RISK FACTORS

You should carefully consider, in addition to other information contained in this document, the risks described below before making an investment. You should pay particular attention to the fact that we are a company incorporated under the laws of the Cayman Islands and that our business is located almost exclusively in the PRC. There are risks associated with investing in our Shares not typical of investments in the capital stock of companies incorporated and/or engaging in business in Hong Kong or the United States. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition and could cause you to lose all or part of your investment.

Investors should consider carefully all of the information set out in this document and, in particular, should evaluate the following risks in connection with an investment. We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (i) risks related to our business; (ii) risks related to the industries in which we operate and (iii) risks related to the PRC.

RISKS RELATED TO OUR BUSINESS

Our results may be adversely affected by global financial crisis and global economic slowdown

The recent global financial crisis has caused substantial losses and collapses in a number of global corporations, investment banks and commercial banks leading to fears of recession or slowdown in the global economy. The failings of global corporations and global economic downturn may have a ripple effect on many local markets including the PRC where our businesses are located. If this happens, it is possible that the level of our business activities and the demands for our services in the markets may be substantially reduced in the near future, thereby affecting our financial condition and profitability seriously. If any of our customers is put into liquidation, or experience financial difficulty, orders placed with us may be reduced or even cancelled.

In addition, the economic crisis may also affect the prices at which we may purchase hardware components for our application solutions from our suppliers. If our suppliers are put into liquidation or cease business, we will have to source material from other suppliers. This may lead to delays in or increased cost of development of our application solutions.

We are dependent on the co-operation with SkyComm Group

In the conduct of our businesses, we co-operate with SkyComm Group on a number of aspects. For further details, please refer to the section headed "Our relationship with SkyComm Group and our Controlling Shareholders — Relationship with SkyComm Group" in this document.

Our dependence on SkyComm Group exposes us to a number of risks. In relation to provision of satellite and wireless telecommunication network services from SkyComm Group to our customers, SkyComm Group may be unable to maintain their satellite and wireless telecommunication networks without any interruptions or delays to effectively support the operation of our application solutions or it may fail to renew key qualifications and licenses for providing network services in compliance with the PRC laws and regulations or otherwise unable to provide the satellite and wireless telecommunication network services to our customers.

Upon occurrence of any of the above events, our customers may need to engage alternative service provider for the satellite and wireless telecommunication networks and there is no assurance that we may be able to adjust our application solutions so as to become compatible with the networks offered by such alternative service provider to the satisfaction of our customers in terms of the time and costs involved. Our existing or prospective customers may also choose other satellite communication and wireless data communication solutions providers which are also capable of offering integrated data transmission and the related solutions, maintenance and technical support services.

In relation to our provision of call centre application solutions and services, SkyComm Group may not be able to continue to obtain call centre outsourcing contracts or may become unable to provide the call centre outsourcing service. In that case, there is no assurance that we can secure other new customers relating to our call centre application solutions and services or we may be able to adjust our application solutions so as to become compatible with the call centre outsourcing services offered by such alternative service provider to the satisfaction of our customers in terms of the time and costs involved. Our existing or prospective customers may choose other call centre outsourcing services application solutions and services providers which are also capable of offering integrated call centre application solutions and services and the related application solutions, maintenance and technical support services.

In relation to the leasing of our Hebei office and our sales office and the operation centre of our ALL ACCESS platform in Beijing from SkyComm Group, should SkyComm Group experience any unforeseen circumstances that may require us to terminate the lease, we may be required to relocate to another offices. There is no assurance that we can relocate to alternative offices on a timely basis or on satisfactory terms. If we are not given sufficient notice in advance for the termination of the lease, we may not have sufficient time to find suitable premises for relocation or to activate our backup platform at the new premises in time, and may thereby cause interruptions to the operations and services of our ALL ACCESS platform.

Occurrence of any of the above could have a material adverse impact on our results of operations and financial condition.

There is no assurance that our contractual arrangements with SkyComm Group and its shareholders can be duly enforced

We have entered into various contractual arrangements with SkyComm Group and/or its shareholders. The purpose of these contractual arrangements is to secure our continuing co-operation with SkyComm Group and to restrict SkyComm Group from engaging in any business which may from time to time compete with that of our Group. For details of these contractual arrangements, please refer to the section headed "Our relationship with SkyComm Group and our Controlling Shareholders — Relationship with SkyComm Group" in this document.

There can be no assurance that these contractual arrangements will not be deemed by the relevant governmental or judicial authorities to be in violation of, or otherwise invalid or unenforceable due to changes in the applicable laws and regulations and governmental policies from time to time. There is also no assurance that the counterparties to these contractual arrangements will not breach any of these contractual arrangements in the future.

Should these contractual arrangements become illegal, invalid or otherwise unenforceable by our Group, or be breached by the counterparties thereof, our business and operation may be adversely affected.

We rely on the co-operation with other satellite and wireless telecommunication network operator in the PRC

We are principally engaged in providing the satellite communication, wireless data communication and call centre application solutions and services to customers in the PRC. In connection with our Traffic Offence Electronic Ticketing and Payment Solution, we normally receive monthly fees from our customers in respect of the application services and in turn, we pay the data usage fees to the satellite and wireless telecommunication network operator. For each of the three years ended 31 December 2008 and the five months ended 31 May 2009, the amount of our revenue derived from our Traffic Offence Electronic Ticketing and Payment Solution operating were approximately RMB2.84 million, RMB4.08 million, RMB3.94 million and RMB1.68 million respectively, representing 5%, 3%, 2% and 4% of our total turnover.

During the Track Record Period, we co-operated with one of the largest telecommunication network operators in the PRC since 2004 for our customers to use its telecommunication networks to support the operation of our Traffic Offence Electronic Ticketing and Payment Solution as a one-stop services application solutions to our customers. For each of the three years ended 31 December 2008 and the five months ended 31 May 2009, the amounts of data usage fee paid to this telecommunication network operator were approximately RMB1.22 million, RMB1.99 million, RMB1.87 million and RMB0.81 million respectively. Our dependence on this satellite and wireless telecommunication network operator exposes us to a number of risks, including the following:

(i) the operator may be unable to maintain their networks without any interruptions or delays to effectively support the operation of our Traffic Offence Electronic Ticketing and Payment Solution;

(ii) we do not enter into long-term co-operative arrangement agreement with other PRC network operators and we may not be able to locate alternative network operators on a timely basis or on satisfactory terms.

Upon occurrence of any of the above events, we or our customers may need to engage alternative network operators and there is no assurance that we may be able to adjust our application solutions so as to become compatible with the satellite and wireless telecommunication services offered by such alternative network operator to the satisfaction of our customers in terms of the time and costs involved. There is also no assurance that our existing or prospective customers will not choose other satellite communication and wireless data communication solutions providers which are also capable of offering integrated data transmission and the related solutions, maintenance and technical support services. Any of the above factors could have a material adverse impact on our results of operations and financial condition.

We have limited operating history in providing application solutions through Noter

Before the Reorganisation in August 2006, we were engaged in providing application solutions through the SkyComm Group. Since the Reorganisation in August 2006, we have started providing our services through Noter while some of the then existing contracts were still performed under the name of 'SkyComm Group' until completion of transfer of all the then existing contracts. In the future, in reliance of the Long Term Co-operation Agreement, we may still cooperate with SkyComm Group. It takes time for us to establish our reputation under the name of "Noter" and there is no guarantee that our existing customers will recognise our proven track record performance when considering whether to continue to use our products and services.

We rely upon the exclusive distributorship of the satellite antenna called "StealthRay" in respect of provision of our satellite communication application solutions and sale of the satellite terminal equipment

We rely on the contractual arrangement which we have with RaySat to supply StealthRay Products to us and to exclusively license us to distribute such products in the PRC, Hong Kong and Macau. We have executed an Exclusive Distribution Agreement with RaySat to sell the StealthRay Products in the PRC, Hong Kong and Macau for a term of one year commencing from 8 May 2008. The term and exclusivity will be extended on annual basis up to 2015 and subject to us being able to meet the respective minimum purchase requirements of such year. The Exclusive Distribution Agreement with RaySat sets out the minimum purchase requirements from 2009 to 2015. For further details of the terms of the Exclusive Distribution Agreement with RaySat, please refer to the section headed "Business — Distribution of "StealthRay Products"" in this document. The StealthRay Products are integral to some of the satellite communication application solutions which we provide, for example Emergency Satellite Communication Solution. For each of the three financial years ended 31 December 2008 and the five months ended 31 May 2009, our turnover attributable to the provisions of our satellite communication application solutions involving the use of the StealthRay Products and the sale of the StealthRay Products amounted to RMB4.27 million, RMB67.68 million, RMB91.56 million and RMB12.17 million respectively, representing approximately 8%, 53%, 49% and 26% of our total turnover.

There is no assurance that we may be able to further extend the Exclusive Distribution Agreement with RaySat upon the expiration of its current term on 7 May 2010 because there is no assurance that we will be able to meet the minimum purchase requirements. There is also no assurance that the Exclusive Distribution Agreement with RaySat can be renewed or continued on terms and conditions acceptable to us after 2015. Any failure to renew or continue the Exclusive Distribution Agreement with RaySat, for whatever reason, may materially and adversely affect our results.

Additionally, new products similar to the StealthRay Products may become available on the market at a lower price which may have a material and adverse effect on our profit margin or our sales of our satellite communication application solutions as our customers may choose to use these new products as a substitute to the StealthRay Products or our satellite communication application solutions we provide.

We are dependent on our suppliers

We do not have any manufacturing facilities and some of our major components and equipment used for our application solutions are supplied by a limited group of suppliers. Purchases from our five largest suppliers accounted for approximately 42%, 62%, 61% and 89% in aggregate of our purchases for each of the three years ended 31 December 2008 and the five months ended 31 May 2009. Some of our major components and equipment used for our application solutions are supplied by a limited group of suppliers. As at 31 December 2006, 2007 and 2008 and 31 May 2009, we have approximately 64, 80, 108 and 47 suppliers respectively and the number of years of their business relationship with us were between one to four years, one to five years, one to six years and 1 to 7 years respectively. Our dependence on a limited group of suppliers exposes us to a number of risks, including the following:

(i) our suppliers may fail to meet their production deadlines, maintain our quality standards, comply with our product specifications;

(ii) our suppliers may experience transportation delays and interruptions when transporting the products to us;

(iii) we do not enter into long-term contracts with any suppliers, and should our manufacturing arrangement with any core suppliers be interrupted or terminated, we may not be able to locate alternative sources of supply on a timely basis or on satisfactory terms and it may take a long time to re-tool our application solutions to accommodate components from different suppliers;

(iv) should our suppliers experience any unforeseen circumstances which may require us to look for alternative suppliers, we may experience increased costs, disruptions in supply and reduced sales; and

(v) there is no assurance that our suppliers will always treat our order requests as first priority.

Any of the above factors could have a material adverse impact on our results of operations and financial condition.

We rely on the sale to a few customers in our business segments

For each of the three years ended 31 December 2008 and the five months ended 31 May 2009, sales to our five largest customers accounted for approximately 64%, 59%, 46% and 77% of our total turnover respectively. Among these customers, our largest customer accounted for approximately 34%, 25%, 11% and 24% of our total turnover for each of the three years ended 31 December 2008 and the five months ended 31 May 2009. We do not have long-term contractual arrangements with such customers. There is no assurance that our major customers will continue their business dealings with us or that the income generated from dealings with them will increase or be maintained in the future. Any cessation of, or substantial reduction in the volume of business with any of our major customers could adversely affect the financial performance or profitability and our prospects.

The nature of a certain proportion of our income is project based

For each of the three years ended 31 December 2008 and the five months ended 31 May 2009, we derived approximately 86%, 92%, 94% and 89% of our total turnover from projects sold to government departments or agencies, public utilities institutions and business enterprises in the PRC. Other than the revenue generated by providing application services, most of our revenue from government departments, public utilities institutions and business enterprises is project based, discrete and not recurring in nature. So there is no guarantee that we will be able to continue to secure new customers and our customers will continue to engage us to provide application solutions and application services in the future.

Our gross profit margin and growth in profit may not be sustainable in the future

For each of the three years ended 31 December 2008 and five months ended 31 May 2009, our overall gross profit margin was approximately 40%, 40%, 44% and 29% respectively.

As our profitability is dependent upon, among other factors, the market competition, the economic conditions of the PRC and the market demands for our application solutions, our ability to obtain orders and the terms thereof, and the cost of purchase of the StealthRay Products and other requisite components and equipment used for our application solutions, there is no guarantee that we can maintain the gross profit margin as achieved during the Track Record Period. In this case, the Group's operation results and financial conditions may be adversely affected.

In addition, we have not entered into any long term contract with our customers and most of our contracts with our customers for provision of application solutions are on project basis. Our failure to actually project the time, labours and purchase cost required for a project or to complete a contract within the budget and on time may result in costs overruns of that project and thereby affects our profit achievable from that project, in which case, our profitability may be adversely affected.

We had net current liabilities as at 31 December 2006 and 31 December 2007 respectively

We had net current liabilities of approximately RMB76.25 million and RMB16.99 million as at 31 December 2006 and 31 December 2007, respectively. Although we had net current assets of approximately RMB73.02 million as at 31 December 2008 and approximately RMB83.21 million as at 31 May 2009, there is no guarantee that we continue to have net current assets in the future. If we have net current liabilities in the future, our working capital for the purpose of our operations may be constrained, which could have an adverse impact on our business operations and financial conditions.

We experienced net operating cash outflow for the year ended 31 December 2007

We had net operating cash outflow of approximately RMB20.94 million for the year ended 31 December 2007. Notwithstanding that there was no net operating cash outflow for the years ended 31 December 2006, 31 December 2008 and the five months ended 31 May 2009, we cannot give any assurance that we will not have periods of net operating cash outflow in the future. In the event that we experience net operating cash outflow, our business and liquidity may be adversely affected because we may not have sufficient cash to fund our operating activities.

We receive payments from our customers by instalments, and any delay in payments from our customers may affect our working capital and cash flow

We normally determine the payment terms to be agreed with a particular customer according to the business size of that customer, the length of established business relationship, the contract amount and the customer's past payment record. Contract sums for the provision of application solutions (other than for sales of terminal equipment) are generally due and payable by instalments at different stages (i) down-payment payable after signing of contract; (ii) the remaining balance within 180 days (being the credit period which may vary on a case by case basis) after acceptance of project, subject to any retention money (if any) which will be withheld by customers in most of our projects until expiry of the warranty period; and (iii) the retention money (if any) will be settled by customers upon expiry of the warranty period.

Delays in receiving payments from or non-payment by our customers may adversely affect our cash flow position and our ability to meet our working capital requirements. In addition, defaults in making payments to us on projects for which we have already incurred significant costs and expenditures can materially and adversely affect our results of operations and reduce our financial resources that would otherwise be available for other projects. We cannot assure you that our customers will make payment in full to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from receipt of payments in stages.

Demands for our newly launched application solutions may not grow as expected

Some of our application solutions set out in the section headed "Business — Application solutions and application services" in this document were initially launched during the Track Record Period. The acceptance by the market and the popularity of any new products or new versions of existing line of products, may not grow as expected. In the event that our products or application solutions are not accepted by the market or are not as popular as expected in the future, our business and profitability may be adversely affected.

Our success is dependent upon hiring and retaining qualified personnel and there may be a material adverse impact on us if we are unable to secure qualified personnel for our operations

Our future performance depends to a significant extent on the continued service of our key management and technical staff. We do not maintain insurance for losses caused by business disruption due to the discontinuation of service of our key management and technical staff. If a significant number of members of senior management or technical staff cease to serve us in the future or fail to perform their duties as expected, or we are unable to recruit and retain a sufficient number of senior management or technical staff, our financial condition and results of operations may be materially and adversely affected.

Accordingly, our success depends upon our ability to continue to attract, retain and motivate such personnel. 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 may not be able to adequately protect our intellectual property rights and technological know-how, which could weaken our competitive position and affect our operations

Our success is attributable to the technologies, know-how and other intellectual property rights that we have developed. Infringement of intellectual property rights by other enterprises, by way of counterfeiting products, occurs frequently in the PRC. Although we rely upon a combination of confidentiality policies, non-disclosure and other contractual arrangements, and patent and trademark laws to protect our intellectual property rights, there can be no assurance that the steps which we take in this regard are adequate to prevent or deter infringement or other misappropriation of our intellectual property rights. We may not be able to detect unauthorised use or take appropriate and timely steps to enforce our intellectual property rights. Any significant infringement of our confidential information and the proprietary technologies and processes used in our business could weaken our competitive position and have an adverse effect on our operations.

In addition, we may need to defend our intellectual property rights in legal proceedings. If we do not succeed in these proceedings, we could lose our proprietary rights over our intellectual property rights and we may be required to pay expensive legal costs. Also, defending claims may be costly and would divert the efforts of our management and technical personnel.

Our future performance and reputation are dependent on our ability to continue developing new application solutions

Our future growth depends upon our ability to develop and provide new and improved application solutions in line with technological advancements, which meet the evolving requirements of our customers and our ability to bring these application solutions to market in a timely manner. The research and development of new and improved application solutions is a complex process requiring, among other factors, the accurate anticipation of the technological and market trends. New application, or refinements and improvements of existing application solutions, may have technical failures, which could cause delays in their introduction. Such application solutions may have higher production or implementation costs than we originally expect and such costs may not be accepted by our customers. Any failure of these products or application solutions could have a material adverse effect on our financial performance and our reputation. There is also no assurance that any research and development efforts undertaken or to be undertaken by us would result in the successful development of any new or improved application solutions or that any such new or improved application solutions will meet market requirements and achieve market acceptance. Any failure in our research and development efforts to materialise could have an adverse impact on the business and prospects of our Group.

In addition, if any of our application solutions or refinements fail, it is possible that our customers may not consider us as a provider of such application solutions in the future.

Our insurance policies do not cover all operating risks

We do not carry product liability insurance for our application solutions and application services. In the event that our customers suffer loss as a result of our defects in our application solution or service, we may need to pay compensation to our customers ourselves, that is uncovered by any insurance.

Our application solutions may contain undetected flaws or defects. Our business and reputation may be affected by product liability claim, litigation, complaints or adverse publicity in relation to our application solutions

Our application solutions may contain latent defects or flaws. Although we test our application solutions prior to delivery, our application solutions may contain flaws that are not detected. Any flaws or defects discovered in our application solutions after delivery could result in loss of revenue or delay in revenue recognition, damage to our reputation and our relationship with customers, loss of customers and increased service and warranty cost, any of which could adversely affect our business, operating results and financial condition. If our application solutions fail to perform as expected, or proves to be defective, we may be subject to claims for compensation and may incur significant legal costs regardless of the outcome of any claim of alleged defect.

We are reliant on the PRC market and we may be unable to adjust our resources to other markets in the event of an economic downturn in the PRC

Almost all of our revenue was derived directly from sales to customers in the PRC during the Track Record Period. We anticipate that sales to customers based in the PRC will continue to represent the vast majority of our revenue. Any adverse change in the economic conditions in the PRC may directly or indirectly affect the demand for our products and services.

Systems failures, delays and other problems could harm our reputation and business, cause us to lose customers and expose us to liability

We may experience failure or interruption to our systems or services or other problems in connection with our operations as a result of various matters, including damage or interruption caused by fire, flood, power loss or power shortages; damage to or failure of our computer software or hardware or its infrastructure and connections; data processing errors by our systems; the loss or corruption of data; computer viruses or software defects; and security breaches or hackings. If we cannot adequately ensure the ability of our systems and services to perform at a consistently high level or if we otherwise consistently fail to meet customers' expectations, we may experience damage to our reputation; we may incur liabilities to customers under the contracts which we have in place with them; our operating expenses or capital expenditure may increase as a result of remedial action which we are required to take; and/or our customers may reduce their use of our services or seek an alternative service provider. These or any other consequences would adversely affect our revenues and results of operations.

We may be subject to project risks and variation in project size

Our application solutions projects are typically contracted at a predetermined price and completion date. Implementation of these projects are subject to various factors such as cost of supplies, transportation delays, disruption of supply and increase in labour cost. Some of these factors may be beyond the control of us and our customers. These unforeseen factors which we are exposed to may affect the smooth implementation of these projects within the fixed budget and time frame which would cause cost overrun and penalties generally calculated on the basis of a predetermined percentage of the value of the sales contract. Such factors could, in turn, have an adverse effect on our financial position.

In addition, we provide application solutions to our customers on a project basis and the size of these projects may vary significantly. The significant variation in the size of the projects that we can secure may affect our allocation of resources and business performance and there is no assurance that we can secure large size projects or that such fluctuation in the size of our projects will not continue in the future.

There is no assurance that our plans will be achieved within the expected time frame or within the estimated budget

The future plans as set forth in this document are based on the existing plans and our intentions either at a conceptual or a preliminary state. These intentions and plans are based on assumptions, which by their nature are uncertain, subject to change, and may turn out to be inaccurate. Our actual course of action may therefore vary from our initial intentions or plans. There is no assurance that our plans will be achieved within the expected time frame or within the estimated budget and our business operation may be adversely affected as a result.

The Controlling Shareholders have the ability to exercise control over us, which allows them to influence our business in ways that may not be in the interests of other Shareholders

Subject to the Articles of Association and applicable laws and regulations, the Controlling Shareholders will, through their voting rights and their influence over the board and the management, be able to influence our major policy decisions, including our overall strategic and investment decisions, dividend plans, issuances of securities and adjustments to our capital structure and other actions that may or may not require the approval of our Shareholders. As a result, the Controlling Shareholders will have the ability to exert significant influence over our actions and may have the ability to require us to effect corporate transactions irrespective of the desires of our other Shareholders.

The interests of the Controlling Shareholders may not always coincide with our or your best interests. If the interests of the Controlling Shareholders conflict with the interests of our other Shareholders, or if the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, those other Shareholders, including you, may be disadvantaged as a result.

Our sales are subject to cyclical fluctuations and an analysis of our interim financial performance may not be indicative of our full-year results

Our sales are subject to cyclical fluctuations during a year. Generally, we experience higher sales during the second half of the year because most of our customers' annual budgets are finalized in March or April of each year. They normally carry out their procurement activities starting from May and June, however, it may vary considerably from time to time as a result of changes in customer demand. During the Track Record Period, excluding the sales generated from January to June each year, our aggregate second half year's sales were approximately 77%, 91%, 84% for each of the three years ended 31 December 2008 respectively.

Because there are usually higher sales during the second half of the year, we may experience tighter working capital in other months. If we are unable to carefully control our cash flow positions to support our ongoing capital commitments during these periods, our working capital for the purposes of our operations may be constrained, which could have an adverse impact on our business operations and financial conditions.

As a result of cyclicality of our business, our results of operations may fluctuate between the first half and the second half of any financial year and an analysis of our interim financial performance may not be indicative of our full-year results.

Any decline in the ability of our sole operating subsidiary to pay dividends to us would adversely reduce our cash inflow

We are a holding company and conduct substantially all of our operations through our principal operating subsidiary in the PRC, Noter. Most of our assets are held by, and most of our earnings and cash inflows are attributable to Noter. If the earnings from Noter are reduced or its operations are disrupted by any unforeseeable events, our cash flow will be reduced. The ability of Noter to pay dividends depends on business considerations including their operating results and cash flows and regulatory restrictions including their articles of association and applicable provisions of the PRC Company Law. In particular, under PRC law, Noter, being our sole operating subsidiary in the PRC, may only pay dividends after 10% of their net profit has been set aside as reserve fund. Under the PRC Enterprise Income Tax Law, which was promulgated on 16 March 2007 and became effective on 1 January 2008, and its implementing rules, dividends payable to foreign investors that are non-resident enterprise (enterprise that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place) are subject to a 10% withholding tax, which may be reduced if the foreign jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Pursuant to a tax treaty between the PRC and Hong Kong, companies incorporated in Hong Kong may be subject to withholding taxes at a rate of 5% on dividends they receive from their PRC subsidiaries of which they directly hold at least 25% equity interests. As dividends from Noter will be paid to us through CAA BVI, our BVI subsidiary, then unless the PRC tax authority determines that our Group is eligible to the preferential withholding tax rate of 5%, those dividends may be subject to a withholding tax at the rate of 10%. In addition, other distributions by our subsidiaries to us (other than dividends) may be subject to governmental approval, approval by other shareholders and taxation. These restrictions could reduce the amount of distributions that we receive from our operating subsidiaries, which would restrict our ability to fund our operations on a group basis and generate income to pay dividends. Any future declaration of dividends may or may not be consistent with our historical declarations of dividends.

We cannot assure you that our operating subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable us to meet our obligations or declare dividends.

Compliance with the relevant rules and regulations concerning system integration businesses in the PRC

The MII promulgated the CISI Rules on 12 December 1999 and has implemented on the trial basis, the certification procedures for computer network system integration solutions providers since 1 January 2000. All providers of computer network system integration solutions in the PRC must obtain a 計算機信息系統集成資質證書 (Qualification Certificate of Computer Network System Integration) through a qualification verification process.

Pursuant to the CISI Rules, applicants for such qualification certificates must, inter alia, possess adequate expertise and industry experience and have carried out computer network system integration business for at least two years and have completed at least three projects. However, the CISI Rules do no prohibit a company from carrying out the computer network system integration business without a qualification certificates.

In February 2009, we were granted the qualification certificates. However, if there is any interpretation made by the relevant government authority or change in the PRC laws or regulations in the future, we may be required to obtain such qualification certificate to continue such computer network system integration business. There is no assurance that we may be able to obtain or renew the relevant qualification certificate.

RISKS RELATED TO THE INDUSTRIES IN WHICH WE OPERATE

The PRC satellite and wireless telecommunications industry is subject to rapid changes in technology

The satellite and wireless telecommunication industry, together with the related application solutions provision industry in the PRC, are characterised by rapidly changing technologies, evolving industry standards and continuing improvements. Accordingly, our future success will largely depend upon its continuing ability to adapt to customers' needs and technological developments in a timely manner. Should we be unable to develop and introduce new application solutions and application services in a timely manner in anticipation of or in response to changing technologies, market conditions and/or customers' requirements, or if our new application solutions and application services do not achieve market acceptance, our business, financial position and prospects may be materially damaged. There can be no assurance that we will be successful in using new technologies and adapting our products to emerging industry needs and standards, or that we will not experience difficulties which could delay or prevent the successful development or marketing of these application solution and application services, or that any such new application solution and application services will adequately meet the requirements of the market and receive market acceptance.

There is no assurance that extensive government regulation of the telecommunications industry in China will not extend to our business environment in the future

Currently, we are not subject to any restrictions or licence requirements specifically relating to the telecommunication industry, as we are not a telecommunication operator in China, which are subject to extensive regulation by and under the supervision of the MIIT. However, there is no assurance that such regulations will not be extended and thus apply to our business environment, which is associated with the telecommunication industry. If this occurs, we may need to incur additional cost to comply with such regulations. In addition, in the event that we fail to meet any new regulations, we may not be able to continue our business operation.

We face significant competition in each of the markets in which we operate, which could materially lower our profitability

Our market position depends upon our ability to anticipate and proactively deal with changes in economic and market conditions and evolving industry trends, as well as the following factors: introduction of new or superior products and services or more advanced technologies, adoption of more flexible pricing strategies by our competitors and changes in customers' needs and preferences. We cannot assure you that our current or potential competitors will not produce similar products or products of a better quality and/or provide similar or higher quality services at the same or lower prices than the prices at which our products and services are provided. Our competitors may also react more quickly to new or emerging technologies or changes in customer preferences. In addition, we may face greater than expected downward pricing pressure as a result of possible price competition by competitors seeking to stimulate demand in order to maintain or increase market share. Such competition could materially and adversely affect our results of operations and business prospects. Any adverse changes in our competitive environment could cause a reduction in the sales quantity or the sales price of our products, which would lower our profitability.

RISKS RELATED TO THE PRC

Changes in PRC Government regulations and policies in relation to the industries in which we or our customers operate may have unfavourable impact on our business

The PRC is a country that experiences constant changes in government regulations and policies. Our products and services can be applied across various industries, and each industry may experience different changes in government policies and regulations at any time. We cannot assure you that there will not be any unfavourable changes in the PRC Government policy that impact the industries in which we or our customers operate, which could in turn diminish the demand for our products and services.

Political and economic policies of the PRC Government could undermine our business, results of operations and financial condition

Substantially all of our business assets and operations are located in the PRC. As a result, our business, results of operations and financial condition are subject to the political, economic, legal and social conditions, laws, regulations and policies in the PRC. The economy of the PRC differs from the economies of most developed countries in such respects as structure, level of government involvement, level of development, growth rate, level and control of capital reinvestment, allocation of resources, rate of inflation and control of foreign exchange.

Before its adoption of reformation and open-door policies beginning in 1978, China was primarily a planned economy. Since that time, the PRC Government has been reforming the PRC economic system and has also begun reforming the government structure in recent years. These reforms have resulted in significant economic growth and social progress. Although the PRC Government still owns a significant portion of the productive assets in the PRC, economic reform policies since the late 1970s have emphasised autonomy in business management and the importance of market forces, especially where these policies apply to privately owned businesses such as ours. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will undermine our current or future business, results of operations or financial condition.

The newly enacted PRC Employment Contract Law may increase our labour costs

The PRC Employment Contract Law became effective on 1 January 2008. Compliance with the requirements under this new law, in particular, the requirements of severance payment and non-fixed term employment contracts, may increase our labour costs.

Pursuant to the PRC Employment Contract Law, our subsidiaries in China are required to enter into non-fixed term employment contracts with employees who have worked for us for more than 10 years or for whom a fixed term employment contract has been concluded for two consecutive terms. We may not be able to efficiently terminate non-fixed term employment contracts under the new PRC Employment Contract Law without cause. We are also required to make severance payments to fixed term contract employees when the term of their employment contract expires, unless the employee voluntarily terminates the contract or voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, except in circumstances where the employee's monthly wage is three times or more than the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. A minimum wage requirement has also been incorporated into the PRC Employment Contract Law. Fines may be imposed for any material breach of the PRC Employment Contract Law.

As a result of the requirements imposed by the PRC Employment Contract Law, our historical labour costs may not be indicative of our labour costs going forward. Compliance with the relevant laws and regulations may substantially increase our operating costs, thus may have a material adverse effect on our results of operations.

The PRC legal system is not fully developed and there are inherent uncertainties that could limit the legal protections available to our Shareholders

The PRC legal system is based on written statutes and their interpretations by the Standing Committee of the National People's Congress. Prior court decisions may be cited for reference. 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 dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, as well as the limited number of published cases and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties.

As an investor holding our Shares, you hold an indirect interest in our operations in China, which are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and these regulations, in general, and the provisions for the protection of Shareholders' rights and access to information, in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. Therefore, our PRC subsidiaries (and indirectly, you) do not enjoy all the shareholder protections that are available in the more developed jurisdictions.

PRC Government control of currency conversion and future movements in exchange rates may weaken our ability to distribute dividends, increase competition from imports, affect the value of our net assets, earnings and dividends in foreign currency terms, or inhibit our ability to import our products

The Renminbi currently is not a freely convertible currency. Presently, our operations are wholly in China and we receive almost all of our revenues in Renminbi. Therefore, fluctuations in the Renminbi exchange rate against other currencies currently does not have a material impact on the results of our operations. However, we do purchase certain products from overseas suppliers and are therefore subject to foreign exchange risk impact in that respect. The fact that we will be required to pay dividends in currencies other than Renminbi to our Shareholders will also increase our foreign-currency denominated obligations, which, in turn, expose us to greater foreign exchange risk.

As a result, our results of operations are exposed to fluctuations in the Renminbi exchange rate against foreign currencies. The value of the Renminbi may fluctuate due to a number of factors. Since 1994, the conversion of Renminbi into foreign currencies, including the HK dollar and US dollar, has been based on the rate set by the PBOC and the official exchange rate for the conversion of Renminbi to US dollars has generally been stable. On 21 July 2005, the revaluation of the Renminbi resulted in an appreciation of the Renminbi against the US dollar and the HK dollar by approximately 2% the Renminbi has appreciated by approximately an additional 17% since that date. As of 21 July 2005, the Renminbi was no longer pegged to the US dollar but to a basket of currencies.

Any future exchange rate volatility relating to Renminbi may give rise to uncertainties in the value of our net assets, earnings and dividends. An appreciation of Renminbi may result in increased competition from foreign competitors; a devaluation of Renminbi may adversely affect the value of our net assets, earnings and dividends in foreign currency terms.

Our PRC subsidiary is subject to the PRC rules and regulations on currency conversion. The ability of our PRC subsidiary to pay dividends or make other distributions to us may be restricted by these PRC foreign exchange control restrictions. In addition, under PRC law and upon the Listing on the Stock Exchange, our PRC subsidiary may only pay dividends out of distributable reserves as determined under PRC GAAP. As a result, our PRC subsidiary may not have sufficient or any distributable reserves to make dividend distributions to us in the future, including in periods in which their financial statements indicate that operations have been profitable. We cannot assure you that the relevant regulations will not be amended to our disadvantage and that the ability of our PRC subsidiary to distribute dividends to us will not be weakened.

Under the existing foreign exchange regulations in the PRC, we may undertake current account foreign exchange transactions, including payment of dividends, without prior approval from SAFE by producing commercial documents evidencing such transactions, provided that they are processed through designated banks licensed to engage in foreign currency transactions. However, foreign exchange transactions for capital account purposes, which may include direct overseas investment and various international loans, require the prior approval of, or registration with, SAFE. If we are unable to obtain SAFE's consent to convert Renminbi into foreign currencies for such purposes, our capital expenditure plan and, consequently, our results of operations and financial condition could be adversely affected.

If the favourable tax treatment that we currently receive is altered or eliminated, our financial result may be adversely affected

The rate of income tax chargeable to companies in the PRC may vary depending on the availability of preferential tax treatment or subsidies based on their industry or location. Our principal operating subsidiary, namely Noter, is currently subject to a preferential tax treatment. Please refer to the section headed "Financial information — Significant factors affecting our results of operations — Taxes" in this document for information regarding the preferential tax treatment currently enjoyed by our PRC subsidiary in the PRC.

The PRC Enterprise Income Tax Law was promulgated on 16 March 2007 and has become effective on 1 January 2008. The new law revoked most of the preferential treatments for foreign-invested enterprises and adopted a uniform corporate income tax of 25% to both domestic and foreign invested enterprises in the PRC. However, our existing preferential tax treatments for foreign-invested enterprises will have a grace period of up to five years following the effective date of the new income tax law. Accordingly, when the preferential tax treatment currently enjoyed by Noter expires, we will be required to pay a greater amount of taxes, which may materially and adversely affect our results of operations.

Epidemics, acts of war and other disasters

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond human control may adversely affect the economy, infrastructure and livelihood of the people of the PRC. Many major cities in the PRC are under threat of flood, earthquake, typhoon, sandstorm or drought. Our business, operation results and financial condition may be adversely affected if such natural disasters occur. In particular, any future outbreaks of SARS, Avian Flu or any other epidemic could have an adverse effect on our results of operation.

In addition, acts of war and terrorist attacks may cause damage or disruption to our operation, employees, markets or customers, any of which could adversely impact our turnover, cost of goods sold, overall results and financial condition or Share price. Potential war or terrorist attacks may also cause uncertainty and cause the business to suffer in ways that we cannot currently predict.

An outbreak of influenza A (H1N1) or any other similar epidemic may, directly or indirectly, adversely affect our operating results

As at 13 August 2009, there are officially reported over 182,166 laboratory-confirmed cases of new influenza A (H1N1) infection. A total of 1,799 new influenza A (H1N1) infection-related deaths have been reported around the world. The virus is transmitted sufficiently easily from person-to-person to sustain institutional and community outbreaks and to spread regionally. If any of our employees are identified as a possible source of spreading the new influenza A (H1N1) virus or other similar epidemic, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that have come into contact with those employees. We may also be required to disinfect our affected operational premises, which could adversely affect our operations. Even if we are not directly affected by the epidemic, an outbreak of influenza A (H1N1) or other similar epidemic inside the PRC, could slow down or disrupt the level of economic activity generally, which could in turn adversely our operating results.

There are risks associated with forward-looking statements

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "expect", "estimate", "may", "ought to", "should" or "will". Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Purchasers of the Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, although we believe that the assumptions upon which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be incorrect and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this "Risk Factors" section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements in this document, whether as a result of new information, future events or otherwise.

Certain facts and statistics contained in this document have come from official government publications whose reliability cannot be assumed or assured

Certain facts and statistics in this document related to the PRC, its economy and the industries in which we operate within the PRC are derived from official government publications generally believed to be reliable. While we have taken reasonable care to reproduce such information, we cannot guarantee the quality and reliability of such source material. These facts and statistics have not been independently verified by us and therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date.

Due to possible flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should give consideration as to how much weight or importance they should place upon all such facts and statistics.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, including, in particular, any projections, valuations, other forward-looking information or information about our Company

There has been press coverage, particularly in Hong Kong Economic Journal dated 25 August 2009, which includes information about our investors, certain projections, valuations, proposed proceeds and other forward-looking information about us. We wish to emphasis to you that we do not accept any responsibility for the accuracy or completeness of such press article or other media and that such press article or other media was not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, or other forward-looking information about us, or of any assumptions underlying such projections, valuations, other forward-looking information or information about our Shareholders, included in or referred to by the media. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim them. Accordingly, you should not rely on any such information.