

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on February 20, 2008. Our Company has established a principal place of business at 21/F, New World Tower 1, 18 Queen's Road Central, Hong Kong, 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 June 3, 2008. Mr. Leung Ming Shu has been appointed as authorized 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 Companies Law and to its constitution comprising a Memorandum of Association and the Articles of Association. A summary of certain provisions of the articles of association of our Company and relevant aspects of the Companies Law is set out in Appendix V to this prospectus.

2. Change in share capital of our Company

The authorized share capital of our Company as of the date of its incorporation was HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each.

Share Split

Pursuant to the resolutions in writing of the shareholders passed on June 18, 2008, each of the issued and unissued share of par value of HK\$0.10 each in the share capital of our Company was subdivided into 500 shares of par value of HK\$0.0002 each, such that the authorized share capital of our Company was HK\$380,000 divided into 1,900,000,000 shares of par value of HK\$0.0002 each.

Immediately following completion of the Global Offering but not taking into account any Shares which may be allotted and issued pursuant to 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\$310,059.26 divided into 1,550,296,334 Shares, all fully paid or credited as fully paid and 349,703,666 Shares will remain unissued.

Save for aforesaid and as mentioned in the paragraph headed "Resolutions in writing of the shareholders of our Company passed on June 18, 2010" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of the shareholders of our Company

Pursuant to the resolutions in writing of the shareholders of our Company passed on June 18, 2010, among others:

- (a) our Company approved and adopted the Memorandum of Association and Articles of Association which will become effective upon Listing;
- (b) 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 as mentioned in this prospectus (including any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme); (ii) the entering into of the agreement on the Offer Price between the Joint Bookrunners and our Company 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 authorized to allot and issue the new Shares pursuant to the Global Offering;

- (ii) the Over-allotment Option was approved and our Directors were authorized to effect the same and to allot and issue the Shares which are required to be issued upon the exercise of the Over-allotment Option; and
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “1. Share Option Scheme” under the section headed “Other information” in this appendix, were approved and adopted and our Directors were authorized 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.
- (c) 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 (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option), 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;
- (d) a general unconditional mandate was given to our Directors authorizing 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 recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option), 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
- (e) the general unconditional mandate mentioned in paragraph (c) 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 (d) above.

4. Corporate reorganization

The companies comprising our Group underwent a Reorganization in preparation for the listing of our Shares on the Stock Exchange. For information relating to the Reorganization, please refer to “History and Corporate Structure—Reorganization” for details.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Save as disclosed below, 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:

- (a) On December 30, 2008, Wuhan Chenguang increased its registered capital from RMB2,000,000 to RMB8,000,000.
- (b) On September 14, 2009, RHY Technology increased its registered capital from RMB70,000,000 to RMB150,000,000.
- (c) On January 5, 2009, Beijing Jiyier Technology increased its registered capital from RMB500,000 to RMB2,000,000.
- (d) On August 19, 2009, Zhixun Tiancheng increased its registered capital from RMB10,000,000 to RMB28,000,000. On September 21, 2009 and January 25, 2010, Zhixun Tiancheng further increased its registered capital from RMB28,000,000 to RMB30,000,000, and from RMB30,000,000 to RMB50,000,000, respectively.
- (e) On April 30, 2009, Aproud Technology increased its registered capital from RMB26,000,000 to RMB80,000,000.
- (f) On February 22, 2010, Haotian Jiajie increased its registered capital from RMB5,000,000 to RMB100,000,000.
- (g) On March 31, 2010, RHY received approval to increase its registered capital from RMB150,000,000 to RMB300,000,000. As at the Latest Practicable Date, the contribution to the increased capital is not yet due.
- (h) On May 11, 2010, Aproud Technology received approval to increase its registered capital from RMB80,000,000 to RMB180,000,000. As at the Latest Practicable Date, the contribution to the increased capital is not yet due.

6. Particulars of subsidiaries/jointly-controlled entities

Our Group has interests in a number of major PRC subsidiaries/jointly-controlled entities. Set out below is a summary of the corporate information of these major PRC subsidiaries/jointly-controlled entities:

(a) RHY Technology			
Date of Establishment	:	February 16, 2001	
Corporate Form	:	Limited liability company (Sino-foreign equity joint venture)	
Registered Capital	:	RMB300,000,000	
Shareholders	:	China Toprise Limited	75%
		Beijing Aproud Information	25%
(b) Aproud Technology			
Date of Establishment	:	February 15, 2001	
Corporate Form	:	Limited liability company (Sino-foreign equity joint venture)	
Registered Capital	:	RMB180,000,000	
Shareholders	:	Fairstar Success Holdings Limited	80%
		RHY Technology	20%

(c)	Wuhan Chenguang			
	Date of Establishment	:	April 22, 2005	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB8,000,000	
	Shareholders	:	RHY Technology	51%
			Wuhan Xingde Technology Co., Ltd.	49%
(d)	Xinjiang RHY			
	Date of Establishment	:	October 24, 2005	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB5,000,000	
	Shareholders	:	RHY Technology	51%
			Xinjiang Shenghengtian Information Technology Co., Ltd.	49%
(e)	Bailian Zhida			
	Date of Establishment	:	April 18, 2007	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB5,500,000	
	Shareholders	:	RHY Technology	90%
			Haotian Jiajie	10%
(f)	Haotian Jiajie			
	Date of Establishment	:	March 30, 2007	
	Corporate Form	:	Limited liability company (Sino-foreign equity joint venture)	
	Registered Capital	:	RMB100,000,000	
	Shareholders	:	China Toprise Limited	85%
			RHY Technology	15%
(g)	Beijing Aproud Information			
	Date of Establishment	:	September 3, 2004	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB2,000,000	
	Shareholder	:	Aproud Technology	100%
(h)	Zhixun Tiancheng			
	Date of Establishment	:	June 25, 2007	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB50,000,000	
	Shareholder	:	Aproud Technology	100%
(i)	Beijing Aproud Software			
	Date of Establishment	:	July 11, 2007	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB5,000,000	
	Shareholder	:	Aproud Technology	100%
(j)	Hexin Risheng			
	Date of Establishment	:	December 26, 2003	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB10,000,000	
	Shareholders	:	Aproud Technology	100%
(k)	Beijing Jiyier Technology			
	Date of Establishment	:	April 4, 2007	
	Corporate Form	:	Limited liability company (domestic)	
	Registered Capital	:	RMB2,000,000	
	Shareholder	:	Xinjiang RHY	100%

(l)	Jiangsu Zhixun Tiancheng		
	Date of Establishment	:	November 19, 2009
	Corporate Form	:	Limited liability company (domestic)
	Registered Capital	:	RMB10,000,000
	Shareholder	:	Zhixun Tiancheng 100%
(m)	Chengdu Weilute		
	Date of Establishment	:	December 9, 2009
	Corporate Form	:	Limited liability company (Sino-foreign equity joint venture)
	Registered Capital	:	RMB15,000,000
	Shareholder	:	Well Score International Limited 51%
			Chengdu Weilute Software Technology Co., Ltd. 49%
(n)	Jiangsu Yijie		
	Date of Establishment	:	March 16, 2010
	Corporate Form	:	Limited liability company (domestic)
	Registered Capital	:	RMB10,000,000
	Shareholder	:	Beijing RHY 100%

7. Repurchase by our Company of Shares

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized 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 shareholders, either by way of general mandate or by specific approval of a particular transaction.

(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 from time to time.

(Note: Pursuant to resolution passed by the shareholders of our Company on June 18, 2010, a general unconditional mandate (the "Buyback Mandate") was granted to our Directors authorizing the repurchase 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 recognized by the SFC and the Stock Exchange for this purpose, of Shares 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 any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of the shareholders of our Company in general meeting, whichever is the earliest.)

(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 a general authority from 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 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. Any repurchase of Shares will be made out of the profits of our Company or the proceeds of a fresh issue of shares made for the purpose of the purchase or, if authorized by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the 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 1,550,296,334 Shares in issue immediately after the listing of the Shares (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 155,029,633 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 our Company or its 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. Our Company has not repurchased any Shares in the previous six months.

No connected person (as defined in the Listing Rules) has notified our Company that he/she or it has a present intention to sell Shares to our Company, 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 Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of the shareholders' 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.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or pursuant to the exercise of the any options which may be granted under the Share Option Scheme, the total number of Share which will be repurchased pursuant to the Buyback Mandate

shall be 155,029,633 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions).

B. FURTHER 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 our Company or any of its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) a trademark assignment dated July 25, 2008 entered into between China ITS Co., Ltd. and our Company, pursuant to which China ITS Co., Ltd. agreed to assign the trademark registered in Hong Kong (registration number 300905689) to our Company for a consideration of RMB13,000;
- (b) an exchangeable bonds subscription agreement dated December 12, 2008 entered into between our Company, China ITS Co., Ltd, Wang Jing, Jiang Hailin, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo, Jing Yang, Liao Jie, Best Partners, Joy Bright, and China ITS Co., Ltd. and CCBIAM, pursuant to which China ITS Co. Ltd. agreed to issue to CCBIAM four series of convertible bonds for a total consideration of RMB200,000,000;
- (c) an equity transfer agreement dated December 20, 2008 entered into between Aproud Technology and Wang Bin regarding the transfer by Wang Bin of his 10% equity interest in Hexin Risheng to Aproud Technology at a consideration of RMB3,500,000, subject to adjustment as provided therein;
- (d) a termination deed dated January 5, 2009 entered into between our Company, CCBIAM, ML GCRE, Baring, China ITS Co., Ltd., Best Partners, Joy Bright, Joy Bright Jingyang Limited, Joy Bright Kulun Limited, Joy Bright Jianguo Limited, Liao Daoxun, Wu Yurui, Jiang Hailin, Liang Shiping, Wu Chunhong, Yuan Chuang, Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo, Jing Yang and Liao Jie regarding the termination of the investors' rights agreement dated June 19, 2008;
- (e) a restated and amended listco investors' rights agreement dated January 5, 2009 entered into between our Company, CCBIAM, Baring, China ITS Co., Ltd., Best Partners, Joy Bright, Joy Bright Jingyang Limited, Joy Bright Kulun Limited, Joy Bright Jianguo Limited, Liao Daoxun, Wu Yurui, Jiang Hailin, Liang Shiping, Wu Chunhong, Yuan Chuang, Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo and Jing Yang in relation to the rights of the investors;
- (f) a share subscription agreement dated April 23, 2009 entered into between our Company, CMTF Private Equity One and CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio, pursuant to which our Company agreed to issue and allot to CMTF Private Equity One and CMTF SPC 43,187,750 and 16,610,673 Shares, respectively, at a price of US\$0.3010113 per Share and at a total subscription price of US\$18,000,001.04;
- (g) a second restated and amended listco investors' rights agreement dated April 23, 2009 entered into between our Company, CCBIAM, Baring, CMTF Private Equity One, CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio, China ITS Co., Ltd., Best Partners, Joy Bright, Joy Bright Jingyang Limited, Joy Bright Kulun Limited, Joy Bright Jianguo Limited, Liao Daoxun, Wu Yurui, Jiang Hailin, Liang Shiping, Wu Chunhong, Yuan Chuang, Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo and Jing Yang in relation to the rights of the investors;
- (h) a third restated and amended listco investors' rights agreement dated August 5, 2009 entered into between our Company, CCBIAM, Baring, CMTF Private Equity One, CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio, Investor Investments Asia Limited, Investor Group Asia L.P., China ITS Co., Ltd., Best Partners, Joy Bright, Joy Bright Jingyang Limited, Joy Bright Kulun Limited, Joy Bright Jianguo Limited, Liao Daoxun, Wu Yurui, Jiang Hailin, Liang Shiping, Wu

Chunhong, Yuan Chuang, Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo and Jing Yang in relation to the rights of the investors;

- (i) a share purchase, share subscription and bond subscription agreement dated February 26, 2010 entered into between our Company, China ITS Co., Ltd., Baring, Baytree, GE Capital, Intel Capital, Greater China, Future Choice, Jiang Hailin, Zhao Lisen, Lv Xilin, Pan Jianguo, Jing Yang, Lu Xiao, Best Partners, Joy Bright and Joy Bright Kulun Limited, pursuant to which, among other matters, Baytree, GE Capital, Intel Capital, Greater China and Future Choice subscribed for an aggregate of 123,964,076 Shares for a total consideration of US\$46,000,000; Greater China purchased an additional 6,661,838 Shares from Baring for consideration of US\$2,500,000, and Baytree subscribed for the Baytree Exchangeable Bond in an aggregate amount of US\$11,000,000 and extended a loan to China ITS Co., Ltd. in the principal amount of US\$11,500,000.
- (j) a fourth restated and amended listco investors' rights agreement dated March 5, 2010 entered into between our Company, CCBIAM, Baring, CMTF Private Equity One, CMTF SPC for the account of CMTF Private Equity Two Segregated Portfolio, Investor Investments Asia Limited, Investor Group Asia L.P., Baytree, GE Capital, Intel Capital, Greater China and Future Choice, China ITS Co., Ltd., Joy Bright Kulun Limited, Best Partners, Joy Bright, Joy Bright Jingyang Limited, Joy Bright Jianguo Limited, Liao Daoxun, Wu Yurui, Jiang Hailin, Liang Shiping, Wu Chunhong, Yuan Chuang, Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui, Wang Li, Zhao Lisen, Lv Xilin, Dang Kulun, Pan Jianguo and Jing Yang in relation to the rights of the investors;
- (k) a deed dated March 5, 2010 entered into between our Company, Joy Bright Kulun Limited, Jiang Hailin, GE Capital and GE Transportation Systems (China) Co., Ltd. in connection with the operation and management of our Company and the rights and obligations of the parties therein;
- (l) a deed dated March 5, 2010 entered into by and among our Company, China ITS Co., Ltd., Joy Bright Kulun Limited and Baytree in connection with, among others, a put option that require China ITS Co., Ltd. and Joy Bright Kulun Limited to redeem, purchase and/or repay the Baytree Exchangeable Bond and the loan by Baytree to China ITS Co., Ltd. in the principal amount of US\$11,500,000;
- (m) a deed dated March 5, 2010 entered into by and among our Company, China ITS Co., Ltd., Joy Bright Kulun Limited and Baytree in connection with the share purchase, share subscription and bond subscription agreement dated February 26, 2010 entered into between, among others, our Company and Baytree pursuant to which Baytree has an option to sell to China ITS Co., Ltd. and Joy Bright Kulun Limited the Shares it held under certain circumstances;
- (n) a deed dated March 5, 2010 entered into by and among our Company, China ITS Co., Ltd., Joy Bright Kulun Limited and GE Capital in connection with a share purchase, share subscription and bond subscription agreement dated February 26, 2010 entered into between, among others, our Company and GE Capital pursuant to which GE Capital has an option to sell to China ITS Co., Ltd. and Joy Bright Kulun Limited the Shares it held under certain circumstances;
- (o) a deed dated March 5, 2010 entered into by and among our Company, China ITS Co., Ltd., Joy Bright Kulun Limited and Intel Capital in connection with a share purchase, share subscription and bond subscription agreement dated February 26, 2010 entered into between, among others, our Company and Intel Capital pursuant to which Intel Capital has an option to sell to China ITS Co., Ltd. and Joy Bright Kulun Limited the Shares it held under certain circumstances;
- (p) a deed dated March 5, 2010 entered into by and among our Company, China ITS Co., Ltd., Joy Bright Kulun Limited and Greater China in connection with a share purchase, share subscription and bond subscription agreement dated February 26, 2010 entered into between, among others, our Company and Greater China pursuant to which Greater China has an option to sell to China ITS Co., Ltd. and Joy Bright Kulun Limited the Shares it held under certain circumstances;
- (q) a deed dated March 5, 2010 entered into by and among our Company, China ITS Co., Ltd., Joy Bright Kulun Limited and Future Choice in connection with a share purchase, share subscription and bond subscription agreement dated February 26, 2010 entered into between, among others, our Company and





Future Choice pursuant to which Future Choice has an option to sell to China ITS Co., Ltd. and Joy Bright Kulun Limited the Shares it held under certain circumstances;

- (r) a non-competition agreement dated June 18, 2010 entered into between our Company and our Controlling Shareholders pursuant to which our Controlling Shareholders agreed not to compete with us in our core business, further details of which are set out in the section headed “Relationship With Controlling Shareholders—Competition—Non-Competition Agreements” in this prospectus;
- (s) a deed of indemnity dated June 18, 2010 given by our Controlling Shareholders in favor of our Company and our subsidiaries in respect of, amongst others, taxation and certain indemnities referred to in the sub-section headed “Tax and other indemnities” in this Appendix;
- (t) a corporate placing agreement dated June 25, 2010 between Baytree, Merrill Lynch International, Merrill Lynch Far East, CCBIC, CCBIS, Macquarie and our Company pursuant to which Baytree has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US\$11.5 million, rounded down to the nearest board lot;
- (u) a corporate placing agreement dated June 24, 2010 between Future Choice, Merrill Lynch International, Merrill Lynch Far East, CCBIC, CCBIS, Macquarie and our Company pursuant to which Future Choice has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US\$5 million, rounded down to the nearest board lot; and
- (v) the Public Offer Underwriting Agreement.


2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, we are the registered owner of the following trademark:

<u>Trademark</u>	<u>Registration no.</u>	<u>Class</u>	<u>Place of registration</u>	<u>Expiry date</u>	<u>Registrant</u>
	300905689	9	Hong Kong	July 4, 2017	China ITS (Holdings) Co., Ltd.
 亚邦伟业	5357124	38	PRC	October 20, 2019	Aproud Technology
 亚邦伟业	5357126	42	PRC	September 6, 2019	Aproud Technology
	3084045	9	PRC	May 13, 2013	Aproud Technology

As of the Latest Practicable Date, we have applied for the registration of the following trademarks:

<u>Trademark</u>	<u>Application no.</u>	<u>Date of Application</u>	<u>Class</u>	<u>Place of application</u>	<u>Estimated time of registration</u>
	6737277	May 22, 2008	9	PRC	December 2010

(b) Domain Names

As of the Latest Practicable Date, we are the registered proprietor of the following domain names:

<u>Domain Name</u>	<u>Name of Proprietor</u>	<u>Expiry Date</u>
www.its.cn	Aproud Technology	April 25, 2015
www.rhytech.com.cn	RHY Technology	October 10, 2014
www.aproud.com	Aproud Technology	January 30, 2013
www.vroad.com.cn	Chengdu Weilute	June 18, 2011

(c) Software Copyright

As of the Latest Practicable Date, we own the copyright of the following software:

<u>Name of Software Registered as a Copyright Work</u>	<u>Name of Registrant</u>	<u>Place of Registration</u>	<u>Registration Number</u>	<u>Date of Registration</u>	<u>Software Product Registration Number</u>
Intelligent transportation management system V1.0 (智能交通管理系統V1.0)	RHY Technology	PRC	2007SR11459	August 1, 2007	Jing DGY-2009-1244
Highway vehicle intelligent monitoring record system V1.0 (公路車輛智能監測記錄系統V1.0)	RHY Technology	PRC	2007SR11460	August 1, 2007	Jing DGY-2009-1248
Information controlling system V1.0 (信息流檢測系統V1.0)	RHY Technology	PRC	2007SR11461	August 1, 2007	Jing DGY-2009-1240
Traffic signal monitoring system V1.0 (交通信號控制系統V1.0)	RHY Technology	PRC	2007SR11462	August 1, 2007	Jing DGY-2009-1243
Red lights automatic record system V1.0 (闖紅燈自動記錄系統V1.0)	RHY Technology	PRC	2007SR11463	August 1, 2007	Jing DGY-2009-1241
Network toll fare calculation software V2.0 (聯網計費系統車道軟件V2.0)	RHY Technology	PRC	2007SR12196	August 20, 2007	—
Network toll fare calculation center / central management and information analysis software V2.0 (聯網計費系統分中心/中心業務管理和數據分析軟件V2.0)	RHY Technology	PRC	2007SR12197	August 20, 2007	Jing DGY-2009-1239
Network toll fare station calculation system V2.0 (聯網計費系統計費站軟件V2.0)	RHY Technology	PRC	2007SR12198	August 20, 2007	—
Speed radar monitoring record system V1.0 (雷達超速監測記錄系統V1.0)	RHY Technology	PRC	2007SR12136	August 13, 2007	Jing DGY-2009-1246
Visual speed monitoring record system V1.0 (視頻超速監測記錄系統V1.0)	RHY Technology	PRC	2007SR12137	August 13, 2007	Jing DGY-2009-1247
Public security integrated traffic information management system V1.0 (公安交通綜合業務管理信息系統V1.0)	RHY Technology	PRC	2007SR12138	August 15, 2007	Jing DGY-2009-1245
Traffic ITMS-GIS platform software V1.0 (交通ITMS—GIS 平台軟件V1.0)	RHY Technology	PRC	2007SR12135	August 13, 2007	Jing DGY-2009-1242
Mobile electronic police system V1.0 (移動電子警察系統V1.0)	RHY Technology	PRC	2007SR12134	August 13, 2007	Jing DGY-2009-1249
Anjie Highway monitoring system V2.1.0 (安捷高速公路監控系統V2.1.0)	RHY Technology	PRC	2007SR13045	August 29, 2007	—
Intelligent tunnel monitoring system V1.1.0 (智能隧道監控系統V1.1.0)	RHY Technology	PRC	2007SR12656	August 24, 2007	Jing DGY-2009-0182
Traffic incident management system V1.8 (交通事件管理系統軟件V1.8)	Bailian Zhida	PRC	2007SR09932	July 5, 2007	Jing DGY-2007-0856

Name of Software Registered as a Copyright Work	Name of Registrant	Place of Registration	Registration Number	Date of Registration	Software Product Registration Number
ZDS-DM equipment network management software V1.8 (ZDS-DM 設備網絡管理系統軟件 V1.8)	Bailian Zhida	PRC	2008SR22862	October 10, 2008	—
ZDS-IM signals management platform software V1.8 (ZDS-IM 交通信息管理平台軟件 V1.8)	Bailian Zhida	PRC	2008SR24689	October 15, 2008	—
ZDS-OP signals human-computer interaction platform software V1.8 (ZDS-OP 交通信息人機交互平台軟件 V1.8)	Bailian Zhida	PRC	2008SR24611	October 14, 2008	—
ZDS-SP Intelligent signals management platform software V1.8 (ZDS-SP 智能交通管理平台軟件 V1.8)	Bailian Zhida	PRC	2008SR24608	October 14, 2008	—
ZDS-VR numbers visual storage management V1.8 (ZDS-VR 數字視頻存儲管理軟件 V1.8)	Bailian Zhida	PRC	2008SR24609	October 14, 2008	—
Traffic signals testing management system V2.3 (交通信息檢測管理系統 V2.3)	Bailian Zhida	PRC	2008SR12734	July 4, 2008	Jing DGY-2008-0971
Aproud integrated monitoring management system V1.0 (亞邦監控綜合管理系統軟件 V1.0)	Aproud Technology	PRC	2007SRBJ1076	June 19, 2007	Jing DGY-2007-0991
event detection operating platform software V2.0 (事件檢測用戶操作平台軟件 V2.0)	Aproud Technology	PRC	2008SR27151	October 29, 2008	—
traffic video detection equipment management V1.0 (交通視頻檢測設備管理軟件 V1.0)	Aproud Technology	PRC	2008SR27155	October 29, 2008	—
intelligent transportation signals monitoring system software V2.0 (智能交通信息監控系統軟件 V2.0)	Aproud Technology	PRC	2008SR27150	October 29, 2008	—
event detection number video service software V2.0 (事件檢測數字視頻服務軟件 V2.0)	Aproud Technology	PRC	2008SR27154	October 29, 2008	—
video detection system software management software V3.0 (視頻檢測系統管理軟件 V3.0)	Aproud Technology	PRC	2008SR27152	October 29, 2008	—
Traffic data management software V2.0 (交通數據管理軟件 V2.0)	Aproud Technology	PRC	2008SR27153	October 29, 2008	—
Intelligent traffic accident management system V2.1 (智能交通事件處理系統軟件 V2.1)	Zhixun Tiancheng	PRC	2008SR26708	October 24, 2008	—
Intelligent Traffic Detection System Status Monitoring Software V1.2 (智能交通檢測系統狀態監控軟件 V1.2)	Zhixun Tiancheng	PRC	2008SR26710	October 24, 2008	—
Event detection system communication software V2.0 (事件檢測系統通訊軟件 V2.0)	Zhixun Tiancheng	PRC	2008SR27158	October 29, 2008	—
Intelligent Traffic Information Detection and Analysis System Software V3.2 (智能交通信息檢測分析系統軟件 V3.2)	Zhixun Tiancheng	PRC	2008SR27159	October 29, 2008	—
Intelligent Transportation Map Engine Software V1.1 (智能交通電子地圖引擎軟件 V1.1)	Zhixun Tiancheng	PRC	2008SR27160	October 29, 2008	—
Event Detection Management Software V2.0 (事件檢測用戶管理軟件 V2.0)	Zhixun Tiancheng	PRC	2008SR27161	October 29, 2008	—

Name of Software Registered as a Copyright Work	Name of Registrant	Place of Registration	Registration Number	Date of Registration	Software Product Registration Number
Event detection report generation system software V1.6 (事件檢測報表生成系統軟件 V1.6)	Zhixun Tiancheng	PRC	2008SR27162	October 29, 2008	
monitoring mpeg-2 video decoding software V1.0 (監控MPEG-2視頻解碼軟件 V1.0)	Hexin Risheng	PRC	2008SR27172	October 29, 2008	—
monitoring low-speed data communications software (監控低速數據通信軟件 V1.0)	Hexin Risheng	PRC	2008SR26709	October 24, 2008	
monitoring H.264 video decoding software V1.0 (監控 H.264 視頻編碼軟件 V1.0)	Hexin Risheng	PRC	2008SR27232	October 29, 2008	—
monitoring audio communications V1.0 (監控音頻通信軟件 V1.0)	Hexin Risheng	PRC	2008SR27231	October 29, 2008	—
monitoring MPEG-2 audio decoding software V1.0 (監控 MPEG-2 視頻編碼軟件 V1.0)	Hexin Risheng	PRC	2008SR27284	October 30, 2008	—
6000 One-way network security isolation system software V2.0 (天御 6000 單向網絡安全隔離系統 V2.0)	Hexin Risheng	PRC	2008SRBJ22328	August 14, 2008	Jing DGY-2007-0822
6000 network security isolation and signals exchange system V3.0 (天御 6000 網絡安全隔離與信息交換系統 V3.0)	Hexin Risheng	PRC	2007SRBJ1715	August 14, 2007	Jing DGY-2007-0821
Monitoring low-speed data equipment, Windows Services software V1.0 (監控低速資料設備 Windows 服務軟件 V1.0)	Hexin Risheng	PRC	2008SR27173	October 29, 2008	
Monitoring H.264 audio encoding software V1.0 (監控 H.264 視頻編碼軟體 V1.0)	Hexin Risheng	PRC	2008SR27285	October 30, 2008	
ONU management platform system software V1.0 (ONU 管理軟件平台系統 V1.0)	Beijing Aproud Software	PRC	2007SRBJ2297	September 26, 2007	Jing DGY-2007-0990
ONU Storage system software V1.0 (ONU 存儲系統軟件 V1.0)	Beijing Aproud Software	PRC	2007SRBJ2436	September 26, 2007	Jing DGY-2007-1063
ONU client management software V1.0 (ONU 客戶端管理軟件 V1.0)	Beijing Aproud Software	PRC	2007SRBJ2473	September 26, 2007	Jing DGY-2007-1062
ONU development system software V1.0 (ONU 發佈系統軟件 V1.0)	Beijing Aproud Software	PRC	2008SRBJ2579	October 29, 2007	Jing DGY-2007-0989
AID user platform software V1.0 (AID 用戶操作平台軟件 V1.0)	Beijing Aproud Software	PRC	2008SR01418	January 22, 2008	—
Traffic signals management platform software V1.0 (交通信息管理平台軟件 V1.0)	Beijing Aproud Software	PRC	2008SR01416	January 22, 2008	—
AID equipment management platform software V1.0 (AID 設備管理平台軟件 V1.0)	Beijing Aproud Software	PRC	2008SR01421	January 22, 2008	—
AID numbers visual frequency services software V1.0 (AID 數字視頻服務軟件 V1.0)	Beijing Aproud Software	PRC	2008SR01419	January 22, 2008	—
monitoring system alarm management V1.0 (監控系統報警管理軟件 V1.0)	Beijing Aproud Information	PRC	2008SR27171	October 29, 2008	—
monitoring distributed storage software V2.0 (監控分布式存儲系統 V2.0)	Beijing Aproud Information	PRC	2008SR27167	October 29, 2008	—

Name of Software Registered as a Copyright Work	Name of Registrant	Place of Registration	Registration Number	Date of Registration	Software Product Registration Number
monitoring distributed client software V2.0 (監控分布式客戶端軟件 V2.0)	Beijing Aproud Information	PRC	2008SR27235	October 29, 2008	—
monitoring management network element management V1.0 (監控管理網元管理軟件 V1.0)	Beijing Aproud Information	PRC	2008SR27234	October 29, 2008	—
monitoring management platform system software V2.1 (監控管理軟件平台系統 V2.1)	Beijing Aproud Information	PRC	2008SR27233	October 29, 2008	—
monitoring system client management software V1.0 (監控系統用戶管理軟件 V1.0)	Beijing Aproud Information	PRC	2008SR27168	October 29, 2008	—
monitoring signals web distribution software V2.0 (監控信息 web 發布系統 V2.0)	Beijing Aproud Information	PRC	2008SR26552	October 23, 2008	—
intergrated testing system centre software V1.0 綜合檢測系統中心軟件 V1.0	Chengdu Weilute	PRC	2010SR021838	May 12, 2010	—
Vroad hd number video testing system software V1.0 Vroad 高清數字視頻檢測系統軟件 V1.0	Chengdu Weilute	PRC	2010SR021836	May 12, 2010	—
Vroad traffic event testing system software V1.0 Vroad 交通事件檢測軟件系統 V1.0	Chengdu Weilute	PRC	2010SR025148	May 27, 2010	—

Save as mentioned above, there are no registered intellectual property rights which are or may be material in relation to our Group's business and which are beneficially owned by our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interest—interests and short positions of our Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company

Immediately following completion of the Global Offering and assuming full conversion of the Baytree Exchangeable Bonds and the CCBIAM Exchangeable Bonds and that the Over-allotment Option is not exercised, the interest or short position of 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 interest 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 Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed are as follows:

(i) Interest in our Company

Name of Director	Nature of interest	Number of securities	Approximate percentage of shareholding
Jiang Hailin ⁽¹⁾	Beneficiary of the Fino Trust	708,753,383	45.72%
Wang Jing ⁽²⁾	Beneficiary of the Tesco Trust	708,753,383	45.72%
Pan Jianguo ⁽³⁾	Beneficiary of the Binks Trust	708,753,383	45.72%

Notes:

- (1) The Shares are held by Best Partners, the issued share capital of which is owned as to 83% by Fino Investments Limited, as nominee and trustee for Credit Suisse Trust Limited, which is the trustee holding such interests on trust for the beneficiaries of the Fino Trust, namely Liao Daoxun, Wu Yurui, Liang Shiping, Jiang Hailin, Wu Chunhong, Yuan Chuang, Lv Xilin and Zhao Lisen. The Fino Trust is an irrevocable discretionary trust established under the laws and regulations of Singapore. Jiang Hailin is a beneficiary of the Fino Trust, which is indirectly interested in China ITS Co., Ltd., which in turn is interested in 708,753,383 Shares.
- (2) The Shares are held by Best Partners, the issued share capital of which is owned as to 17% by Tesco Investments Limited, as nominees and trustee for Credit Suisse Trust Limited, which is the trustee holding such interests on trust for the beneficiaries of the Tesco Trust, namely Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui and Wong Li. The Tesco Trust is an irrevocable discretionary trust established under the laws and regulations of Singapore. Wang Jing is a beneficiary of the Tesco Trust, which is indirectly interested in China ITS Co., Ltd., which in turn is interested in 708,753,383 Shares.
- (3) The Shares are held by Joy Bright, the issued share capital of which is owned as to 60.3960% by Gouver Investments Limited and as to 39.6040% by Rockyjng Investment Limited, which in turn is wholly-owned by Binks Investments Limited (formerly known as Sinatra Investments Limited), as nominee and trustee for Credit Suisse Trust Limited, which is the trustee holding such interests on trust for the beneficiaries of the Binks Trust. The Binks Trust is an irrevocable discretionary trust established under the laws and regulations of Singapore. Pan Jianguo is a beneficiary of the Binks Trust, namely Dang Kulun, Pan Jianguo and Jing Yang, which is indirectly interested in China ITS Co., Ltd., which in turn is interested in 708,753,383 Shares.

(ii) *Interest in underlying shares of our Company*

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Number of Shares in our Company subject to options granted under the Pre-IPO Share Incentive Scheme</u>	<u>Approximate percentage of shareholding upon the exercise of the of the options granted under the Pre-IPO Share Incentive Scheme (Note)</u>
Wang Jing	Beneficial owner	11,350,000	0.73%
Lu Xiao	Beneficial owner	4,662,105	0.30%

Note:

After completion of the Global Offering but before the exercise of the Over-allotment Option.

(b) *Particulars of service contracts*

Each of the executive Directors has entered into a service contract with our Company for a term of 3 years commencing from the Listing Date, which may be terminated by not less than 2 months' notice in writing served by either party on the other.

(c) *Directors' remuneration*

The aggregate amount of remuneration (including fees, salaries, contributions to pension scheme, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid to our Directors for the three years ended December 31, 2009 were approximately RMB2.4 million, RMB8.5 million and RMB3.7 million, respectively.

Under our arrangements currently in force, the aggregate remuneration payable by our Group to our Directors for the financial year ending December 31, 2010 will be approximately RMB2.2 million.

Further details of the terms of the above service contracts are set out in the paragraph headed "Particulars of service contracts" in the subsection headed "Directors" in this appendix.

2. Substantial Shareholders

- (a) So far as our Directors are aware, immediately following the completion of the Global Offering, assuming an Offer Price of HK\$2.85 which is the low end of the offer price range, and taking no account of any Shares which may be taken up under the Global Offering, Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, or Shares which may be issued pursuant to the exercise of any options granted under the Share Option Scheme, the persons who will have beneficial interests or short positions in Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are directly and/or indirectly interested in ten percent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as substantial shareholders of our Company under the Listing Rules, together with any other shareholders beneficially owning more than five percent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company, are as follows:

Long positions in the Shares and underlying shares of our Company

Name	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding ⁽¹⁾
China ITS Co., Ltd. ⁽¹⁾	Beneficial owner	708,753,383	45.72%
Joy Bright ⁽²⁾	Interest of a controlled corporation	708,753,383	45.72%
Gouver Investments Limited ⁽²⁾⁽⁴⁾	Interest of a controlled corporation	708,753,383	45.72%
Rockyjing Investment Limited ⁽²⁾⁽⁴⁾	Interest of a controlled corporation	708,753,383	45.72%
Best Partners ⁽³⁾	Interest of a controlled corporation	708,753,383	45.72%
Fino Investments Limited ⁽⁵⁾	Interest of a controlled corporation	708,753,383	45.72%
Tesco Investments Limited ⁽⁶⁾	Interest of a controlled corporation	708,753,383	45.72%
Binks Investments Limited ⁽⁴⁾	Interest of a controlled corporation	936,211,378	60.39%
Credit Suisse Trust Limited ⁽⁴⁾⁽⁵⁾⁽⁶⁾	Trustee	936,211,378	60.39%
Huaxin Investments ⁽⁴⁾	Beneficial owner	227,457,995	14.67%
Baytree ⁽⁷⁾	Beneficial owner	176,673,684	11.40%

Notes:

- (1) The issued share capital of China ITS Co. Ltd. is owned as to 27.1806% by Joy Bright and as to 72.8194% by Best Partners.
- (2) The issued share capital of Joy Bright is owned as to 60.3960% by Gouver Investments Limited and as to 39.6040% by Rockyjing Investment Limited.
- (3) The entire issued share capital of Best Partners Development Limited is held as to 83% by Fino Investments Limited and as to 17% by Tesco Investments Limited.
- (4) Huaxin Investments, Gouver Investments Limited and Rockyjing Investment Limited are wholly-owned by Binks Investments Limited. Binks Investments Limited is owned as to 50% by Serangoon Limited and as to 50% by Seletar Limited, as nominees and trustees for Credit Suisse Trust Limited, which is the trustee holding such interest on trust for the beneficiaries of the Binks Trust, namely Dang Kulun, Pan Jianguo and Jing Yang. The Binks Trust is an irrevocable discretionary trust established under the laws and regulations of Singapore.
- (5) Fino Investments Limited is owned as to 50% by Serangoon Limited and as to 50% by Seletar Limited, as nominees and trustees for Credit Suisse Trust Limited, which is the trustee holding such interest on trust for the beneficiaries of the Fino Trust, namely Liao Daoxun, Wu Yurui, Liang Shiping, Jiang Hailin, Wu Chunhong, Yuan Chuang, Lv Xilin and Zhao Lisen. The Fino Trust is an irrevocable discretionary trust established under the laws and regulations of Singapore.
- (6) Tesco Investments Limited is owned as to 50% by Serangoon Limited and as to 50% by Seletar Limited, as nominees and trustees for Credit Suisse Trust Limited, which is the trustee holding such interest on trust for the beneficiaries of the Tesco Trust, namely Wang Jing, Zhang Qian, Guan Xiong, Zheng Hui and Wong Li. The Tesco Trust is an irrevocable discretionary trust established under the laws and regulations of Singapore.
- (7) These amounts reflect (x) full exchange of the Baytree Exchangeable Bonds and the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds, (y) Shares sold by CCBIAM and Baring in the Global Offering (see “Substantial Shareholders and Selling Shareholders—Selling Shareholders”), and (z) the subscription of Shares by Baytree and Future Choice as part of a corporate placing in the Global Offering (see “Corporate Investors”). With respect to (x) above, on or prior to the Listing Date, the Company will deliver an irrevocable letter of instruction to Union Registrars Limited, the Company’s share registrar, to instruct it to register, no later than the third business day after six months from Listing Date, in the names of the respective designees of Baytree and CCBIAM such numbers of Shares transferable upon the automatic exchange of the Baytree Exchangeable Bonds and the exchangeable portion of the Revised and Restated CCBIAM Exchangeable Bonds, respectively. Until the delivery of the above-mentioned irrevocable letter of instruction, China ITS Co., Ltd. has agreed to exchange the Baytree Exchangeable Bonds and the exchangeable portion of the Revised

and Restated CCBIAM Exchangeable Bonds into the Shares, and to register designees of Baytree and CCBIAM in the register of members of the Company and will cause its registrar to deliver the share certificates to the designees as soon as permitted by the Stock Exchange but in no event later than the third business day following six months from the Listing Date. As a result, such Shares are effectively locked up for a period of approximately six months from the Listing Date. See “Our Investors—Lock-up Arrangements—Arrangements with the Pre-IPO Investors”.

- (b) As of the Latest Practicable Date, so far as is known to our Directors, the following persons were 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 or had option in respect of such capital:

<u>Name of shareholder</u>	<u>Name of company</u>	<u>Approximate percentage shareholding</u>
Wuhan Xingde Technology Co., Ltd.	Wuhan Chenguang	49%
Xinjiang Shenghengtian Information Technology Co., Ltd.	Xinjiang RHY	49%
Chengdu Weilute Software Technology Co., Ltd.	Chengdu Weilute	49%

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

4. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or chief executive 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 nor any of the parties listed in the paragraph headed “Consents of experts” in the section headed “Other Information” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, 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) save as provided for in the Underwriting Agreements, none of the experts referred to under the heading “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;
- (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; and
- (h) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

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 June 18, 2010.

(a) Purpose

The Share Option Scheme is a share option scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our 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 optimize their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an ongoing business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “Eligible Participants”) 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 non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, agents 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 advisor 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 authorized 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 (but taking no account of any Shares which may be allotted or issued pursuant to the exercise of the Over-allotment Option), being 155,029,633 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 of 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 advisor 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, capitalization 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 of 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 Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (ii) the approval of our 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 our 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 our 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 may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published pursuant to the requirements of the Listing Rules. 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);
- (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 result.

(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 of 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 our 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 our Group, or has been convicted of any criminal offence 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 capitalization issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, 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 September 5, 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 our 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 offence involving his or her integrity or honesty, or in relation to an employee of our 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 our 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 the supplemental guidance issued by the Stock Exchange on September 25, 2005 and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time. 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 canceled 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; and
- (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 of 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 155,029,633 Shares in total.

2. Pre-IPO Share Incentive Scheme

(a) Summary of terms

The Pre-IPO Share Incentive Scheme was adopted on December 28, 2008, the principal terms of the which are set out below:

(i) Purpose

The Pre-IPO Share Incentive Scheme is a share incentive scheme established by China ITS Co., Ltd. to recognize and reward the contribution of certain eligible participants (as set out in paragraph (ii) below) have or may have made to the growth and development of the business(es) of our Group.

(ii) Who may join

The board of directors of China ITS Co., Ltd. may, after consultation with our Board and at its discretion, offer to grant an option to subscribe for such number of Shares held by China ITS Co., Ltd. as the board of directors of China ITS Co., Ltd. may determine at a subscription price set out in paragraph (iv) below to:

- (1) any full time or part time employees (including director) of any subsidiary of our Company (“Eligible Employee”); or
- (2) any individual or entity who in the opinion of the board of directors of China ITS Co., Ltd. has contributed or will contribute to the growth and development of the business(es) of any subsidiary of our Company.

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 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.

(iii) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Incentive Scheme must not exceed 10% of the total number of Shares in issue, being 116,653,105 Shares, on the date of adoption of the Pre-IPO Share Incentive Scheme.

(iv) Price of Shares

Subject to any adjustments made as described in paragraph (xiii) below, the subscription price of a Share payable by a grantee in respect of any particular option granted under the Pre-IPO Share Incentive Scheme shall be as follows:

Tranche	Exercise Period	Subscription Price Payable per Share
1	December 31, 2008 to December 30, 2013	RMB0.60
2A	December 31, 2010 to December 30, 2015	RMB2.00
2B	June 30, 2011 to June 29, 2016	RMB2.00
3A	December 31, 2011 to December 30, 2016	RMB3.00
3B	June 30, 2012 to June 29, 2017	RMB3.00
4A	December 31, 2012 to December 30, 2017	RMB4.00
4B	June 30, 2013 to June 29, 2018	RMB4.00

(v) *Time of exercise of Option and duration of the Pre-IPO Share Incentive Scheme*

The options subject to the Pre-IPO Share Incentive Scheme are exercisable as to approximately 49.87% from December 31, 2008 and thereafter as to approximately 8.35% for every six months commencing from December 31, 2010, subject to the requirements of the holding and exercise of the options and the transfer of the Shares to the option holder and the holding of such Shares must comply with all laws, legislation and regulations.

In compliance with Rule 10.07(1)(a) of the Listing Rules, China ITS Co., Ltd. will not transfer any Shares under the Pre-IPO Share Incentive Scheme to the option holders during the six months immediately after the commencement of dealing of the Shares on the Stock Exchange, and the option holders have confirmed to China ITS Co., Ltd. that they will not exercise their options during this six-month period.

The options granted under the Pre-IPO Share Incentive Scheme are not transferable and options not exercised within the exercise period above will lapse and cease to be of further effect.

(vi) *Exercise of Option*

Subject to the fulfillment of all terms and conditions set out in the offer of the option, including the fulfillment of the minimum period (if any) for which an option must be held before it can be exercised and the attainment of any performance targets stated therein (if any), an option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs (viii), (ix), (x) and (xi) by giving notice in writing to China ITS Co., Ltd. stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for Shares in respect of which the notice is given. China ITS Co., Ltd. shall accordingly transfer the relevant number of Shares to the grantee (or, in the event of an exercise of option by a personal representative pursuant to paragraph (viii) below, to the estate of the grantee) fully paid and issue and deliver to the grantee (or his estate in the event of an exercise by his personal representative) a share certificate for the Shares so transferred.

Shares transferred to the grantee upon the exercise of an option will be subject to all the provisions of the Articles of Association.

(vii) *Rights are personal to grantee*

An option is personal to the grantee and shall not be transferable or assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest (legal or beneficial) whatsoever in favor of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by the grantee shall entitle China ITS Co., Ltd. to cancel any option granted to such grantee to the extent not already exercised.

(viii) *Rights on death*

If the grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full and none of the events which would be a ground for termination of his employment under paragraph (xiv(3)) below arises, his personal representative(s) or, as appropriate, the grantee, may exercise the option (to the extent not already exercised) in whole or in part within 12 months following the date of cessation of employment which date shall be the last day on which the grantee as at work with a subsidiary of our Company whether salary is paid in lieu of notice or not or, if any of events referred to in paragraphs (x) or (xi) occur during such period, exercise the option pursuant to paragraphs (x) or (xi), respectively:

(ix) *Rights on ceasing employment*

(A) If the grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of termination of his employment in accordance with his contract of

employment before exercising the option in full and none of the events which would be a ground for termination of his employment under paragraph (xiv(3)) arises, the grantee may continue to exercise the option (to the extent not already exercised) in whole or in part notwithstanding his termination of employment as if no such termination has taken place, provided that in the event that the grantee joins another company which, in the option held by the grantee shall lapse automatically upon the board of directors of China ITS Co., Ltd. giving written notice to the grantee stating such fact. The determination by the board of directors of China ITS Co., Ltd. on whether a company is a competitor of our Company or any of its subsidiary shall be final.

- (B) If the grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph (xiv(3)) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the board of directors of China ITS Co., Ltd. otherwise determines in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the board of directors of China ITS Co., Ltd. may determine following the date of such cessation or termination or, if any of the events referred to in paragraphs (x) or (xi) occur during such period, exercise the option pursuant to paragraphs (x) or (xi), respectively. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with a subsidiary of our Company whether salary is paid in lieu of notice or not.

(x) *Rights on takeover*

if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, China ITS Co., Ltd. shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of China ITS Co., Ltd. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in China ITS Co., Ltd., the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to China ITS Co., Ltd. at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be.

(xi) *Rights on winding-up*

In the event of a resolution being proposed for the voluntary winding-up of China ITS Co., Ltd. during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to China ITS Co., Ltd. at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and China ITS Co., Ltd. shall transfer to the grantee the Shares in respect of which such grantee has exercised his option not later than the business days immediately before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of our Shares transferred in the aforesaid manner, to participate in the distribution of the assets of China ITS Co., Ltd. available in liquidation *pari passu* with the holders of our Shares in issue on the day prior to the date of such resolution. Subject thereto, options then outstanding shall lapse and determine on the commencement of the winding-up of China ITS Co., Ltd.

(xii) Ranking of Shares

The Shares to be transferred on the exercise of options will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“Exercise Date”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share transferred upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xiii) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Pre-IPO Share Incentive Scheme remains in effect, and such event arises from a capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of share capital of our Company, 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 and/or (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remains comprised in an 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. Any such adjustment 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 would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment. No such adjustment shall be made the effect of which would be to enable increase the proportion of the issued share capital of our Company for which any grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment. The issue of securities or our Shares as consideration in a transaction is not to be regarded as a circumstance requiring any such adjustment.

(xiv) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (1) the date of expiry of the option as may be determined by the Board;
- (2) the expiry of the respective stated option period in the Pre-IPO Share Incentive Scheme;
- (3) in respect of a grantee who is an Eligible Employee, the date on which the grantee ceases to be an Eligible Employee by reason of termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the board of directors of China ITS Co., Ltd. does not bring the grantee or our Company and China ITS Co., Ltd. into disrepute);
- (4) in respect of a grantee other than an Eligible Employee, the date on which the board of directors of China ITS Co., Ltd. shall at its absolute discretion determine that (i) (aa) the grantee has committed any breach of any contract entered into between the grantee on the one part and our Company and China ITS Co., Ltd. on the other part; or (bb) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the grantee could no longer make any contribution to the growth and development of our Company and China ITS Co., Ltd. by reason of the cession of its relations with our Company and China ITS Co., Ltd. or by any other reason whatsoever; and

- (ii) the option shall lapse as a result of any event specified in this sub-paragraph (i)(aa) to (cc) above; or
- (5) the date on which the board of directors of China ITS Co., Ltd. shall exercise the right of China ITS Co., Ltd. to cancel the option by reason of breach of paragraph (vii) by the grantee in respect of that or any other option.

(xv) Alteration of the Pre-IPO Share Incentive Scheme

The Pre-IPO Share Incentive Scheme may be altered in any respect by a resolution of the board of directors of China ITS Co., Ltd. provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of our Shares under the Memorandum and Articles of Association for a variation of the rights attached to our Shares. Any alterations to the terms and conditions of the Pre-IPO Share Incentive Scheme which are of a material nature or any change to the terms of options shall be approved by the shareholders of China ITS Co., Ltd. except where the alterations take effect automatically under the existing terms of the Pre-IPO Share Incentive Scheme. Any change to the authority of the board of directors of China ITS Co., Ltd. in relation to any alteration to the terms of the Pre-IPO Share Incentive Scheme must be approved by the shareholders of China ITS Co., Ltd. in general meeting.

(xvi) Cancellation of Options

Any option granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the board of directors of China ITS Co., Ltd.

(xvii) Termination of the Pre-IPO Share Incentive Scheme

We may by resolution in general meeting at any time terminate the operation of the Pre-IPO Share Incentive Scheme and in such event no further option will be offered but the provisions of the Pre-IPO Share Incentive 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 Pre-IPO Share Incentive 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 Pre-IPO Share Incentive Scheme.

(xviii) Administration of the Board

The Pre-IPO Share Incentive Scheme shall be subject to the administration of the board of directors of China ITS Co., Ltd. whose decision as to all matters arising in relation to the Pre-IPO Share Incentive Scheme or their interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties who may be affected thereby.

(xix) Disclosure in annual and interim reports

We will disclose details of the Pre-IPO Share Incentive Scheme in our 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.

Our Directors confirm that they will not exercise any options granted under the Pre-IPO Share Incentive Scheme if as a result of the conversion our Company would not be able to comply with the minimum public float requirement of the Listing Rules.

(b) Outstanding options

As at the date of this prospectus, options to subscribe for an aggregate of 116,653,105 Shares have been conditionally granted by China ITS Co., Ltd. under the Pre-IPO Share Incentive Scheme, representing approximately 7.52% of the issued share capital of the Company immediately following completion of the Global Offering but excluding any Shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme and the Over-allotment Option. A total of 115 eligible participants, comprising 2 Directors and 113 employees of our Company and subsidiaries, have been granted options under the Pre-IPO Share Incentive Scheme. Our Directors and senior management have been granted options under the Pre-IPO Share Incentive Scheme to subscribe for a total of 34,817,105 Shares, representing approximately 2.24% of the issued share capital of our Company upon completion of the Global Offering, but excluding all Shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme and the Over-allotment Option.

A full list of all the grantees (including the 2 Directors and senior management), who have been granted options to subscribe for Shares under the Pre-IPO Share Incentive Scheme, containing all the details as required under paragraph 27 of Appendix IA to the Listing Rules and paragraph 10 of Part I of the Third Schedule of the Companies Ordinance, is made available for public inspection as referred to the section headed “—Documents Available for Inspection” in Appendix VII to this prospectus.

Below is a list of the Directors, senior management and other personnel who have been granted options under the Pre-IPO Share Incentive Scheme:

Grantee and position	Address	Number of Shares under the options granted under the Pre-IPO Share Incentive Scheme	Approximate percentage of shareholding upon the exercise of the options granted under the Pre-IPO Share Incentive Scheme (Note)											
			2008	2010	2011	2011	2011	2011	2012	2012	2012	2013		
Wang Jing (Executive Director)	No. 9, 20th Unit 25 Yuetan North Street Xicheng District Beijing, China	11,350,000	3,518,500	1,305,250	1,305,250	1,305,250	1,305,250	1,305,250	1,305,250	1,305,250	1,305,250	1,305,250	1,305,250	1,305,250
Lu Xiao (Executive Director)	No. 17, 1st Unit 5th Building Zhenwumiao Wuli Xicheng District Beijing, China	4,662,105	1,445,253	536,142	536,142	536,142	536,142	536,142	536,142	536,142	536,142	536,142	536,142	536,142
Leung Ming Shu (Chief financial officer and company secretary)	Flat 1309, Block B Tai Hang Terrace 5 Chun Fai Road Jardine's Lookout Hong Kong	9,332,000	2,892,920	1,073,180	1,073,180	1,073,180	1,073,180	1,073,180	1,073,180	1,073,180	1,073,180	1,073,180	1,073,180	1,073,180
Lv Xilin (Vice President of the Company, president of Turnkey Solutions and VA Services - expressway)	No. 101, 2nd Unit 2nd Building No. 10 Quan Zong Road Haidian District Beijing, China	1,773,000	549,630	203,895	203,895	203,895	203,895	203,895	203,895	203,895	203,895	203,895	203,895	203,895
Kong Qiang (President of Turnkey and Specialized Solutions - urban traffic)	No. 606, 2nd Building Nong Da Fu Zhong Dormitory No. 3 Yuan Ming Yuan Xi Road, Haidian District Beijing, China	6,400,000	1,984,000	736,000	736,000	736,000	736,000	736,000	736,000	736,000	736,000	736,000	736,000	736,000
Mou Yi (Group financial controller)	1503, 12th Floor, 2nd Unit, Block 6, Feng Du Bo Lin No. 26 Xi Da Wang Road Beijing, China	1,300,000	637,000	110,500	110,500	110,500	110,500	110,500	110,500	110,500	110,500	110,500	110,500	110,500
Liao Yibing (廖一兵) (Vice President of Turnkey Solutions - Expressway)	East Second Ring Road, Changsha, Hunan, China	34,817,105	11,027,303	3,964,967	3,964,967	3,964,967	3,964,967	3,964,967	3,964,967	3,964,967	3,964,967	3,964,967	3,964,967	3,964,967
		3,978,000	1,949,220	338,130	338,130	338,130	338,130	338,130	338,130	338,130	338,130	338,130	338,130	338,130

Grantee and position	Address	Number of Shares under the options granted under the Pre-IPO Share Incentive Scheme	Approximate percentage of shareholding upon the exercise of the options granted under the Pre-IPO Share Incentive Scheme (Note)	Number of options that become exercisable on December 31, 2008	Number of options that become exercisable on December 31, 2010	Number of options that become exercisable on June 30, 2011	Number of options that become exercisable on December 31, 2011	Number of options that become exercisable on June 30, 2012	Number of options that become exercisable on December 31, 2012	Number of options that become exercisable on June 30, 2013
Li Jing (李菁) (Marketing Director of Turnkey Solutions - Expressway)	46-1-432, No. 1 Jixiang Road, Shenyang, Liaoning Province, China	3,410,000	0.22%	1,670,900	289,850	289,850	289,850	289,850	289,850	289,850
Zhang Yi (張屹) (General Manager of Specialized Solutions - Railway)	No. 19-2-38, Han Zi No. 2 Lane, Beijing, China	3,000,000	0.19%	3,000,000	—	—	—	—	—	—
Wang Junkou (汪軍球) (Vice President of Specialized Solutions - Expressway)	Flat 3106, Block 9, Central Park Chaowai Main Street, Beijing, China	2,842,000	0.18%	1,392,580	241,570	241,570	241,570	241,570	241,570	241,570
Shu Yonghua (舒永華) (Vice President of Specialized Solutions - Expressway)	No. 4, Landianchang Residential Area (Century City Phase 3) Evergreen Park Block 4, Beijing, China	2,270,000	0.15%	1,112,300	192,950	192,950	192,950	192,950	192,950	192,950
Mei Haijun (梅海軍) (Assistant to President/Projects Director of Specialized Solutions - Railway)	No. 25, West Cuifang Court, Beijing, China	2,100,000	0.14%	2,100,000	—	—	—	—	—	—
Wu Zengtao (武增濤) (Vice President of Specialized Solutions - Expressway)	Room 1204, Ningxia Road, No. 25, Lane 366, Shanghai, China	2,080,000	0.13%	1,019,200	176,800	176,800	176,800	176,800	176,800	176,800
25 employees being granted between 1,000,001 to 2,000,000 Pre-IPO Share Incentive Options	-	35,374,000	2.28%	19,642,410	2,621,932	2,621,932	2,621,932	2,621,932	2,621,932	2,621,930
20 employees being granted between 500,001 to 1,000,000 Pre-IPO Share Incentive Options	-	13,516,000	0.91%	7,291,840	1,137,360	1,137,360	1,137,360	1,137,360	1,137,360	1,137,360
57 employees being granted less than 500,000 Pre-IPO Share Incentive Options	-	12,666,000	0.82%	7,964,640	783,560	783,560	783,560	783,560	783,560	783,560
		116,653,105		58,170,393	9,747,119	9,747,119	9,747,119	9,747,119	9,747,119	9,747,117

Note: Assuming the Over-allotment Option has not been exercised.

Except for our Directors, none of the grantees disclosed above is a connected person of our Group as defined in the Listing Rules.

The options granted under the Pre-IPO Share Incentive Scheme are personal to the grantees and not transferable. Subject to compliance with laws and the requirements of the Listing Rules, Shares that are transferred to the grantee upon the exercise of the option under Pre-IPO Share Incentive Scheme are not subject to lock-up and there are no arrangements between China ITS Co., Ltd. and the grantees in respect of the repurchase of any option Shares by China ITS Co., Ltd.

Save for the above, no further options has been offered under the Pre-IPO Share Incentive Scheme and no further options will be offered thereunder on or after the Listing Date.

We have applied for (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under paragraph 27 of Appendix 1A to the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies Ordinance from the SFC in strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, on the grounds that the exemption would not prejudice the interests of the investing public and that strict compliance with the relevant rules would be unduly burdensome. It is estimated that a complete disclosure of the name, address and options granted to each grantee would require approximately 20 pages of this prospectus, significantly increasing the cost for drafting and printing. Furthermore, full disclosure may also negatively impact our relationships with the grantees, as some grantees may become dissatisfied with the options granted to them after comparing with other grantees.

The Stock Exchange has granted the waiver to us, subject to the following conditions:

- (a) full disclosure in this prospectus on all options under the Pre-IPO Share Incentive Scheme granted to each of the Directors, senior management and personnel who has been granted with more than 2,000,000 options, including all particulars required under paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and paragraph 27 of Appendix IA to the Listing Rules;
- (b) disclose in this prospectus, for the remaining grantees on an aggregate basis:
 - (i) their aggregate number and the number of Shares underlying the options granted;
 - (ii) the considerations paid for the options;
 - (iii) the exercise period of each option; and
 - (iv) the exercise price for the options;
- (c) disclose in this prospectus the aggregate number of Shares underlying the options under the Pre-IPO Share Incentive Scheme and the percentage of the Company's issued share capital represented by such Shares;
- (d) a full list of all the grantees (including the persons referred to in paragraph (a) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Incentive Scheme, containing all the details as required under paragraph 27 of Appendix IA to the Listing Rules and paragraph 10 of Part I of the Third Schedule of the Companies Ordinance, is made available for public inspection as referred to the section headed "—Documents Available for Inspection" in Appendix VII to this prospectus.

The SFC (pursuant to section 342A of the Companies Ordinance) has granted the certificate of exemption to us on the following conditions:

- (a) full details of the options granted by the Company under the Pre-IPO Share Incentive Scheme to each of the Directors, senior management and personnel who has been granted with more than

2,000,000 options are disclosed in this prospectus, which shall include all particulars required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance;

- (b) in respect of the options granted by China ITS Co., Ltd. under the Pre-IPO Share Incentive Scheme to grantees other than those referred in paragraph (a) above, the following details are disclosed in this prospectus:
- (i) aggregate number of grantees and the number of Shares subject to the options;
 - (ii) the considerations paid for the grant of the options;
 - (iii) the exercise period of the options;
 - (iv) the exercise price for the options;
- (c) a full list of all the grantees (including the persons referred to in paragraph (a) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Incentive Scheme, containing all the details as required under paragraph 10 of Part I of the Third Schedule of the Companies Ordinance, is made available for public inspection as referred to the section headed “—Documents Available for Inspection” in Appendix VII to this prospectus; and
- (d) the aggregate number of Shares underlying the options under the Pre-IPO Share Incentive Scheme and the percentage of the Company’s issued share capital represented by such Shares will be disclosed in this prospectus.

(c) *Valuation of the Options granted under the Pre-IPO Share Incentive Scheme*

The valuation of options granted under the Pre-IPO Share Incentive Scheme was conducted based on the Hull-White Binomial Model with the following inputs:

	Batch 1	Batch 2	Batch 3	Batch 4	Batch 5	Batch 6	Batch 7
Grant date	12-31-2008	12-31-2008	12-31-2008	12-31-2008	12-31-2008	12-31-2008	12-31-2008
Vesting start date	12-31-2008	12-31-2010	06-30-2011	12-31-2011	06-30-2012	12-31-2012	06-30-2013
Expiration date	12-31-2013	12-31-2015	06-30-2016	12-31-2016	06-30-2017	12-31-2017	06-30-2018
Share price (RMB)	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Exercise price (RMB)	0.60	2.00	2.00	3.00	3.00	4.00	4.00
Risk free rate (%)	1.80	2.13	2.21	2.28	2.40	2.52	2.67
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contractual life (year)	5.00	7.00	7.50	8.01	8.50	9.01	9.50
Vesting period (year)	—	2.00	2.50	3.00	3.50	4.00	4.50
Expected volatility (%)	58.9	55.3	54.8	54.1	53.5	53.0	53.0
Early exercise multiple	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Post vesting forfeiture rate (%)	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Option fair value per share	0.77	0.54	0.57	0.48	0.50	0.45	0.47

3. Tax and other indemnities

The Controlling Shareholders have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph (2) of the subsection headed “Summary of material contracts” in this appendix) to provide indemnities on a joint and several basis in respect of, among other matters, (i) taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which our Company or any member of our Group that may be subject on or before the Global Offering becomes unconditional (the “Effective Date”) which might be payable by any member of our Group, and Hong Kong estate duty which might be payable by any member of our Group, by reason of any transfer of property (within the meaning of Section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong, as amended by the Revenue (Abolition of Estate Duty) Ordinance) to any member of our Group on or before the Effective Date; (ii) any losses, claims, costs and expenses that any members of our Group may suffer in the event of being prohibited from using or occupying certain premises for the existing use or being evicted from certain properties before the

expiration of their relevant terms; (iii) any liability under PRC social insurance schemes operated by relevant local governments which might be payable by any member of our Group on or before the Effective Date; and (iv) any penalty that any members of our Group may liable for as a result of the loans extended to or borrowed from related parties of our Company prior to Listing.

4. Litigation

As of 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.

5. Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, the Shares in issued, the Shares to be issued as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or options may be granted under the Share Option Scheme).

6. Preliminary expenses

The preliminary expenses of our Company were approximately HK\$50,000 and has been paid by our Company.

7. Promoter

There are no promoters of our Company. 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.

8. 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 or, 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. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares provided that our Company does not own any interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any 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 Share Offer will 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.

9. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualifications</u>
Merrill Lynch Far East	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
CCBIC	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Macquarie	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants
OC&C Strategy Consultants	Independent Industry Consultant
Commerce and Finance Law Offices	PRC attorneys-at-law
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Savills Valuation and Professional Services Limited	Professional property valuers

10. Consents of experts

Each of Merrill Lynch Far East, CCBIC, Macquarie, Ernst & Young, OC&C Strategy Consultants, Commerce and Finance Law Offices, Conyers Dill & Pearman and Savills Valuation and Professional Services Limited 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.

11. 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 its 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 its 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 its 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 its subsidiaries; and
 - (v) there are no founder, management or deferred shares nor any debentures in our Company or any of its subsidiaries.

- (b) none of the persons named in the sub-paragraph headed “Consents of experts” in this Appendix is interested beneficially or otherwise in any 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 securities in any member of our Group;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2009 (being the date to which the latest audited consolidated financial statements of our Group were made up);
- (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 Butterfield Fulcrum Group (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Union Registrars Limited. Unless the 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 our 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; and
- (g) our Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law.

12. Particulars of the Selling Shareholders

The particulars of the Selling Shareholders are as follows:

<u>Name of Selling Shareholder</u>	<u>Description</u>	<u>Registered Address</u>	<u>Number of Sale Shares</u>
CCB International Asset Management Limited	Corporation	34/F Two Pacific Place 88 Queensway Admiralty Hong Kong	31,837,219
Baring Private Equity Asia Group Investments Limited	Corporation	P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands	5,000,000
		Total:	<u>36,837,219</u>

13. 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.

14. 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).