
	<u>1,435</u>	<u>77</u>	<u>1,512</u>
For the year ended 31 December 2012			
Ms. Xin Yingmei	1,231	38	1,269
Mr. Yu Yifa	600	49	649
	<u>1,831</u>	<u>87</u>	<u>1,918</u>

The five highest paid individuals in the Group included 2, 2 and 2 directors of the Company, for the years ended 31 December 2010 and 2011 and 2012 respectively, whose emoluments are set out above. The emoluments of the remaining 3, 3 and 3 individuals during the respective year were as follows:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employees			
- Salaries and other benefits	453	554	752
- Contributions to retirement benefit schemes	50	57	63
- Performance related incentive payment	112	—	—
Total	<u>615</u>	<u>611</u>	<u>815</u>

Notes: The performance related incentive payments is determined at a percentage of the net profit of the Group during the Track Record Period.

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the Track Record Period.

Their emoluments were within the following bands:

	Year ended 31 December		
	2010	2011	2012
Hong Kong dollar ("HK\$") nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>3</u>

13. INCOME TAX EXPENSE

	Year ended 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Current tax:			
PRC enterprise income tax ("EIT")	650	8,821	12,304
Withholding tax on undistributed profits	—	3,500	—
Over provision of EIT in prior years	(40)	—	—
Deferred tax charge:			
Current year (<i>Note 19</i>)	1,471	1,590	5,350
	<u>2,081</u>	<u>13,911</u>	<u>17,654</u>

The tax charge for the Track Record Period can be reconciled to profit before tax as follows:

	Year ended 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Profit before tax	<u>48,623</u>	<u>72,673</u>	<u>93,880</u>
Tax at the PRC income tax rate of 25%	12,156	18,168	23,470
Tax effect of expenses not deductible for tax purposes	537	3,779	2,533
Tax effect of income not taxable for tax purposes	(1,397)	(1,913)	(2,124)
Effect of PRC EIT exemption and concessions	(10,000)	(7,409)	(8,920)
Over provision of PRC EIT in prior years	(40)	—	—
Tax effect of tax losses not recognised	—	171	1,566
Tax effect attributable to the additional qualified tax deduction relating to research and development costs	(1,175)	(2,085)	(2,171)
Withholding income tax on undistributed profits attributable to the PRC subsidiaries	<u>2,000</u>	<u>3,200</u>	<u>3,300</u>
Taxation for the year	<u>2,081</u>	<u>13,911</u>	<u>17,654</u>

Infotech Holdings/The Company

The Company and Infotech Holdings had no assessable profits subject to income tax in any jurisdictions since their incorporation.

PRC subsidiaries

PRC EIT is calculated at rates prevailing under the relevant laws and regulations in the PRC.

Under the Law of the People's Republic of China — Enterprise Income Tax (the "EIT Law") and Regulations on the Implementation of the EIT Law, the statutory tax rate is unified to 25% from 1 January 2008 onwards.

Nanjing Skytech and Jiangsu Skyinformation used to be eligible for certain tax holidays and concessions and were exempted from PRC EIT for two years starting from their first profit-making year, followed by a 50% reduction for the following three years. Nanjing Skytech and Jiangsu Skyinformation commenced their first profit-making year in the financial year ended 31 December 2005 and 31 December 2009 respectively. Accordingly, Nanjing Skytech's tax holidays and concessions ended in the year ended 31 December 2009 and those for Jiangsu Skyinformation will end in the year ending 31 December 2013. The applicable tax rate of Jiangsu Skyinformation for year ended 31 December 2011 and 2012 is 12.5%.

Nanjing Skytech obtained the "High-tech Enterprise" status in 2008 for 3 years and got it renewed in 2011. On 21 February 2011, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Commerce and State Administration of Taxation of PRC promulgated 《關於公佈2010年度國家規劃佈局內重點軟件企業名單的通知》(發改高技[2011]342號) (the Circular Regarding the Publication of the List of Key Software Enterprises under the National Plan in 2010 (Fa Gai Gao Ji [2011] No. 342)), whereby Nanjing Skytech was enlisted as a "Key Software Enterprise under the National Plan" (國家規劃佈局內重點軟件企業) in 2010. Pursuant to the above entitlement, Nanjing Skytech enjoys a reduced income tax rate of 10% for the year ended 31 December 2010 and 15% for the two years ended 31 December 2012.

On 17 February 2013, Nanjing Skytech was re-enlisted as a "Key Software Enterprise under the National Plan" for two years ended 31 December 2012 and entitled the reduced tax rate of 10% for the period.

The applicable EIT rate for Wuxi Skytech and Quan Shui Tong is 25%.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Track Record Period is based on the following:

	Year ended 31 December		
	2010	2011	2012
Earnings			
Profit for the year attributable to owners of the Company (RMB'000)	<u>46,542</u>	<u>58,762</u>	<u>76,226</u>
Number of shares ('000)	750,000	750,000	750,000
Earnings per share (RMB cents) — Basic	<u>6.21</u>	<u>7.83</u>	<u>10.16</u>

For the presentation of a relevant earnings per share figure for the Financial Information, the number of shares for the purpose of calculating basic earnings per share for the Track Record Period has been retrospectively adjusted for subdivision of shares and the capitalisation issue as more fully disclosed in section D.

The Group had no potential outstanding ordinary shares throughout the Track Record Period.

15. DIVIDEND

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dividend recognised as distribution during the year:	<u>—</u>	<u>67,591</u>	<u>—</u>

During the year ended 31 December 2011, Infotech Holdings declared a dividend of USD10,430,000, (equivalent to approximately RMB67,591,000) payable to its then shareholders in respect of profits accumulated prior to 2011.

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	<u>Building</u>	<u>Electrical equipment</u>	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST					
At 1 January 2010	2,808	4,509	567	2,269	10,153
Additions	<u>2</u>	<u>481</u>	<u>176</u>	<u>631</u>	<u>1,290</u>
At 31 December 2010	2,810	4,990	743	2,900	11,443
Additions	<u>—</u>	<u>4,139</u>	<u>1,670</u>	<u>438</u>	<u>6,247</u>
At 31 December 2011	2,810	9,129	2,413	3,338	17,690
Additions	<u>—</u>	<u>783</u>	<u>210</u>	<u>—</u>	<u>993</u>
At 31 December 2012	<u>2,810</u>	<u>9,912</u>	<u>2,623</u>	<u>3,338</u>	<u>18,683</u>
DEPRECIATION					
At 1 January 2010	953	2,353	192	963	4,461
Provided for the year	<u>210</u>	<u>932</u>	<u>75</u>	<u>315</u>	<u>1,532</u>
At 31 December 2010	1,163	3,285	267	1,278	5,993
Provided for the year	<u>120</u>	<u>1,551</u>	<u>252</u>	<u>381</u>	<u>2,304</u>
At 31 December 2011	1,283	4,836	519	1,659	8,297
Provided for the year	<u>137</u>	<u>1,928</u>	<u>473</u>	<u>378</u>	<u>2,916</u>
At 31 December 2012	<u>1,420</u>	<u>6,764</u>	<u>992</u>	<u>2,037</u>	<u>11,213</u>
CARRYING VALUES					
At 31 December 2010	<u>1,647</u>	<u>1,705</u>	<u>476</u>	<u>1,622</u>	<u>5,450</u>
At 31 December 2011	<u>1,527</u>	<u>4,293</u>	<u>1,894</u>	<u>1,679</u>	<u>9,393</u>
At 31 December 2012	<u>1,390</u>	<u>3,148</u>	<u>1,631</u>	<u>1,301</u>	<u>7,470</u>

17. INTANGIBLE ASSETS

The Group

	Capitalised software costs	Other software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
At 1 January 2010	79,999	13,352	93,351
Additions	<u>16,415</u>	<u>12,086</u>	<u>28,501</u>
At 31 December 2010	96,414	25,438	121,852
Additions	<u>23,804</u>	<u>4,240</u>	<u>28,044</u>
At 31 December 2011	120,218	29,678	149,896
Additions	<u>27,213</u>	<u>35,579</u>	<u>62,792</u>
At 31 December 2012	<u>147,431</u>	<u>65,257</u>	<u>212,688</u>
AMORTISATION			
At 1 January 2010	37,001	8,146	45,147
Charge for the year	<u>15,815</u>	<u>5,486</u>	<u>21,301</u>
At 31 December 2010	52,816	13,632	66,448
Charge for the year	<u>13,665</u>	<u>7,728</u>	<u>21,393</u>
At 31 December 2011	66,481	21,360	87,841
Charge for the year	<u>22,520</u>	<u>14,957</u>	<u>37,477</u>
At 31 December 2012	<u>89,001</u>	<u>36,317</u>	<u>125,318</u>
CARRYING VALUES			
At 31 December 2010	<u>43,598</u>	<u>11,806</u>	<u>55,404</u>
At 31 December 2011	<u>53,737</u>	<u>8,318</u>	<u>62,055</u>
At 31 December 2012	<u>58,430</u>	<u>28,940</u>	<u>87,370</u>

Capitalised software costs are internally generated. Other software represents Group's software acquired separately.

The above intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Capitalised software costs	3 years
Other software	2 years

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity securities, at cost	—	1,000	2,000

The balance represents 5.26% equity investment in Jiangsu Cyberunion Information Industry Institute Union Co., Ltd. 江蘇賽聯信息產業研究院股份有限公司 (“Cyberunion”). The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. Subsequent to the initial investment made in 2011, additional capital of RMB1,000,000 was contributed by the Group to Cyberunion according to its proportionate equity interest in Cyberunion.

19. DEFERRED TAX

The Group

The following are the major deferred tax (assets) and liabilities recognised by the Group and movements thereon during the Track Record Period:

	Allowance for doubtful receivables	Withholding tax on undistributed profits	Capitalised software costs	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2010	538	(1,700)	(3,496)	(4,658)
Credit (charge) to profit or loss	726	(2,000)	(197)	(1,471)
At 31 December 2010	1,264	(3,700)	(3,693)	(6,129)
Reversal upon payment of withholding tax	—	3,500	—	3,500
Charge to profit or loss	(568)	(3,200)	(1,322)	(5,090)
At 31 December 2011	696	(3,400)	(5,015)	(7,719)
Credit (charge) to profit or loss	256	(3,300)	(2,306)	(5,350)
At 31 December 2012	952	(6,700)	(7,321)	(13,069)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	1,264	696	952
Deferred tax liabilities	<u>(7,393)</u>	<u>(8,415)</u>	<u>(14,021)</u>

Under the EIT Law of PRC, dividends paid to non-resident overseas shareholders declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards is subject to a PRC withholding tax rate of up to 10%. For investors incorporated in Singapore, a preferential rate of 5% will be applied where appropriate. As at 31 December 2010, 2011 and 2012, the Group has fully provided the deferred tax liabilities of withholding tax on the undistributed earnings of the PRC subsidiaries.

The deferred tax balance has reflected the tax rates that are expected to apply in the respective periods when the asset is realised or the liability is settled.

The Group has unused tax losses of RMB684,000 and RMB6,948,000 available for offset against future profits as at 31 December 2011 and 31 December 2012 respectively. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses will expire in four to five years for offsetting against future taxable profits. Other than the above amounts, at the end of each reporting period, the Group had no other significant unrecognized deferred taxation.

20. INVENTORIES

The Group

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchased system integration solution related products	2,814	4,926	598
Packaging materials	<u>16</u>	<u>22</u>	<u>107</u>
	<u>2,830</u>	<u>4,948</u>	<u>705</u>

21. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables:			
Third parties	93,431	123,601	200,249
Related parties (note 35(1))	9,039	—	—
	102,470	123,601	200,249
Less: Allowance for doubtful debts	(8,684)	(3,934)	(5,634)
	93,786	119,667	194,615
Prepayments to suppliers	9,711	3,092	1,534
Deposits	9,549	1,822	2,234
VAT recoverable	1,753	2,049	1,391
Advances to employees	1,415	1,128	729
Others	702	392	281
Total trade and other receivables	<u>116,916</u>	<u>128,150</u>	<u>200,784</u>

The Group allows a credit period of 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of goods or rendering of services to customers which approximated the respective dates on which revenue was recognised.

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	43,218	55,401	121,058
61 to 90 days	19,360	24,569	20,466
91 to 180 days	7,915	17,952	3,871
181 days to 1 year	4,559	17,462	6,839
1 to 2 years	14,226	3,967	41,068
Over 2 years	4,508	316	1,313
	<u>93,786</u>	<u>119,667</u>	<u>194,615</u>

At 31 December 2010 and 2011 and 2012, 75%, 82% and 75% of the trade receivables are neither past due nor impaired. No impairment loss is provided for these receivables because they are within the credit period granted to the respective customer and the management considers the default rate to be low for such receivables based on historical information and experience.

Included in the Group's trade receivables are debtors with a carrying amount of RMB23,293,000, RMB21,745,000 and RMB49,220,000 as at 31 December 2010, 2011 and 2012 respectively, which were overdue for which the Group has not provided for impairment loss as there has not been a significant change in good credit quality and the amounts are still considered recoverable.

Aging of trade receivables which are past due but not impaired:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
181 days to 1 year	4,559	17,462	6,839
1 to 2 years	14,226	3,967	41,068
Over 2 years	<u>4,508</u>	<u>316</u>	<u>1,313</u>
	<u>23,293</u>	<u>21,745</u>	<u>49,220</u>

The Group does not hold any collateral over these balances. In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. After reassessment, the management believes that no further allowance is required.

Movement in the allowance for doubtful debts:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at beginning of the year	3,602	8,684	3,934
Impairment losses recognised	6,322	942	2,700
Impairment losses reversed	<u>(1,240)</u>	<u>(5,692)</u>	<u>(1,000)</u>
Balance at end of the year	<u>8,684</u>	<u>3,934</u>	<u>5,634</u>

22. RESTRICTED DEPOSIT

At 31 December 2010, the amount represented cash deposited with a bank for capital verification of Wuxi Skytech, which was established on 14 January 2011. The deposit was released upon completion of capital verification in 2011.

23. AMOUNT DUE FROM A RELATED PARTY/AMOUNT DUE FROM A COMPANY CONTROLLED BY A NON-CONTROLLING SHAREHOLDER OF THE COMPANY

The Group

The amount due from a related party at 31 December 2010 represented the advance provided to 南京新麗華置業有限公司, Nanjing Xinlihua Real Estate Co., Ltd. ("Nanjing Xinlihua") which was unsecured, non-interest bearing and repayable on demand. Details of the relationship between the Company and Nanjing Xinlihua are set out in Note 35. The maximum outstanding balance during the year ended 31 December 2010 and 2011 are RMB 2,500,000 and RMB 2,500,000 respectively.

The amount due from a company controlled by a non-controlling shareholder of the Company at 31 December 2010 represented the advance provided to 南京競天科技有限公司, Nanjing Jingtian Technology Co., Ltd. ("Nanjing Jingtian") which was unsecured, non-interest bearing and repayable on demand. Nanjing Jingtian is a subsidiary of Team United Investments Limited, which is a non-controlling shareholder of the Company, also a company controlled by a director of group subsidiaries, Nanjing Skytech and Jiangsu Skyinformation (the director has resigned from Nanjing Skytech and Jiangsu Skyinformation on April 2012 and May 2012 respectively). The maximum outstanding balance during the year ended 31 December 2010 and 2011 are RMB 3,700,000 and RMB 3,700,000 respectively.

24. LOAN RECEIVABLES

The Group

		<u>As at 31 December</u>		
		<u>2010</u>	<u>2011</u>	<u>2012</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fixed-rate loan receivables from				
Nanjing Jingtian		<u>30,092</u>	<u>—</u>	<u>—</u>
	<u>Maturity date</u>			
Analysed as				
Non-current	30 August 2012	<u>30,092</u>	<u>—</u>	<u>—</u>

At 31 December 2010, the amount represented entrusted loans arranged via a bank to Nanjing Jingtian, which was unsecured and carried a fixed interest rate of 10% per annum. The loan receivables of RMB30,092,000 were fully settled on 26 April 2011.

25. PLEDGED BANK DEPOSITS

Pledged bank deposits of the Group represent deposits pledged as security against notes payables and bank borrowings, carrying fixed interest rates at 1.70% to 2.50%, 2.60% to 3.03% and 2.80% to 3.03% per annum at 31 December 2010, 2011 and 2012, respectively.

The pledged bank deposits will be released upon the settlement of relevant bank borrowings and notes payables.

26. BANK BALANCES AND CASH

Bank balances of the Group and the Company carry interest at market rates of 0.36% to 1.35%, 0.36% to 1.49% and 0.36% to 1.49% per annum at 31 December 2010, 2011 and 2012, respectively.

The Group's bank balances and cash that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Denominated in:			
USD	<u>2,639</u>	<u>622</u>	<u>5,945</u>

27. TRADE PAYABLES

The Group

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	20,796	32,882	25,749
Notes payables	<u>524</u>	<u>—</u>	<u>—</u>
	<u>21,320</u>	<u>32,882</u>	<u>25,749</u>

Trade payables comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit within 90 days from the invoice date. The following is an aged analysis of trade payables and notes payables presented based on the invoice date as at end of each reporting period:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	18,370	25,188	18,376
91 to 180 days	684	1,213	1,181
181 days to 1 year	2,247	1,933	718
Over 1 year	<u>19</u>	<u>4,548</u>	<u>5,474</u>
	<u>21,320</u>	<u>32,882</u>	<u>25,749</u>

28. OTHER PAYABLES

	The Group			The Company	
	As at 31 December				
	2010	2011	2012	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments from customers	1,707	1,718	2,226	—	—
Payroll payables	8,046	10,272	10,184	744	1,697
Dividend payables	4,914	—	—	—	—
VAT payables	8,314	14,584	25,194	—	—
Others	1,032	2,940	4,749	—	457
	<u>24,013</u>	<u>29,514</u>	<u>42,353</u>	<u>744</u>	<u>2,154</u>

	The Group		
	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other payables denominated in USD	<u>4,914</u>	<u>744</u>	<u>2,154</u>

29. AMOUNT(S) DUE TO A RELATED PARTY/SUBSIDIARIES

The Group

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sinosoft UK	<u>618</u>	<u>—</u>	<u>—</u>

The Company

	As at 31 December	
	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Infotech Holdings	5,484	10,571
Nanjing Skytech	<u>1,840</u>	<u>3,275</u>
	<u>7,324</u>	<u>13,846</u>

At end of the reporting period, the amounts due to related parties are not trade related, unsecured, non-interest bearing and without repayment terms.

The Group's amount due to a related party that was denominated in USD, currency other than functional currency of the relevant group entities are set out below:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Denominated in USD	<u>618</u>	<u>—</u>	<u>—</u>

30. SHORT-TERM BANK LOANS

The Group

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured	39,736	69,378	82,312
Unsecured	<u>32,000</u>	<u>—</u>	<u>—</u>
	<u>71,736</u>	<u>69,378</u>	<u>82,312</u>

At 31 December 2010, bank loans amounting to RMB32,000,000 were guaranteed by related parties (Note 35) and bore variable interest at rates ranging from 5.84% to 6.16% per annum. Bank loans amounting to RMB39,736,000 were secured by certain of the Group's pledged bank deposits of approximately RMB40,680,000 and bore variable interest at 2.5% per annum.

At 31 December 2011, bank loans amounting to RMB22,000,000 were secured by certain of the Group's trade receivables of approximately RMB45,101,000 and bore variable interest at 7.02% per annum. Bank loans amounting to RMB47,378,000 were secured by certain of the Group's pledged bank deposits of approximately RMB49,030,000 and bore variable interest at rates from 2.37% to 3.03% per annum.

At 31 December 2012, bank loans amounting to RMB22,600,000 were secured by certain of the Group's trade receivables and bore variable interest at rates ranging from 6.6% to 7.22% per annum. Bank loans amounting to RMB59,712,000 were secured by certain of the Group's pledged bank deposits of approximately RMB62,775,000 and bore variable interest at rates ranging from 2.31% to 3.28% per annum.

The Group's short-term bank loans that were denominated in USD were re-translated in RMB and stated for reporting purposes as:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Short-term loans denominated in USD	<u>39,736</u>	<u>47,378</u>	<u>59,712</u>

During the Track Record Period, bank loans denominated in RMB and USD carrying variable interests were with reference to rates announced by the People's Bank of China and Singapore Interbank Offered Rate, respectively.

31. SHARE CAPITAL

The share capital at 31 December 2010 represents the issued share capital of Infotech Holdings, which is the then holding company of the operating subsidiaries of the Group in the PRC.

	Number of shares	Amount
Issued and paid-up:		
At 31 December 2010	<u>179,000</u>	<u>SGD108,000</u>
Equivalent to approximately		<u>RMB891,000</u>

Infotech Holdings has one class of ordinary shares with no par value and carry no right to fixed income.

The Company was incorporated in the Cayman Islands on 6 January 2011 as the holding company of the Group.

	Number of shares	Amount
Authorised:		
Ordinary Shares of HK\$0.10 each		
At date of incorporation, 31 December 2011 and at 31 December 2012	<u>3,800,000</u>	<u>HK\$380,000</u>
Issued and paid-up:		
At date of incorporation, 31 December 2011 and at 31 December 2012	<u>100,000</u>	<u>HK\$10,000</u>
Equivalent to approximately		<u>RMB8,000</u>

32. RESERVES**The Group**

Pursuant to the relevant laws and regulations in the PRC applicable to foreign investment enterprises and the Articles of Association of the PRC subsidiaries, the PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriations to these funds are made out of net profit after taxation as reported in the PRC statutory financial statements of the subsidiaries (the "PRC Accounting Profit").

The subsidiaries are required to transfer 15% of their PRC Accounting Profit to the statutory surplus reserve fund until the balance reaches 50% of the registered capital of the PRC subsidiaries. The statutory surplus reserve fund may be used to make up prior year losses incurred or to increase capital.

The Company

	<u>Reserve</u>	
	<u>Accumulated loss</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>
At date of incorporation		
Loss and total comprehensive expenses for the period	<u>(8,071)</u>	<u>(8,071)</u>
As at 31 December 2011	<u>(8,071)</u>	<u>(8,071)</u>
Loss and total comprehensive expenses for the year	<u>(7,933)</u>	<u>(7,933)</u>
As at 31 December 2012	<u>(16,004)</u>	<u>(16,004)</u>

33. OPERATING LEASES

	<u>Year ended 31 December</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Minimum lease payments paid under operating leases during the year	<u>3,225</u>	<u>9,991</u>	<u>10,229</u>

At the end of each reporting period, the Group has outstanding commitments with Nanjing Jingtian in respect of non-cancellable operating leases which fall due as follows:

	As at 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	<u>7,807</u>	<u>7,807</u>	<u>7,807</u>
Total	<u><u>7,807</u></u>	<u><u>7,807</u></u>	<u><u>7,807</u></u>

Operating lease payments represented rentals payable by the Group for certain of its offices. Leases are negotiated for terms of 1 year at fixed rental.

34. RETIREMENT BENEFITS SCHEMES

Pursuant to the relevant regulations of the PRC government, Nanjing Skytech, Wuxi Skytech, Jiangsu Skyinformation and Quan Shui Tong have participated in central pension schemes (the "Schemes") operated by the local municipal government and the Group is required to contribute certain percentage of the basic salaries of its employees to the Schemes to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of Nanjing Skytech, Wuxi Skytech and Jiangsu Skyinformation. The only obligation of Nanjing Skytech, Wuxi Skytech and Jiangsu Skyinformation with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to the profit or loss as incurred.

During the Track Record Period, the total amounts contributed by the Group to the Schemes and charged to profit or loss represent contribution payable to the Schemes by the Group at rates specified in the rules of the Schemes and are as follows:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts contributed and charged to profit or loss	<u>1,608</u>	<u>1,878</u>	<u>1,979</u>

As at 31 December 2010 and 2011 and 2012, the contributions due in respect of the year that had not been paid over to the Schemes were RMB196,000, RMB236,000 and RMB255,000, respectively.

35. RELATED PARTY TRANSACTIONS

(1) Related party transactions

During the Track Record Period, in addition to those disclosed in Notes 21, 23, 24, 28, 29, 30 and 33, the Group had the following related party transactions:

	Year ended 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Guarantee for short-term bank loans provided by:			
Ms. Xin Yingmei (<i>note 1</i>)	32,000	—	—
Jiangsu Homelike Construction Materials Supermarket Co., Ltd. ("Jiangsu Homelike") (<i>note 3</i>)	<u>22,000</u>	<u>—</u>	<u>—</u>
Sales to:			
Nanjing Jingtian	<u>5,427</u>	<u>—</u>	<u>—</u>
Rental expense paid to:			
Nanjing Jingtian	<u>1,330</u>	<u>9,369</u>	<u>9,369</u>
Interest income on loans receivable from:			
Nanjing Jingtian	<u>2,807</u>	<u>899</u>	<u>—</u>

The following balances were outstanding at the end of the reporting period:

	As at 31 December		
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Trade receivables:			
Nanjing Xinlihua (<i>note 2</i>)	2,689	—	—
Nanjing Jingtian	<u>6,350</u>	<u>—</u>	<u>—</u>
	<u>9,039</u>	<u>—</u>	<u>—</u>
Other receivables:			
Nanjing Jingtian	<u>3,227</u>	<u>781</u>	<u>625</u>
Other payables:			
Rental payables:			
Nanjing Jingtian	<u>—</u>	<u>—</u>	<u>1,561</u>

Other receivables from Nanjing Jingtian represent rental deposits, performance deposits for construction projects and rental prepayment.

Note 1: Ms. Xin Yingmei is a director of the Company and the sole controlling shareholder of Long Capital International Limited, which is immediate holding company of the Company

Note 2: a shareholder of Nanjing Xinlihua is a sibling of Ms. Xin Yingmei.

Note 3: Jiangsu Homelike is a subsidiary of Nanjing Xinlihua.

(2) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

	Year ended 31 December		
	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Short-term benefits	1,954	1,989	2,583
Retirement benefits scheme contributions	89	134	150
Performance related incentive payment	137	—	—
	<u>2,180</u>	<u>2,123</u>	<u>2,733</u>

36. INVESTMENT IN A SUBSIDIARY

	As at
	31 December 2011 and 31 December 2012
	<i>RMB'000</i>
Unlisted equity investment in a directly owned subsidiary, at cost	—*

* Amount less than RMB1,000.

Pursuant to the sale and purchase agreement dated 20 January 2011 entered into between Sinosoft UK as vendor and the Company as purchaser, Sinosoft UK transferred the entire issued share capital of Infotech Holdings to the Company for a consideration of SGD1.00 (equivalent to RMB4). After the completion of acquisition, Infotech Holdings was wholly owned by the Company.

B. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is Long Capital International Limited, a company incorporated in the British Virgin Islands.

C. DIRECTORS' REMUNERATION

Save as disclosed herein, no other remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Track Record Period.

D. EVENTS AFTER THE END OF THE REPORTING PERIOD

Pursuant to a resolution passed in directors' meeting dated 23 January 2013, the Company declared a dividend of USD3,261,380 (equivalent to approximately RMB20,440,000) to its then shareholders, and the dividends were paid in 5 February 2013.

Pursuant to the written resolutions passed on 11 June 2013, (i) the Company subdivided each existing issued and unissued shares of HK\$0.10 each in the share capital of the Company into 10 new ordinary shares of HK\$0.01 each, (ii) the authorised share capital of the Company was increased from HK\$380,000 to HK\$80,000,000 by the creation of an additional 7,962,000,000 shares, (iii) conditional on the share premium account of the Company being credited as a result of the issue of the offering shares by the Company as disclosed in the Prospectus, a sum of HK\$7,490,000 standing to the credit of the share premium account of the Company will be capitalised and applied in paying up in full at par 749,000,000 shares, such shares to be allotted and issued to the shareholders as at 11 June 2013 on a pro rata basis. Details of which set out in Appendix IV entitled "Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in writing of our Shareholders passed on 11 June 2013" to the Prospectus.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2012.

Yours faithfully
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report as set forth in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS OF THE GROUP

The following is an illustrative unaudited pro forma statement of our adjusted net tangible assets prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on our net tangible assets attributable to the equity holders of our Company as at 31 December 2012 assuming the Capitalisation Issue and the Global Offering had been completed on 31 December 2012 and the Over-allotment Option is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as at 31 December 2012 or at any future dates following the Global Offering.

	Unadjusted audited consolidated net tangible assets attributable to the owners of our Company as at 31 December 2012⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾⁽⁴⁾	Unaudited pro forma adjusted net tangible assets attributable to the owners of our Company	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$⁽⁴⁾</i>
Based on the minimum indicative Offer Price of HK\$1.22 per Offer Share	<u>146,025</u>	<u>227,579</u>	<u>373,604</u>	<u>0.37</u>	<u>0.46</u>
Based on the maximum indicative Offer Price of HK\$1.50 per Offer Share	<u>146,025</u>	<u>281,976</u>	<u>428,001</u>	<u>0.43</u>	<u>0.54</u>

Notes:

- (1) The unadjusted audited consolidated net tangible assets attributable to the equity holders of our Company as at 31 December 2012 is extracted from the Accountants' Report, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company of approximately RMB233,395,000 after deduction of intangible assets of RMB87,370,000.

- (2) The estimated net proceeds from the Global Offering to be received by our Company are based on 250,000,000 New Shares at the minimum indicative and maximum indicative Offer Price of HK\$1.22 and HK\$1.50 per Offer Share, respectively, after deduction of underwriting fees and other related fees and expenses incurred and to be incurred by our Company since 1 January 2013. The calculation of such estimated net proceeds does not take into account the Shares which may be allotted and issued pursuant to the exercise of the Overallotment Option or any options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates approved on 11 June 2013 which is set out in Appendix IV to this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at on the basis that 1,000,000,000 Shares were in issue assuming that the Capitalisation Issue and the Global Offering had been completed on 31 December 2012 and the Over-allotment Option is not exercised.
- (4) The estimated net proceeds from the Global Offering are converted into Renminbi and the unaudited pro forma adjusted net tangible assets per Share in Hong Kong dollars are converted from Renminbi at the PBOC rate of HK\$1 to RMB0.8012 prevailing on 26 April 2013. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rate or at all.
- (5) Except as disclosed above, no adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 December 2012.

B. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is the text of a report received from our Reporting Accountants prepared for the purposes of incorporation in this prospectus, in respect of the unaudited pro forma financial information of our Group.

Deloitte.
德勤

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ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**TO THE DIRECTORS OF SINOSOFT TECHNOLOGY GROUP LIMITED**

We report on the unaudited pro forma financial information of Sinosoft Technology Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the globing offering of 300,000,000 shares of HK\$0.01 each in the Company might have affected the financial information presented, for inclusion in part A of Appendix II to the prospectus dated 27 June 2013 (the "Prospectus"). The basis of preparation of the unaudited pro forma financial information is set out in Part A of Appendix II to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29 (7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants Report on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2012 or any future date.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 June 2013

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 January, 2011 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Memorandum of Association (the “Memorandum”) and the Articles of Association (the “Articles”) comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 11 June, 2013. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be

paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director

may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) *Proceedings of the Board*

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as

between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in

the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;

- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall

constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 18 January, 2011.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company

for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 6 January 2011 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 16 December 2011. We have established a place of business in Hong Kong at 3907-08, 39/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Dr. Ngai Wai Fung who resides at 26A, Wah Shan Mansion, 17 Taikoo Shing Road, Quarry Bay, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands Companies Law and its constitution comprising the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Cayman Islands Companies Law is set out in Appendix III to this prospectus.

2. Change in share capital

Our authorised share capital as at the date of our incorporation was HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each. Upon incorporation, one share of HK\$0.10 was allotted and issued to Codan Trust Company (Cayman) Limited and such share was transferred to Long Capital on 6 January 2011. On 17 January 2011, 76,011 shares, 12,000 shares, 5,000 shares, 4,162 shares, 2,576 shares and 250 shares were allotted and issued to Long Capital, Telewise Group, Team United, Joint Allied, China Pride and Mr. Yu, respectively.

On 26 January 2011, Alibaba.com entered into the Share Purchase Agreement with Long Capital, Telewise Group, Team United, Joint Allied, China Pride, Ms. Xin, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong, Mr. Ma Ming, pursuant to which Alibaba.com agreed to acquire an aggregate of 25,000 shares, representing 25% of the shares then in issue, from Long Capital, Telewise Group, Team United, Joint Allied and China Pride for a total consideration of RMB168,750,000.

Pursuant to the Share Purchase Agreement, Long Capital, Telewise Group, Team United, Joint Allied and China Pride transferred 19,051 shares, 3,007 shares, 1,253 shares, 1,043 shares and 646 shares to Alibaba.com respectively on 31 January 2011.

On 11 June 2013, our Company sub-divided all its issued and unissued shares with par value of HK\$0.10 each into 10 Shares of HK\$0.01 each. On the same date, our Company increased its authorised share capital to HK\$80,000,000 divided into 8,000,000,000 Shares, with a par value of HK\$0.01 each.

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$10,000,000 divided into 1,000,000,000 Shares, all fully paid or credited as fully paid and 7,000,000,000 Shares will remain unissued.

Save for the aforesaid and as mentioned in the sub-paragraph headed “3. Resolutions in writing of our Shareholders passed on 11 June 2013” below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our Shareholders passed on 11 June 2013

Pursuant to the written resolutions passed by our Shareholders on 11 June 2013:

- (a) we approved and conditionally adopted the Articles of Association;
- (b) we subdivided each existing issued and unissued share of HK\$0.10 in the share capital of the Company into 10 new ordinary shares of HK\$0.01 each;
- (c) the authorised share capital of our Company was increased from HK\$380,000 to HK\$80,000,000 by the creation of an additional 7,962,000,000 Shares;
- (d) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Capitalisation Issue and the Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme); (ii) the entering into of the agreement on the Offer Price among our Company, the Selling Shareholder and the Joint Global Coordinators (for and on behalf of the Underwriters) on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
 - (i) the Global Offering was approved and our Directors were authorised to allot and issue the new Shares pursuant to the Global Offering;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the sub-paragraph headed “D. Other information — 1. Share Option Scheme” below in this Appendix, were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme; and
 - (iii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global

Offering, our Directors were authorised to capitalise an amount of HK\$7,490,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 749,000,000 Shares, such Shares to be allotted and issued to our Shareholders as of 11 June 2013 on a pro rata basis.

- (e) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
- (f) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and
- (g) the general unconditional mandate mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (f) above.

4. Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the listing of our Shares on the Stock Exchange. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and group structure” in this prospectus.

5. Changes in share capital of subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report. Save for the subsidiaries mentioned in the Accountants’ Report and in the section headed “History, Reorganisation and group structure”, our Company has no other subsidiaries.

The following sets out the changes to the share capital made by the subsidiary of our Company during the two years preceding the date of this prospectus:

- (a) The registered capital of Nanjing Skytech was increased from RMB46,175,000 to RMB68,000,000 on 25 December 2012.

Save as set out above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Particulars of our subsidiaries in the PRC

Set out below is a summary of the corporate information of our subsidiaries established in the PRC:

(a) ***Nanjing Skytech***

Date of Establishment:	14 December 1998
Place of Establishment:	PRC
Nature:	Limited liability company
Registered Capital:	RMB68,000,000
Shareholder(s):	Infotech Holdings (100%)

(b) ***Jiangsu Skyinformation***

Date of Establishment:	8 September 2005
Place of Establishment:	PRC
Nature:	Limited liability company
Registered Capital:	RMB12,000,000
Shareholder(s):	Nanjing Skytech (100%)

(c) ***Wuxi Skytech***

Date of Establishment:	14 January 2011
Place of Establishment:	PRC
Nature:	Limited liability company
Registered Capital:	RMB5,000,000
Shareholder(s):	Jiangsu Skyinformation (100%)

(d) ***Nanjing Skytech Quan Shui Tong***

Date of Establishment:	18 December 2012
Place of Establishment:	PRC
Nature:	Limited liability company
Registered Capital:	RMB10,000,000
Shareholder(s):	Nanjing Skytech (100%)

(e) ***Zhenjiang Skyinformation***

Date of Establishment:	5 June 2013
Place of Establishment:	PRC
Nature:	Limited liability company
Registered Capital:	RMB5,000,000
Shareholder(s):	Nanjing Skytech (100%)

7. Repurchases of our Shares(a) ***Provisions of the Listing Rules***

The Listing Rules permit companies whose primary listing is on the Main Board of Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) ***Shareholders' approval***

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its Shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to resolution passed by our Shareholders on 11 June 2013, a general unconditional mandate (the “**Buyback Mandate**”) was granted to our Directors authorising the repurchase of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have general authority from its Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Islands Companies Law, out of capital and, in the case of any premium payable on the purchase, out of either or both of the profits of our Company or the share premium account of our Company or, subject to the Cayman Islands Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) Share capital

Exercise in full of the Buyback Mandate, on the basis of 1,000,000,000 Shares in issue immediately after the listing of the Shares (but not taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), could accordingly result in up to 100,000,000 Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) has notified us that he/she/it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering and the Capitalisation Issue (but not taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 100,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders will be increased to approximately 54.96% of the

issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) the deed of indemnity dated 11 June 2013 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its present subsidiaries) in respect of, amongst others, taxation and property matters referred to in the paragraph headed “D. Other information — 2. Tax and other indemnities” in this Appendix;
- (b) the Deed of Non-competition;
- (c) the public offer underwriting agreement dated 19 June 2013 in relation to the Public Offer entered into between our Company, our Controlling Shareholders, the Joint Bookrunners and the Public Offer Underwriters;
- (d) the deed of indemnity dated 23 June 2013 entered into by Long Capital, Ms. Xin, Telewise Group, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming in favour of our Company in relation to the indemnities provided by Long Capital, Ms. Xin, Telewise Group, Mr. Wang Xiaogang, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming to our Company in respect of all liabilities incurred by our Group in connection with the proceedings relating to Janful and Nanhua;
- (e) the amended and restated public offer underwriting agreement dated 24 June 2013 in relation to the Public Offer entered into between our Company, our Controlling Shareholders, the Joint Bookrunners and the Public Offer Underwriters; and
- (f) the Public Offer Underwriting Agreement.

2. Intellectual property rights of the Group

(a) *Patents*

As at the Latest Practicable Date, our Group was the registered proprietor of the following patents which, in the opinion of our Directors, are material to our business:





Patent	Patent Number	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
Multi-carrier system equalisation	200910029942.1	Invention	Nanjing Skytech	PRC	24 March 2009	23 March 2029
A device for monitoring the whereabouts of mobile communication terminal holders	201220273422.2	Utility Model	Jiangsu Skyinformation	PRC	11 June 2012	10 June 2022
A casing for mobile communication terminal monitoring devices	201220273400.6	Utility Model	Jiangsu Skyinformation	PRC	11 June 2012	10 June 2022
A mobile communication terminal monitoring device	201220273291.8	Utility Model	Jiangsu Skyinformation	PRC	11 June 2012	10 June 2022
Device for monitoring the whereabouts of mobile communication terminal holders	201230238949.7	Design	Jiangsu Skyinformation	PRC	11 June 2012	10 June 2022

As at the Latest Practicable Date, our Group had applied for the registration of the following patent:

Patent	Application Number	Type	Name of Applicant	Place of Application	Date of Application
Device for monitoring the whereabouts of mobile communication terminal holders and monitoring method	201210190582.5	Invention	Jiangsu Skyinformation	PRC	11 June 2012

(b) Trademarks

As at the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	300728668	9, 42	Nanjing Skytech	Hong Kong	25 September 2006	24 September 2016
擎天	302300246	35, 36, 37	Nanjing Skytech	Hong Kong	29 June 2012	28 June 2022
	301853442	9, 35, 42	our Company	Hong Kong	9 March 2011	8 March 2021
擎天	3418971	9	Nanjing Skytech	USA	29 April 2008	29 April 2014
擎天	3418972	42	Nanjing Skytech	USA	29 April 2008	29 April 2014
	01269782	42	Nanjing Skytech	Taiwan	1 July 2007	30 June 2017
擎天天商	4766000	9	Nanjing Skytech	PRC	28 May 2008	27 May 2018
	5733161	9	Nanjing Skytech	PRC	14 September 2009	13 September 2019
擎天天商	4765999	42	Nanjing Skytech	PRC	21 February 2009	20 February 2019
擎天天盾	5432130	9	Nanjing Skytech	PRC	14 June 2009	13 June 2019
擎天天盾	5432129	42	Nanjing Skytech	PRC	14 September 2009	13 September 2019
擎天天易	5595496	9	Nanjing Skytech	PRC	14 August 2009	13 August 2019
擎天天易	5595495	42	Nanjing Skytech	PRC	14 October 2009	13 October 2019
擎天天甲	5432131	9	Nanjing Skytech	PRC	14 June 2009	13 June 2019
擎天天甲	5432128	42	Nanjing Skytech	PRC	14 September 2009	13 September 2019

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
擎天天銳	5432132	9	Nanjing Skytech	PRC	14 June 2009	13 June 2019
擎天天銳	5432127	42	Nanjing Skytech	PRC	14 September 2009	13 September 2019
擎天天博	7429505	42	Nanjing Skytech	PRC	14 December 2010	13 December 2020
擎天天博	7429464	9	Nanjing Skytech	PRC	7 January 2011	6 January 2021
擎天	8845894	42	Nanjing Skytech	PRC	28 November 2011	27 November 2021
Skytech	9688281	35	Nanjing Skytech	PRC	28 November 2012	27 November 2022
Skytech	9688298	36	Nanjing Skytech	PRC	28 September 2012	27 September 2022
Skytech	9688331	37	Nanjing Skytech	PRC	28 September 2012	27 September 2022
QingTian	9182809	42	Nanjing Skytech	PRC	14 March 2012	13 March 2022

As at the Latest Practicable Date, our Group had applied for the registration of the following trademark:

Trademark	Application Number	Class	Name of Applicant	Place of Application	Date of Application
Skytech	301972062	36, 37	Nanjing Skytech	Hong Kong	12 July 2011

(c) **Domain names**

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in the opinion of our Directors, are material to our business:

Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
skynj.com	Nanjing Skytech	13 June 2002	13 June 2017
skynj.cn	Nanjing Skytech	6 May 2003	6 May 2016
sinsoft-technology.net	Nanjing Skytech	14 January 2006	14 January 2017

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Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
sinosoft-technology.com	Nanjing Skytech	14 January 2006	14 January 2017
sinosoft-technology.cn	Nanjing Skytech	14 January 2006	14 January 2015
擎天科技.com	Nanjing Skytech	28 June 2012	28 June 2022
擎天科技.net	Nanjing Skytech	28 June 2012	28 June 2022

(d) Software copyrights

As at the Latest Practicable Date, we are the sole/joint registered owner(s) of the following software copyrights which, in the opinion of our Directors, are material to our business:

Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration^(Note)
Skytech Third-Phase Golden Export Rebates (Exemption) Report Management System Software V1.0	PRC	Nanjing Skytech	080809	2 August 2007
Skytech Public Comprehensive Information Management System Platform Software V1.0	PRC	Nanjing Skytech	081984	20 April 2007
Skytech Tiandun Computer Data Protection System Software (Online Version) V1.0	PRC	Nanjing Skytech	082305	30 June 2007
Skytech Civil Aviation Passenger Reservation Automatic Response System Software V1.0	PRC	Nanjing Skytech	082307	30 July 2007
Skytech Flying Quality Analysis System Software V1.0	PRC	Nanjing Skytech	082308	12 July 2007
Skytech Tiandun Online Training System Software V2.0	PRC	Nanjing Skytech	082306	20 August 2007
Skytech Solar Power System Software V1.0	PRC	Nanjing Skytech	113835	20 May 2007
Skytech General Office Platform Software V1.0	PRC	Nanjing Skytech	113834	31 March 2008
Skytech Case Management Information System (Basic Edition) Software V1.0	PRC	Nanjing Skytech	119916	20 May 2008
Skytech Marriage Registration Information Management System V1.0	PRC	Nanjing Skytech	105373	18 April 2008

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration^(Note)
Skytech Tianbo Reporting Software (SkytechReports) V1.0	PRC	Nanjing Skytech	105372	30 June 2008
Skytech Export Goods Tax Rebate (Exemption) Report Management System Software V2.0	PRC	Nanjing Skytech	0155219	15 May 2008
Skytech Golden Phase 3 Export Goods Tax Rebate (Exemption) Information Management System Software V1.0	PRC	Nanjing Skytech	0155220	15 May 2008
QTBL Common Platform for Coal Mine Safety Monitoring Control Software V1.0	PRC	Nanjing Skytech, Xuzhou Lianbo Technology Co., Ltd.	0163669	18 April 2009
Skytech Solar Power System Software V2.0	PRC	Nanjing Skytech	177673	10 March 2009
Skytech Tianshang Portable Intelligence Reporting Software V1.0	PRC	Nanjing Skytech	0195043	5 March 2009
Skytech Electronic Monitoring System Software Platform V1.0	PRC	Nanjing Skytech	0224396	8 January 2010
Skytech Administrative Examination and Approval System Software V1.0	PRC	Nanjing Skytech	0224260	8 January 2010
Skytech Open and Transparent Operation of Administrative Power Online System Software V1.0	PRC	Nanjing Skytech	0226286	8 January 2010
Skytech Electronic Monitoring System and Administrative Examination and Approval Software V1.0	PRC	Nanjing Skytech	0224166	2 November 2009
Skytech Information Processing Platform Software V5.0	PRC	Nanjing Skytech	0220376	5 July 2008
Skytech Tianshang Enterprise Office Automation System Software V3.1	PRC	Nanjing Skytech	0235520	10 March 2010
Skytech Tianshang Export Goods Tax Rebate (Exemption) Online Version Management System Software V2.0	PRC	Nanjing Skytech	0237550	20 May 2009
Digital Discipline Inspection Platform V2.0	PRC	Nanjing Skytech, Communist Party of China Nanjing Commission for Discipline Inspection	0261428	20 February 2009

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration^(Note)
Skytech Urban Carbon Emissions Monitoring System Software V1.0	PRC	Nanjing Skytech	0261298	1 March 2010
Skytech High-speed ADSL Multi-mode Communication System Software V1.0	PRC	Nanjing Skytech	0293991	20 October 2010
Skytech Archive Information Management System Software V1.0	PRC	Nanjing Skytech	0286136	30 June 2010
Skytech Communication Signal Acquisition System Software V1.0	PRC	Nanjing Skytech	0286134	30 August 2010
Skytech Communication Signal Maintenance Management System Software v2.0	PRC	Nanjing Skytech	0286137	21 July 2010
Skytech Data Acquisition System Software V1.0	PRC	Nanjing Skytech	0301196	25 March 2011
Skytech Urban Underground Pipeline Digital Management Software V1.0	PRC	Nanjing Skytech	0328798	18 August 2010
Skytech E Bills Software V2.0	PRC	Nanjing Skytech	0328389	26 June 2010
Skytech Demolition and Resettlement Information Management System Software V1.0	PRC	Nanjing Skytech	0370159	5 May 2011
Skytech Administrative Law Enforcement and Examination Management Information System Software V3.0	PRC	Nanjing Skytech	0370376	10 April 2010
Skytech Java Web Development Platform Software V1.0	PRC	Nanjing Skytech	0370190	1 September 2010
Skytech Online Tax Filing Software V1.0	PRC	Nanjing Skytech	0372238	20 November 2011
Skytech Web Site Content Management Platform Software V3.0	PRC	Nanjing Skytech	0389026	20 August 2010
Skytech Tianshang Tax Rebate USB Suite V1.0	PRC	Nanjing Skytech	0427684	8 May 2012
Skytech Tianshang Tax Rebate Commercial Flagship Software V1.0	PRC	Nanjing Skytech	0427679	28 March 2010
Skytech Tianshang Tax Rebate Business Agent Version Software V1.0	PRC	Nanjing Skytech	0427581	20 January 2012
Skytech Tianshang Universal Bills Software V1.0	PRC	Nanjing Skytech	0427330	22 June 2011

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration^(Note)
Skytech Tianshang Tax Rebate Business Navigation Version Software V1.0	PRC	Nanjing Skytech	0427688	28 February 2012
Skytech Corporate Carton Examining System Software V1.0	PRC	Nanjing Skytech	0445982	12 March 2012
Skytech Urban Greenhouse Gas Emissions Accounting and Reporting System Software V1.0	PRC	Nanjing Skytech	0446141	15 March 2012
Skytech Urban Carbon Emissions Monitoring and Supervising Platform Software V1.0	PRC	Nanjing Skytech	0446145	8 March 2012
Skytech Corporate Carton Assets Accounting Platform Software V1.0	PRC	Nanjing Skytech	0446662	25 February 2012
Skytech Equipment Management System Software V1.0	PRC	Nanjing Skytech	0448585	28 April 2012
Skytech Government Integrated Platform Software V1.0	PRC	Nanjing Skytech	0449079	25 March 2012
Skytech Public Security Regulatory Web Site Software V1.0	PRC	Nanjing Skytech	0449082	16 June 2012
Skytech Basic Information Database and Management System Software V1.0	PRC	Nanjing Skytech	0449086	15 May 2012
Skytech Information Submission, Gathering and Editing System Software V1.0	PRC	Nanjing Skytech	0449401	14 April 2012
Skytech Incorrupt Government File Information Management System Software V1.0	PRC	Nanjing Skytech	0446361	5 June 2012
Skytech Administrative Complaint Information Management System Software V1.0	PRC	Nanjing Skytech	0448581	30 May 2012
Skytech Tianshang Export Goods Tax Rebate (Exemption) Filing Management System Software V6.1	PRC	Nanjing Skytech	0458604	18 February 2012
Skytech Community and Social Management Integrated Administration Platform Software V1.0	PRC	Nanjing Skytech	0475386	12 August 2012

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration^(Note)
Skytech Tianshang Information Intelligent Analytics Software V1.0	PRC	Nanjing Skytech	0477474	16 June 2012
Public Security Administration and Management Integrated Application Platform Software V2.0	PRC	Jiangsu Skyinformation, Nanjing Public Security Bureau	082387	31 July 2007
Skytech High Speed ADSL Information Communication System Software V2.0	PRC	Jiangsu Skyinformation	0180266	1 July 2009
Skytech Communication Information Signal Security Analytical System Software V1.0	PRC	Jiangsu Skyinformation	0180265	30 July 2009
Skytech Online Information Receiving and Processing Software V3.0	PRC	Jiangsu Skyinformation	0180264	7 September 2009
Skytech Communication Signal Operation and Maintenance System Software V2.0	PRC	Jiangsu Skyinformation	0234802	1 February 2010
Skytech Communication Signal Receiving System Software V1.0	PRC	Jiangsu Skyinformation	0237861	10 March 2010
Skytech Case Execution Information System Software V1.0	PRC	Jiangsu Skyinformation	0253655	28 December 2009
Skytech Integrated Office Platform System Software V1.0	PRC	Jiangsu Skyinformation	0253556	18 July 2009
Skytech Public Security Special Information Mobile Processing Platform Software V1.0	PRC	Jiangsu Skyinformation	0370139	29 September 2011
Skytech Public Security Special Information Integrated Application Platform Software V1.0	PRC	Jiangsu Skyinformation	0370373	28 August 2011
Skytech Enterprise Bills Processing Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	0539401	30 March 2013
Skytech Export Tax Rebate Mini Reporting System Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	0539397	15 March 2013
Skytech Tianshang Intelligent Analytics Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	0539382	30 March 2013
Skytech Export Tax Rebate Synchronization Reporting Assistant Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	0539365	22 March 2013
Skytech Export Rebate Reporting Integrated System Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	0539404	16 March 2013

APPENDIX IV**STATUTORY AND GENERAL INFORMATION**

Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration^(Note)
Skytech Export Tax Exemption/Credit/Rebate Reporting Agent Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	0540309	28 March 2013
Skytech Enterprise Export Decision Analytical System Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	0540310	31 March 2013

Note: The validity period of software copyright is 50 years from the date of registration.

(e) Software product registrations

As at the Latest Practicable Date, we are the sole/joint registered owner(s) of the following software product registrations which, in the opinion of our Directors, are material to our business:

Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration
Skytech Approval of System Software in Parallel V1.0	PRC	Nanjing Skytech	DGY-2003-1058	29 December 2008
Skytech Foreign Trade Enterprise Systems Management Software V1.0	PRC	Nanjing Skytech	DGY-2003-1060	18 November 2008
Skytech Software Export Statistics Software V1.0	PRC	Nanjing Skytech	DGY-2004-1225	19 December 2009
Skytech Tianshang Export Goods Tax Rebate (Exemption) Management System Software V4.0	PRC	Nanjing Skytech	DGY-2005-1114	12 July 2010
Skytech "One-Stop" ASP Back Duty-Free System Software V1.0	PRC	Nanjing Skytech	DGY-2006-1143	18 September 2011
Skytech Document Handling Software Export Enterprises V2.8	PRC	Nanjing Skytech	DGY-2006-1393	15 December 2011
Skytech Data Import System Software V1.0	PRC	Nanjing Skytech	DGY-2008-0447	9 December 2008
Skytech E-Government (.net) System Software V2.0	PRC	Nanjing Skytech	DGY-2003-1013	29 December 2008
Skytech Intelligent Document (SKYIDOC) Processing Platform Software V1.0	PRC	Nanjing Skytech	DGY-2004-1227	30 November 2009
Skytech Integrated Information Technology Project Management System Software V1.0	PRC	Nanjing Skytech	DGY-2004-1229	30 November 2009

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration
Skytech Network Audit Management Software V1.0	PRC	Nanjing Skytech	DGY-2006-1142	18 September 2011
Skytech Workflow Platform Software V1.0	PRC	Nanjing Skytech	DGY-2006-1144	18 September 2011
Skytech Collaborative Information Management System Software V1.0	PRC	Nanjing Skytech	DGY-2006-1389	15 December 2011
Skytech Metro Comprehensive Information Platform Software V1.0	PRC	Nanjing Skytech	DGY-2006-1390	15 December 2011
Skytech Public Information Services and Supervision and Management System Software V1.0	PRC	Nanjing Skytech	DGY-2006-1391	15 December 2011
Skytech Digital Government Information System Platform Software V1.0	PRC	Nanjing Skytech	DGY-2006-1392	15 December 2011
Skytech Community Information Platform Software V1.0	PRC	Nanjing Skytech	DGY-2006-1394	15 December 2011
Skytech Public Comprehensive Information Management System Platform Software V1.0	PRC	Nanjing Skytech	DGY-2007-0289	14 May 2012
Skytech Standardised Web System Software V1.0	PRC	Nanjing Skytech	DGY-2008-0446	9 December 2008
Skytech Computer Data Protection Software V1.0	PRC	Nanjing Skytech	DGY-2004-1228	14 May 2009
Skytech Tiandun Computer Data Protection Shield System Software (Online Version) V1.0	PRC	Nanjing Skytech	DGY-2007-0296	14 May 2012
Skytech Automatic Response System CAD FIT Reservation Software V1.0	PRC	Nanjing Skytech	DGY-2007-0297	14 May 2012
Skytech Flying Quality Analysis System Software V1.0	PRC	Nanjing Skytech	DGY-2007-0298	14 May 2012
Skytech Tiandun Online Training System Software V2.0	PRC	Nanjing Skytech	DGY-2007-0299	14 May 2012
Skytech Solar Power System Software V1.0	PRC	Nanjing Skytech	DGY-2008-0388	18 November 2008
Skytech General Office Platform Software V1.0	PRC	Nanjing Skytech	DGY-2008-0387	18 November 2008
Skytech Case Management Information System (Basic Edition) Software V1.0	PRC	Nanjing Skytech	DGY-2008-0445	9 December 2008

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration
Skytech Marriage Registration Information Management System V1.0	PRC	Nanjing Skytech	DGY-2008-0295	29 October 2008
Skytech Tianbo Reporting Software (SkytechReports) V1.0	PRC	Nanjing Skytech	DGY-2008-0294	29 October 2008
Skytech Golden Phase 3 Expert Goods Tax Rebate (Exemption) Information Management System Software V1.0	PRC	Nanjing Skytech	DGY-2007-0244	14 May 2012
QTBL Common Platform for Coal Mine Safety Monitoring Control Software V1.0	PRC	Nanjing Skytech, Xuzhou Lianbo Technology Co., Ltd.	DGY-2009-0703	22 December 2009
Skytech Solar Power System Software V2.0	PRC	Nanjing Skytech	DGY-2010-0334	16 August 2010
Skytech Intelligence Reporting Software Tianshang Portable V1.0	PRC	Nanjing Skytech	DGY-2010-0252	2 July 2010
Skytech Electronic Monitoring System Software Platform V1.0	PRC	Nanjing Skytech	DGY-2010-0338	16 August 2010
Skytech Administrative Examination and Approval System Software V1.0	PRC	Nanjing Skytech	DGY-2010-0337	16 August 2010
Skytech Open and Transparent Operation of Administrative Power Online System Software V1.0	PRC	Nanjing Skytech	DGY-2010-0335	16 August 2010
Skytech Electronic Monitoring System and Administrative Examination and Approval Software V1.0	PRC	Nanjing Skytech	DGY-2010-0336	16 August 2010
Skytech Information Processing Platform Software V5.0	PRC	Nanjing Skytech	DGY-2010-0333	16 August 2010
Skytech Export Goods Tax Rebate (Exemption) Management System Software V2.0	PRC	Nanjing Skytech	DGY-2010-0664	15 December 2010
Skytech Third-Phase Golden Export Rebates (Exemption) Report Management System Software V1.0	PRC	Nanjing Skytech	DGY-2010-0665	15 December 2010
Digital Discipline Inspection Platform V2.0	PRC	Nanjing Skytech, Communist Party of China Nanjing Commission for Discipline Inspection	DGY-2010-0666	15 December 2010

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration
Skytech Archive Information Management System Software V1.0	PRC	Nanjing Skytech	DGY-2011-0508	8 October 2011
Skytech Tianshang Enterprise Office Automation System Software V3.1	PRC	Nanjing Skytech	DGY-2011-0502	8 October 2011
Skytech Tianshang Export Goods Tax Rebate (Exemption) Online Version Management System Software V2.0	PRC	Nanjing Skytech	DGY-2011-0501	8 October 2011
Skytech Data Acquisition System Software V1.0	PRC	Nanjing Skytech	DGY-2011-0598	4 November 2011
Skytech Urban Underground Pipeline Digital Management Software V1.0	PRC	Nanjing Skytech	DGY-2011-0699	10 November 2011
Skytech Urban Carbon Emissions Monitoring System Software V1.0	PRC	Nanjing Skytech	DGY-2011-0698	10 November 2011
Skytech High Speed ADSL Multi-mode Communication System Software V1.0	PRC	Nanjing Skytech	DGY-2011-0992	19 December 2011
Skytech Communication Signal Acquisition System Software V1.0	PRC	Nanjing Skytech	DGY-2011-0998	19 December 2011
Skytech E Bills Software V2.0	PRC	Nanjing Skytech	DGY-2011-0999	19 December 2011
Skytech Demolition and Resettlement Information Management System Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0168	14 May 2012
Skytech Administrative Law Enforcement and Examination Management Information System Software V3.0	PRC	Nanjing Skytech	DGY-2012-A0167	14 May 2012
Skytech Java Web Development Platform Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0166	14 May 2012
Skytech Web Site Content Management Platform Software V3.0	PRC	Nanjing Skytech	DGY-2012-A0165	14 May 2012
Skytech Communication Signal Maintenance and Management System Software V2.0	PRC	Nanjing Skytech	DGY-2012-A0564	13 August 2012
Skytech Tianshang Tax Rebate USB Suite V1.0	PRC	Nanjing Skytech	DGY-2012-A0637	17 September 2012
Skytech Tianshang Tax Rebate Commercial Flagship Suite V1.0	PRC	Nanjing Skytech	DGY-2012-A0634	17 September 2012

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration
Skytech Tianshang Tax Rebate Business Agent Version Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0636	17 September 2012
Skytech Tianshang Universal Bills Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0633	17 September 2012
Skytech Tianshang Tax Rebate Business Navigation Version Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0635	17 September 2012
Skytech Equipment Management System Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0630	17 September 2012
Skytech Government Integrated Platform Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0628	17 September 2012
Skytech Public Security Regulatory Web Site Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0631	17 September 2012
Skytech Basic Information Database and Management System Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0629	17 September 2012
Skytech Information Submission, Gathering and Editing System Software V1.0	PRC	Nanjing Skytech	DGY-2012-A0632	17 September 2012
Skytech BIOS Underlying Security and Defence System Software V1.0	PRC	Jiangsu Skyinformation	DGY-2007-0171	14 May 2012
Public Security Administration and Management Integrated Application Platform Software V2.0	PRC	Jiangsu Skyinformation, Nanjing Public Security Bureau	DGY-2007-0326	14 May 2012
Skytech High Speed ADSL Information Communication System Software V2.0	PRC	Jiangsu Skyinformation	DGY-2009-0575	22 December 2009
Skytech Communication Information Signal Security Analytical System Software V1.0	PRC	Jiangsu Skyinformation	DGY-2009-0574	22 December 2009
Skytech Online Information Receiving and Processing Software V3.0	PRC	Jiangsu Skyinformation	DGY-2009-0573	22 December 2009
Skytech Communication Signal Receiving System Software V1.0	PRC	Jiangsu Skyinformation	DGY-2010-0579	15 December 2010
Skytech Communication Signal Operation and Maintenance System Software V2.0	PRC	Jiangsu Skyinformation	DGY-2010-0578	15 December 2010

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Software	Place of Registration	Name of Registered Proprietor(s)	Registration Certificate Number	Date of Registration
Skytech Public Security Special Information Mobile Processing Platform Software V1.0	PRC	Jiangsu Skyinformation	DGY-2011-1005	19 December 2011
Skytech Integrated Office Platform Software V1.0	PRC	Jiangsu Skyinformation	DGY-2011-1023	19 December 2011
Skytech Public Security Special Information Integrated Application Platform Software V1.0	PRC	Jiangsu Skyinformation	DGY-2011-1004	19 December 2011
Skytech Case Execution Information System Software V1.0	PRC	Jiangsu Skyinformation	DGY-2011-0991	19 December 2011
Skytech Modern Receiving System Software (QT-MODEM) V2.0	PRC	Nanjing Skytech	DGY-2003-1239	18 November 2008
Skytech ADSL Receiving System Software V1.0	PRC	Nanjing Skytech	DGY-2004-1224	14 May 2009
Skytech Communication Signal Operation and Maintenance System Software V1.0	PRC	Nanjing Skytech	DGY-2011-1000	19 December 2011

As at the Latest Practicable Date, our Group had applied for the registration of the following software product registrations:

Software	Place of Registration	Name of Applicant	Date of Application
Skytech Export Goods Tax Rebate (Exemption) Management System Software V3.0	PRC	Nanjing Skytech	17 May 2013
Skytech Fax Services Platform Software V1.0	PRC	Nanjing Skytech	17 May 2013
Skytech GSM SMS Interactive Platform Software V1.0	PRC	Nanjing Skytech	17 May 2013
Skytech Enterprise Bills Processing Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	17 May 2013
Skytech Export Tax Rebate Mini Reporting System Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	17 May 2013
Skytech Tianshang Intelligent Analytics Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	17 May 2013

Software	Place of Registration	Name of Applicant	Date of Application
Skytech Export Tax Rebate Synchronization Reporting Assistant Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	17 May 2013
Skytech Export Rebate Reporting Integrated System Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	17 May 2013
Skytech Export Tax Exemption/Credit/Rebate Reporting Agent Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	17 May 2013
Skytech Enterprise Export Decision Analytical System Software V1.0	PRC	Nanjing Skytech Quan Shui Tong	17 May 2013

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) ***Disclosure of Interests - interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations***

Immediately following completion of the Global Offering and the Capitalisation Issue and assuming that the Over-allotment Option is not exercised and without taking into account Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests or short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

(i) *Interest in our Company*

Name	Nature of interest	Interests in Shares	Approximate percentage shareholding
Ms. Xin	Interest of a controlled corporation ⁽¹⁾	427,207,500	42.72%
	Interest of spouse ⁽²⁾	67,447,500	6.74%
Mr. Yu	Beneficial owner	1,875,000	0.19%

Note:

- (1) Ms. Xin beneficially owns 100% of the issued share capital of Long Capital. By virtue of the SFO, Ms. Xin is deemed to be interested in 427,207,500 Shares held by Long Capital.
- (2) Ms. Xin is the spouse of Mr. Wang Xiaogang. By virtue of the SFO, Ms. Xin is deemed to be interested in 67,447,500 Shares held by Telewise Group, which is beneficially and wholly owned by Mr. Wang Xiaogang.

(ii) *Interest in associated corporations*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Number of Share</u>	<u>Percentage Shareholding</u>
Ms. Xin	Long Capital	1	100%

(b) *Particulars of service contracts*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than one month notice in writing served by either party on the other.

(c) *Directors' remuneration*

Each of our executive Directors, is entitled to a director's fee and shall be paid a remuneration on the basis of a twelve-month year. The current annual remuneration (including salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) of Ms. Xin and Mr. Yu for the year ended 31 December 2012 (excluding any discretionary bonuses which may be paid to our executive Directors) are as follows:

<u>Name</u>	<u>Annual Remuneration</u>
	<i>(RMB)</i>
Ms. Xin	1,269,000
Mr. Yu	649,000

Our independent non-executive Directors have been appointed for a term of three years. We intend to pay a director's fee of HK\$150,000, HK\$150,000 and HK\$100,000 per annum to each of Mr. Kang Choon Kiat, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping, our independent non-executive Directors, respectively.

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, housing allowances and other allowances and benefits in kind) of our Directors for the year ending 31 December 2013 is estimated to be no more than RMB2.5 million.

Further details of the terms of the abovementioned service contracts are set out in the paragraph headed "C. Further information about Directors and substantial Shareholders — 1. Directors — (b) Particulars of service contracts" above in this Appendix.

2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue assuming that the Over-allotment Option is not exercised and taking no account of any Shares that may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme, the following persons (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage shareholding
Long Capital ⁽²⁾	Beneficial owner	427,207,500(L)	42.72%
Telewise Group ⁽³⁾	Beneficial owner	67,447,500(L)	6.74%
Mr. Wang Xiaogang ⁽³⁾⁽⁴⁾	Interest of a controlled corporation	67,447,500(L)	6.74%
	Interest of spouse	427,207,500(L)	42.72%
Alibaba.com ⁽⁵⁾	Beneficial owner	137,500,000(L)	13.75%
Alibaba.com Limited ⁽⁵⁾	Interest of a controlled corporation	137,500,000(L)	13.75%
Alibaba Group Holding Limited ⁽⁶⁾	Interest of a controlled corporation	137,500,000(L)	13.75%
SoftBank Corp. ⁽⁶⁾	Interest of a controlled corporation	137,500,000(L)	13.75%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Long Capital is beneficially and wholly owned by Ms. Xin. By virtue of the SFO, Ms. Xin is deemed to be interested in the Shares held by Long Capital.
- (3) Telewise Group is beneficially and wholly owned by Mr. Wang Xiaogang. By virtue of the SFO, Mr. Wang Xiaogang is deemed to be interested in the Shares held by Telewise Group.
- (4) Mr. Wang Xiaogang is the spouse of Ms. Xin. By virtue of the SFO, Mr. Wang Xiaogang is deemed to be interested in the Shares held by Ms. Xin.
- (5) Alibaba.com is wholly owned by Alibaba.com Limited, which is held as to 80.02% by Alibaba Group Holding Limited and 19.98% by Alibaba Group Treasury Limited. Alibaba Group Treasury Limited is a wholly owned subsidiary of Alibaba Group Holding Limited. By virtue of the SFO, each of Alibaba.com and Alibaba Group Holding Limited is deemed to be interested in the Shares held by Alibaba.com.
- (6) As SoftBank Corp., a company listed on the Tokyo Stock Exchange, directly or indirectly through its wholly owned subsidiaries, owns more than one-third of the shares in Alibaba Group Holding Limited, by virtue of the SFO, SoftBank Corp. is deemed to be interested in all the Shares held by Alibaba Group Holding Limited.

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this prospectus.

4. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or chief executives of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) none of our Directors or experts referred to under the heading “D. Other information — 9. Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (f) none of the experts referred to under the heading “D. Other information — 9. Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 11 June 2013.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “Eligible Participants”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) ***Acceptance of an offer of Options***

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) ***Maximum number of Shares***

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 100,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms

of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) ***Maximum number of options to any one individual***

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such

participant must be fixed before the shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

- (aa) the Eligible Participant's name, address and occupation;
- (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (cc) the date upon which an offer for an option must be accepted;
- (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
- (ee) the number of Shares in respect of which the option is offered;
- (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
- (gg) the date of the notice given by the grantee in respect of the exercise of the option; and
- (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

(f) ***Price of Shares***

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) ***Granting options to connected persons***

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of the shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) ***Restrictions on the times of grant of Options***

A grant of options shall not be made after a price-sensitive event has occurred or after inside information has come to the knowledge of our Company until it has announced such information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) ***Rights are personal to grantee***

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) ***Time of exercise of Option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be

exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) ***Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) ***Rights on ceasing employment or death***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(m) ***Rights on dismissal***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of the Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

(n) ***Rights on takeover***

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) ***Rights on winding-up***

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) ***Rights on compromise or arrangement between our Company and its members or creditors***

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

(r) *Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approval independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) *Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;

- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of the Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

(t) ***Alteration of the Share Option Scheme***

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) ***Cancellation of Options***

Subject to paragraph (i) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph (m).

(v) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Condition of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within two calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) ***Present status of the Share Option Scheme***

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 100,000,000 Shares in total.

2. Tax and other indemnities

Our Controlling Shareholders entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being a contract referred to in the paragraph headed “B. Information about the business — 1. Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

Our Controlling Shareholders, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming entered into a deed of indemnity with and in favour of our Company (being a contract referred to in the paragraph headed “B. Information about the business — 1. Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in relation to the indemnities provided by our Controlling Shareholders, Mr. Liu Biao, Mr. Zhang Hong and Mr. Ma Ming to our Group in respect of all liabilities incurred by it in connection with the legal proceedings relating to Janful and Nanhua. For further details, please refer to the section headed “Business — Legal Proceedings” in this prospectus.

3. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

4. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme).

5. Preliminary expenses

The estimated preliminary expenses incurred and paid by our Company were approximately HK\$55,000.

6. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualification of experts

The following are the qualifications of the experts who have given their opinion or advice which are contained in, or referred to in this prospectus:

Name	Qualifications
CMB International	Licensed to conduct Type 1 (dealing on securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
Baker Tilly Hong Kong Risk Assurance Limited	Independent external consulting firm
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Deloitte Touche Tohmatsu	Certified Public Accountants
Jingtian & Gongcheng	PRC legal advisers
Fangda Partners	PRC legal advisers
FenXun Partners	PRC legal advisers
Mr. Conrad Wan	Hong Kong barrister-at-law

9. Consents of experts

Each of the experts named in paragraph 8 of this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

10. Interests of experts in our Company

None of the persons named in paragraph 8 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

11. Financial adviser

CICC Hong Kong Securities has been appointed by us as our financial adviser in respect of the Global Offering. The appointment of CICC Hong Kong Securities was not made pursuant to the requirements of the Listing Rules, and the appointment of CICC Hong Kong Securities is separate and distinct from the appointment of the Sole Sponsor (which is required pursuant to the Listing Rules). The Sole Sponsor is responsible for fulfilling its duties as sponsor to our application for the Listing, and the Sole Sponsor has not relied on any of the work performed by CICC Hong Kong Securities in fulfilling those duties. CICC Hong Kong Securities's role in the Global Offering is different from that of the Sole Sponsor as the services provided by CICC Hong Kong Securities mainly focuses on the provision of strategic and financial advices, including financial modelling and valuation relating to the Global Offering.

12. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

13. Particulars of the Selling Shareholder

The particulars of the Selling Shareholder are set out as follows:

Name : Alibaba.com Investment Holding Limited

Registered Address : Trident Trust Company (B.V.I) Limited
Trident Chambers
P.O. Box 146
Road Town
Tortola British Virgin Islands

Number of Sale Shares : 50,000,000
to be sold

14. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2012 (being the date to which the latest audited consolidated financial statements of our Group were made up) up to the date of this prospectus;

- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (e) the principal register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (f) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (g) our Directors have been advised that under the Cayman Islands Companies Law the use of a Chinese name by our Company does not contravene the Cayman Islands Companies Law; and
- (h) our Company has no outstanding convertible debt securities or debentures.

15. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the paragraph headed “D. Other information — 9. Consents of experts” in Appendix IV to this prospectus, copies of the material contracts referred to in the paragraph headed “B. Information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus.

- (a) our Memorandum and Articles of Association;
- (b) the Accountants’ Report;
- (c) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of the Group for the three years ended 31 December 2012;
- (e) the PRC legal opinions issued by Jingtian & Gongcheng, our PRC legal advisers, in respect of our Group’s business operations and property interests in the PRC and the disputes between Nanjing Skytech and Nanhua and Janful as referred to in the section headed “Business — Legal Proceedings” in this prospectus;
- (f) the PRC legal opinions issued by Fangda Partners, our PRC legal advisers, in respect of the disputes between Nanjing Skytech and Nanhua and Janful as referred to in the section headed “Business — Legal Proceedings” in this prospectus;
- (g) the PRC legal opinion issued by FenXun Partners, PRC legal advisers to the Sole Sponsor and the Underwriters, in respect of the disputes between Nanjing Skytech and Nanhua and Janful as referred to in the section headed “Business — Legal Proceedings” in this prospectus;
- (h) the Hong Kong legal opinion issued by Mr. Conrad Wan, a barrister-at-law in Hong Kong and our Hong Kong special legal counsel in respect of the potential legal proceedings to be instituted by Janful against, among others, our Company as referred to in the section headed “Business — Legal proceedings” in this prospectus;

- (i) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited, our Cayman Islands legal advisers, summarising certain aspects of the Cayman Islands company law as referred to in Appendix III to this prospectus;
- (j) the material contracts referred to in the paragraph headed “B. Information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (k) the written consents referred to in the paragraph headed “D. Other information — 9. Consents of experts” in Appendix IV to this prospectus;
- (l) the rules of the Share Option Scheme;
- (m) the service contracts referred to in the paragraph headed “C. Further information about Directors and substantial Shareholders — 1. Directors — (b) Particulars of service contracts” in Appendix IV to this prospectus; and
- (n) the Cayman Islands Companies Law;
- (o) the internal control review report prepared by Baker Tilly Hong Kong Risk Assurance Limited relating to the effectiveness of the implementation of our Group’s foreign exchange investment and other investment policies and procedures; and
- (p) a statement of particulars of Selling Shareholder.



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Sinosoft Technology Group Limited
中國擎天軟件科技集團有限公司