

INTERIM REPORT
2015



SINOSOFT
TECHNOLOGY

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1297

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Xin Yingmei (*Chairlady*)
Mr. Yu Yifa

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kang Choon Kiat
Mr. Kwauk Teh Ming, Walter
Mr. Zong Ping

AUDIT COMMITTEE

Mr. Kwauk Teh Ming, Walter (*Chairman*)
Mr. Kang Choon Kiat
Mr. Zong Ping

REMUNERATION COMMITTEE

Mr. Kang Choon Kiat (*Chairman*)
Mr. Kwauk Teh Ming, Walter
Mr. Yu Yifa

NOMINATION COMMITTEE

Ms. Xin Yingmei (*Chairlady*)
Mr. Kwauk Teh Ming, Walter
Mr. Zong Ping

INVESTMENT MANAGEMENT COMMITTEE

Mr. Kang Choon Kiat (*Chairman*)
Mr. Kwauk Teh Ming, Walter
Mr. Zong Ping

AUTHORIZED REPRESENTATIVES

Mr. Yu Yifa
Dr. Ngai Wai Fung

COMPANY SECRETARY

Dr. Ngai Wai Fung (*FCIS, FCS(PE), CPA, FCCA*)

COMPLIANCE ADVISER

TC Capital Asia Limited
Suite 1904, 19th Floor, Tower 6
The Gateway, Harbour City
9 Canton Road, Tsim Sha Tsui
Kowloon
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

No. 26 Tianpu Road
Jiangpu Street
Pukou District
Nanjing City
Jiangsu
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Shanghai Pudong Development Bank
China Merchants Bank

COMPANY WEBSITE

www.sinosoft-technology.com

STOCK CODE

1297

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL FINANCIAL PERFORMANCE

In the first half of 2015, the central government of the People's Republic of China ("PRC") has gradually launched various policies to promote the application of information technology. The introduction of "Internet+" action plan, as well as the support to the development of big data and cloud computing to facilitate the transformation of economic structure, has helped to provide better prospects and opportunities for the information technology industry in the PRC. Under favorable market conditions, Sinosoft Technology Group Limited (the "Company" and its subsidiaries collectively, the "Group") has strengthened its effort in its major business segments to explore extended opportunities and prepare for more growth momentums. Meanwhile, leveraging on the solid foundation in the Group's research and development ("R&D") capability and competitive edges, the Group continued its healthy results with year-on-year growth across revenues, earnings and cash flow.

REVENUE

For the six months ended 30 June 2015, the sales of the Group rose by approximately 27.2% to RMB 168.9 million when compared to RMB 132.8 million for the same period in 2014. In the period under review, all of the Group's business segments recorded increases in revenue, that in turn contributed to the Group's growth in total revenue.

Export Tax Software and Related Services

During the six months ended 30 June 2015, the revenue generated from export tax software and related services increased by approximately 24.7% to RMB 52.4 million as compared with RMB 42.0 million for the six months ended 30 June 2014. The increase was mainly attributable to the increasing demand for the segment's software products, consultation services and training courses.

During the period under review, the Group has been proactively developing sales beyond the Jiangsu market. Apart from exploiting the Shanghai market which the Group debuted its sales at the end of 2014, the Group established a wholly-owned subsidiary, Qingdao Skytech Software Co., Limited ("Qingdao Skytech") in Qingdao of Shandong Province in May 2015, to further promote the Group's export tax software and related services, as well as other solutions in Shandong Province. The Group is also preparing to enter into other regional markets, in order to bring stronger momentum for future growth.

The Group continued to enrich its product lines and solidify its competences in export tax software and related services. During the first half of 2015, the Group launched various new products with features that are able to consolidate financial and tax figures within one software. Such a feature helps users to solve problems inherent in financial and tax software if such software were to be operated individually. These products have been well perceived by the market and contributed to the sales growth in the Group's export tax software and related services segment.

Beside the traditional export tax software and related services, the Group jointly launched an unsecured loan product for small-to-medium enterprises ("SMEs") with Ant Financial Services Group ("Ant Financial") in March 2015, to provide financial data services for SMEs.

In July 2015, the Group announced that it has been selected as the designated developer of sales tax refund system for overseas visitors in Shanghai, to provide a software platform for overseas visitors' tax refund policy which is implemented with effect from 1 July 2015. The Group will leverage on this experience to promote the tax refund system to other provinces in the PRC. Combining the competences in export tax refund and big data analysis, the Group will provide services for retail stores and agencies so as to capture more opportunities in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Carbon Management Solutions

Following the PRC central government's setting of specific targets in energy saving and emission reduction, local governments and enterprises have also began intensifying related efforts in these areas. This has helped to drive up the Group's revenue from carbon management solutions for the six months ended 30 June 2015 by approximately 53.1% to RMB 16.7 million when compared with the same period last year.

During the period under review, increase in sales of carbon management solutions for regions as well as carbon asset management platform for enterprises, contributed to the revenue growth in the Group's carbon management solutions segment. To further enhance the competitive edges in carbon management solutions, the Group announced that it has entered into a cooperative framework agreement with the Shanghai Branch of China Quality Certification Center ("CQC Shanghai"), to cooperate with each other to develop regional carbon platforms and corporate carbon audit projects. The market resources of CQC Shanghai and the Group's competences in low carbon information will complement each other through the cooperation, to further extend the Group's low carbon consultation services to governments and enterprises.

e-Government Solutions

During the six months ended 30 June 2015, the revenue generated from the Group's e-Government solutions increased by approximately 33.1% to RMB 78.0 million as compared to RMB 58.6 million for the six months ended 30 June 2014, the increase was mainly attributable to the government's policies of encouraging information technology application and increasing government spending in information technology.

During the period under review, the Group continued to deepen the implementation of big data technology, to further expand into new area of applications for e-Government solutions, as well as to enhance the functions and scope of applications for existing products. The Group's e-Government solutions which employ big data analysis continued to be sold to different provincial and city governments. In addition, the demand for upgrade in previously developed e-Government products also contributed to the growth in sales.

System Integration Solutions

System integration solutions is not the Group's key business segment, but a complementing service to the Group's other solutions so as to provide a total solutions service to the Group's customers. During the six months ended 30 June 2015, revenue generated from system integration solutions segment amounted to RMB 21.8 million, representing an increase of approximately 2.3% as compared to RMB 21.3 million for the same period in 2014.

COST OF SALES

The Group's cost of sales is largely made up of amortization of software development cost as well as the costs to purchase system and components for some of its projects. As the Group has been intensifying its investment in developing new products, this has resulted in an increase in the amount of amortization during the period under review. In addition, the Group incurred additional costs to purchase system and components for various projects, including the overseas visitors tax refund system in Shanghai which has yet to contribute to the Group's revenue during the period under review. These have resulted in increasing the cost of sales, from RMB 35.5 million during the six months ended 30 June 2014 to RMB 62.2 million during the six months ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT RESULTS AND SEGMENT RESULTS MARGIN

The Group's total segment results (representing the sum of revenue and value-added tax refund less cost of sales and research and development costs) grew by approximately 11.0% to approximately RMB 91.0 million for the six months ended 30 June 2015 from approximately RMB 82.0 million for the six months ended 30 June 2014. The increase was primarily due to an increase in total revenue during the period under review.

The Group's segment results margin decreased from approximately 61.8% in the six-month period ended 30 June 2014 to approximately 53.9% in the six-month period ended 30 June 2015, primarily due to the increase in the cost of sales.

RESEARCH AND DEVELOPMENT COSTS

For the six months ended 30 June 2015, the Group's R&D costs increased by approximately 13.0% to RMB 21.1 million due to increased devotion in new products development.

OTHER INCOME AND GAINS

The Group's other income and gains slightly increased from approximately RMB 8.1 million for the six months ended 30 June 2014 to approximately RMB 8.3 million for the six months ended 30 June 2015, which was mainly made up of the interest income earned from bank deposits.

DISTRIBUTION AND SELLING EXPENSES

During the six months ended 30 June 2015, distribution and selling expenses of the Group increased by approximately 17.5% to RMB 13.2 million. This was mainly due to increase in salaries and marketing activities corresponding to business expansion.

ADMINISTRATIVE AND GENERAL EXPENSES

During the six months ended 30 June 2015, administrative and general expenses of the Group decreased by approximately 11.7% to RMB 18.3 million. The decrease in administrative and general expenses despite of revenue growth was mainly due to the Group's stringent control in expenses and enhanced operating efficiency.

OTHER EXPENSES AND LOSSES

Other expenses and losses of the Group decreased by approximately 15.2% from RMB 0.5 million for the six months ended 30 June 2014 to RMB 0.4 million for the six months ended 30 June 2015.

INCOME TAX EXPENSE

For the six months ended 30 June 2015, the Group's income tax expenses decreased by approximately 7.5% to RMB 10.7 million as compared with RMB 11.5 million for the six months ended 30 June 2014, mainly as a result of certain tax holidays and concessions for one of the subsidiaries of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

NET PROFIT

Net profit of the Group for the six months ended 30 June 2015 amounted to approximately RMB 56.8 million, representing an increase of approximately 23.0% as compared with RMB 46.1 million for the six months ended 30 June 2014. For the period under review, although cost of sales has increased, however the lower growth rate in distribution and selling expenses when compared with the growth in revenue, as well as the decrease in administrative and general expenses have resulted in a net profit margin of approximately 33.6%.

NET CURRENT ASSETS

As at 30 June 2015, the Group had net current assets of RMB 601.8 million (31 December 2014: RMB 585.6 million).

FINANCIAL RESOURCES AND LIQUIDITY

During the six months ended 30 June 2015, the Group's primary source of funding came from cash generated from its operating activities. As at 30 June 2015, the net cash inflow from operating activities amounted to approximately RMB 42.4 million (30 June 2014: approximately RMB 34.1 million) and the Group had cash and liquid structured bank deposits of RMB 345.3 million (31 December 2014: RMB 379.1 million).

As at 30 June 2015, the Group has no borrowings (31 December 2014: Nil). As such, the Group's net gearing ratio, which is based on net total borrowings divided by total shareholders' equity, is zero as at 30 June 2015 (31 December 2014: 0).

CAPITAL COMMITMENT AND EXPENDITURES

During the six months ended 30 June 2015, the Group purchased RMB 0.6 million worth of buildings electrical equipment and office equipment (for the six months ended 30 June 2014: RMB 3.0 million).

INTANGIBLE ASSETS

The Group's intangible assets consist mainly of capitalized software costs and purchased software. The increase in intangible assets was mainly attributable to the addition to capitalized software costs of approximately RMB 32.8 million (30 June 2014: RMB 24.3 million) and the addition to purchased software of RMB 23.7 million (30 June 2014: RMB 2.8 million) less the amortization charges for the period under review.

HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 584 (2014: 562) employees. The Group offered competitive salary packages, as well as discretionary bonuses and contribution to social insurance to its employees. In order to ensure that the Group's employees remain competitive in the industry, the Group has adopted and arranged regular training programs for its employees managed by its human resources department.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The primary economic environment in which the Group operates is in the PRC and its functional currency is RMB. However, certain of the Group's bank balances, other payables and short-term borrowings are denominated in United States Dollar ("USD") and Hong Kong Dollar ("HKD"), which are currencies other than the functional currency of the relevant group entities and expose the Group to foreign currency risk.

During the period under review, the Group recorded an exchange loss of approximately RMB 0.7 million (30 June 2014: exchange gain of approximately RMB 3.5 million). This exchange loss during the six months ended 30 June 2015 was a result of the appreciation of RMB against the USD and HKD where during the period under review, the Group had net assets in USD and HKD.

CHARGES ON ASSETS

As at 30 June 2015, the Group had no charge on assets.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held, material acquisitions or disposals of subsidiaries for the six months ended 30 June 2015.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this report, the Group has not entered into any legally binding agreement or arrangement with respect of any investment opportunities except those disclosed in the relevant public announcement and this report.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as of 30 June 2015 (30 June 2014: nil).

OUTLOOK

The PRC economy is in the process of transformation and the impact of information technology is particularly notable on economic development. After promulgation of the "Internet+" action plan at the beginning of the year 2015, the State Council further issued the Guidance Opinions on "Internet+" Actions in July 2015, which proposed a specific scope that required in-depth integration between information technology, represented by "Internet+", and various economic and social sectors in order to promote technological advancement, enhance innovative capabilities and productivity of the actual economy and aimed to establish an initial new form of "Internet+" economy by the year 2025. Under this policy direction, the information technology industry is facing enormous development opportunities. The Group has been striving to enhance tax rebate, low-carbon environmental protection and government office efficiency through information technology, and has been actively developing the relevant innovative applications to enable the Group to promptly capture the market opportunities that will generate remarkable business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Export tax rebate is an important policy of the State to encourage exports, and is also an international convention. The State Administration of Taxation of the PRC has made acceleration of tax rebate progress one of its key tasks according to the requirement of the State Council. In the first half of 2015, national export tax rebate increased by approximately 12.4% year-on-year, which is higher than the growth in export value, supporting external trade effectively. The State Administration of Taxation has declared that it will continue to increase tax rebate efficiency, and is determined to prevent and crack down export tax fraud cases. As a result, it is expected that the efficiency and accuracy of tax rebate reporting made by export enterprises and their impact on tax rebate progress and operating conditions will be greater than before. The Group has seized the opportunity and started to market its export tax rebate software and related services gradually to Shanghai, Shandong Province and other regional markets for sale to more exporters, generating greater business growth for the Group in the future while providing value-added services to more export enterprises at the same time.

The Group launched the unsecured credit loan service in cooperation with Ant Financial during the first half of the year 2015, and successfully utilized the big data analysis on export tax rebate figures as the basis for credit assessment, establishing a solid foundation for extending export tax rebate service to the financial area. On this basis, the Group will seek more relevant development opportunities for creating new sources of income.

Value-added tax rebate for overseas tourists is a policy launched by the PRC government to attract more foreign travelers to visit China. After becoming the developer of the sales tax refund system for overseas visitors in Shanghai, the Group is in an advantageous position to implement the relevant tax refund system in other provinces. By leveraging on the opportunity of the system implementation in various provinces, the Group will also be able to cross-sell relevant products for export tax rebate to other provinces and generate greater revenue for the Group in the future.

For carbon management solutions, the Group's products have combined the key concerns of the PRC's central government policies on information technology and emission reduction to provide transparent, regulated and efficient solutions for emission reduction. The PRC central government has set clear quantified targets for reduction of carbon emissions, government units of all levels and enterprises must complete carbon audits as soon as possible and commence the formulation of emission reduction proposals. The carbon management solutions of the Group are able to assist government units of all levels and enterprises to achieve their emission reduction targets effectively, and have attracted demand from various government units and enterprises which, in turn, will drive exponential growth in future demand.

For e-Government solutions, the Group has been utilizing big data analysis actively in recent years to develop solutions capable of assisting the government to improve efficiency and optimize decisions, which is consistent with the direction of the State Council in encouraging the use of big data, promoting simplification of governance structure, delegation of powers and changes in government functions to enhance governance capabilities of the government. In addition to continuous enhancing the functions and scope of applications of existing products and marketing them to various provincial and municipal governments, the Group will continue to expand and develop new applications for its e-Government solutions to grasp the market opportunities arising from the use of information technology in government services.

With the macro development trend of "Internet+", plus opportunities in different industries facing various key businesses, the Group will continue to strengthen its R&D and enhance competitiveness in preparation for greater room for growth in the future.

OTHER INFORMATION

INTERIM DIVIDEND

The board (the “Board”) of directors (the “Directors”) did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: nil).

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, interests or short positions in the shares of the Company (the “Shares”), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) held by the Directors and chief executive of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set forth in Appendix 10 to the Rules Governing the listing of Securities on the Stock Exchange (the “Listing Rules”) are as follows:

Name of Director	Personal interests	Corporate interests	Interest of spouse	Number of Shares held (Note 1)	Approximate percentage of the issued share capital of the Company
Ms. Xin Yingmei	—	401,955,500 (L) (Note 2)	65,647,500 (L) (Note 3)	467,603,000 (L)	45.30%
Mr. Yu Yifa	975,000 (L)	—	—	975,000 (L)	0.09%

Notes:

- (1) The letter “L” denotes the person’s long position in such securities.
- (2) These Shares are held by Long Capital International Limited which is beneficially and wholly-owned by Ms. Xin Yingmei.
- (3) These Shares are held by Telewise Group Limited which is beneficially and wholly-owned by Mr. Wang Xiaogang, the spouse of Ms. Xin Yingmei.

Save as disclosed above, none of the Directors, chief executives of the Company and/or any of their respective associates had registered any interests or short positions in any Shares and underlying Shares in, and debentures of, the Company or any of its associated corporations as at 30 June 2015, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2015, the persons (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of SFO:

Name of shareholder	Capacity	Number of Shares held (Note 1)	Approximate percentage of the issued share capital of the Company
Long Capital International Limited	Beneficial owner	401,955,500 (L) (Note 2)	38.94%
Telewise Group Limited	Beneficial owner	65,647,500 (L) (Note 3)	6.36%
Wang Xiaogang	Interest of a controlled corporation	65,647,500 (L) (Note 3)	6.36%
Alibaba.com Investment Holding Limited	Beneficial owner	137,500,000 (L) (Note 4)	13.32%
Alibaba.com Limited	Interest of a controlled corporation	137,500,000 (L) (Note 4)	13.32%
Alibaba Group Holding Limited	Interest of a controlled corporation	137,500,000 (L) (Note 4)	13.32%
FIL Limited	Investment manager	81,642,000 (L)	7.91%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) These Shares are held by Long Capital International Limited which is beneficially and wholly owned by Ms. Xin Yingmei.
- (3) These Shares are held by Telewise Group Limited which is beneficially and wholly owned by Mr. Wang Xiaogang, the spouse of Ms. Xin Yingmei.
- (4) Alibaba.com Investment Holding Limited is wholly owned by Alibaba.com Limited which is a subsidiary of Alibaba Group Holding Limited.

Save as disclosed above, as at 30 June 2015, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

OTHER INFORMATION

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2015.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 11 June 2013. As at the date of this interim report, the total number of Shares available for issue under the Share Option Scheme was 100,000,000 Shares, which represented 10% of the Shares in issue immediately after the completion of the global offering.

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “Eligible Participants”) to subscribe for such number of new Shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the 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 the Company or any of its subsidiaries.

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital as at the date of this interim report:

As at the date of this interim report, no share option has been granted under the Share Option Scheme.

The maximum number of Shares which maybe issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 100,000,000 Shares.

4. Maximum entitlement of each participant under the Share Option Scheme:

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 the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the number of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2) (d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the Shares must be exercised under the Share Option Scheme:

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. The minimum period for which an option must be held before it can be exercised:

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The basis of determining the exercise price:

Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary Shares as stated in the the Stock Exchange daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the ordinary Shares as stated in the the Stock Exchange daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary Share.

8. The remaining life of the Share Option Scheme:

It will remain in force for a period of 10 years. Since the adoption of the Share Option Scheme, no options had been granted under the Share Option Scheme.

During the six months ended 30 June 2015, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules as its corporate governance code of practices. The Company has complied with all of the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2015, with the exception of the following deviation:

Code provision A.2.1 of the CG Code provides that, amongst others, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Xin Yingmei is currently the chairlady and chief executive officer of the Company responsible for overseeing the operations of the Group.

The Board has considered the merits of separating the roles of chairlady and chief executive but is of the view that it is in the best interests of the Company to vest the two roles in Ms. Xin Yingmei. The Board considers that vesting the two roles in Ms. Xin Yingmei ensures that the Company is under a consistent leadership and facilitates the implementation and execution of the Group’s business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) on 11 June 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, Mr. Kwauk Teh Ming, Walter, Mr. Kang Choon Kiat and Mr. Zong Ping, with Mr. Kwauk Teh Ming, Walter serving as chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, to oversee the audit process to develop and renew its policies and practices on corporate governance and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the report prepared by the Group’s internal audit department on its internal control policies and procedures, including the internal control procedures of the foreign exchange and other investment transactions for the period ended 30 June 2015.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the “**Remuneration Committee**”) on 11 June 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code. The Remuneration Committee consists of one executive Director, being Mr. Yu Yifa and two independent non-executive Directors, being Mr. Kwauk Teh Ming, Walter and Mr. Kang Choon Kiat, with Mr. Kang Choon Kiat serving as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Board regarding the Group’s policy and structure for the remuneration of all Directors and senior management members and on the establishment of a formal and transparent procedure for developing remuneration policies concern; (ii) determining the terms of the remuneration packages of its Directors and senior management; (iii) reviewing and approving management’s remuneration proposals with reference to corporate goals and objectives; and (iv) considering and approving the grant of share options to Eligible Participants pursuant to the Share Option Scheme.

NOMINATION COMMITTEE

The Company has established a nomination committee (the “**Nomination Committee**”) on 11 June 2013 with written terms of reference in compliance with paragraph A.5 of the CG Code. The Nomination Committee consists of one executive Director, being Ms. Xin Yingmei, and two independent non-executive Directors, being Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping, with Ms. Xin Yingmei serving as the chairlady of the Nomination Committee. The primary function of the Nomination Committee is to make recommendations to the Board on the appointment of members of the Board.

INVESTMENT MANAGEMENT COMMITTEE

The Company has established an investment management committee (the “**Investment Management Committee**”) on 31 October 2012. The Investment Management Committee consists of three independent non-executive Directors, namely, Mr. Kang Choon Kiat, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping, with Mr. Kang Choon Kiat serving as the chairman of the Investment Management Committee. The primary function of the Investment Management Committee is to enhance the effectiveness of the Group’s internal control and risk management procedures and to identify and manage the risks which the Group may be exposed to in handling foreign exchange and other investment transactions.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set forth in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. The Company has made specific enquiries with the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2015. The Company was not aware of any incidence of non-compliance with the Model Code by the Directors during the six months ended 30 June 2015.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated financial report of the Group for the six months ended 30 June 2015 has been reviewed by the auditor of the Company, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 —“Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The independent review report of the auditor is included on page 17 of this interim report. The unaudited condensed consolidated financial report of the Group for the six months ended 30 June 2015 has also been reviewed by the Audit Committee. The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors: Mr. Kang Choon Kiat, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping. Mr. Kwauk Teh Ming, Walter serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal controls of the Company and to assist the Board to fulfill its responsibilities over audit.

By Order of the Board
Sinosoft Technology Group Limited
Xin Yingmei
Chairlady

Hong Kong, 3 August 2015

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF SINOSOFT TECHNOLOGY GROUP LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Sinosoft Technology Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 18 to 30, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provision thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	NOTES	Six months ended	
		30.6.2015 RMB'000 (unaudited)	30.6.2014 RMB'000 (unaudited)
Revenue	3	168,926	132,842
Value-added tax refund		5,397	3,407
Cost of sales		(62,153)	(35,531)
Research and development costs		(21,107)	(18,684)
Other income and gains		8,281	8,099
Distribution and selling expenses		(13,166)	(11,205)
Administrative and general expenses		(18,309)	(20,735)
Other expenses and losses	5	(436)	(514)
Profit before tax	6	67,433	57,679
Income tax expense	7	(10,674)	(11,539)
Profit and total comprehensive income for the period		<u>56,759</u>	<u>46,140</u>
		RMB cents	RMB cents
Earnings per share			
– Basic	8	<u>5.50</u>	<u>4.47</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	NOTES	30.6.2015 RMB' 000 (unaudited)	31.12.2014 RMB' 000 (audited)
Non-current assets			
Property, plant and equipment		7,341	8,658
Intangible assets	10	192,422	166,335
Available-for-sale financial assets		2,000	2,000
		<u>201,763</u>	<u>176,993</u>
Current assets			
Inventories		1,205	1,034
Trade and other receivables	12	306,609	260,602
Structured bank deposits		207,000	276,500
Pledged bank deposits		525	889
Bank balances and cash		138,312	102,630
		<u>653,651</u>	<u>641,655</u>
Current liabilities			
Trade payables	13	19,768	19,240
Other payables		25,672	30,703
Tax liabilities		6,441	6,114
		<u>51,881</u>	<u>56,057</u>
Net current assets		<u>601,770</u>	<u>585,598</u>
Total assets less current liabilities		<u>803,533</u>	<u>762,591</u>
Non-current liability			
Deferred tax liabilities	11	25,964	21,594
		<u>777,569</u>	<u>740,997</u>
Capital and reserves			
Share capital	14	8,232	8,232
Reserves		769,337	732,765
Total equity attributable to owners of the Company		<u>777,569</u>	<u>740,997</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Equity attributable to owners of the Company						
	Share capital	PRC			Share premium	Accumulated profits	Total
		statutory reserve	Capital reserve				
RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	
At 1 January 2014 (audited)	8,232	49,798	2,627	299,788	261,464	621,909	
Profit for the period	—	—	—	—	46,140	46,140	
Dividend (note 9)	—	—	—	—	(15,441)	(15,441)	
At 30 June 2014 (unaudited)	<u>8,232</u>	<u>49,798</u>	<u>2,627</u>	<u>299,788</u>	<u>292,163</u>	<u>652,608</u>	
At 1 January 2015 (audited)	8,232	61,744	2,627	299,788	368,606	740,997	
Profit for the period	—	—	—	—	56,759	56,759	
Dividend (note 9)	—	—	—	—	(20,187)	(20,187)	
At 30 June 2015 (unaudited)	<u>8,232</u>	<u>61,744</u>	<u>2,627</u>	<u>299,788</u>	<u>405,178</u>	<u>777,569</u>	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended	
	30.6.2015 RMB' 000 (unaudited)	30.6.2014 RMB' 000 (unaudited)
Net cash from operating activities	<u>42,392</u>	<u>34,094</u>
Investing activities:		
Purchase of property, plant and equipment	(575)	(3,005)
Payment for the cost incurred capitalised as intangible assets	(56,476)	(27,114)
Placement of pledged bank deposits	(516)	(880)
Proceeds from release of pledged bank deposits	880	—
Payments for structured bank deposits	(520,000)	(30,000)
Proceeds from release of structured bank deposits	<u>589,500</u>	<u>—</u>
Net cash from (used in) investing activities	<u>12,813</u>	<u>(60,999)</u>
Financing activities:		
Dividends paid	<u>(20,187)</u>	<u>(15,441)</u>
Net cash used in financing activities	<u>(20,187)</u>	<u>(15,441)</u>
Net increase (decrease) in cash and cash equivalents	35,018	(42,346)
Cash and cash equivalents at beginning of the period	102,630	287,559
Effect of foreign exchange rate changes	<u>664</u>	<u>(3,543)</u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<u><u>138,312</u></u>	<u><u>241,670</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. GENERAL AND BASIS OF PREPARATION

The Company is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability on 6 January 2011. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 July 2013. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company. The principal activities of its subsidiaries in the People's Republic of China (the "PRC") are software development, system integration, sales of related computer products and provision of other related services.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 14	Regulatory Deferral Accounts ²
IFRS 15	Revenue from Contracts with Customers ¹
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to IAS 1	Disclosure Initiative ³
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ³
Amendments to IAS 27	Equity Method in Separate Financial Statements ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle ³
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ³

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

3. REVENUE AND SEGMENT INFORMATION

The Group is organised into different business units by products, based on which information is prepared and reported to the Group's chief operating decision maker (the "CODM") (i.e., the board of directors of the Company) for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into four core product lines, namely export tax software and related services, carbon management solutions, e-Government solutions and system integration solutions. These products form the basis on which the Group reports its segment information.

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

	Six months ended	
	30.6.2015 RMB' 000 (unaudited)	30.6.2014 RMB' 000 (unaudited)
Segment revenue		
Export tax software and related services	52,440	42,047
Carbon management solutions	16,731	10,930
e-Government solutions	77,951	58,559
System integration solutions	21,804	21,306
Total revenue	168,926	132,842
Segment results		
Export tax software and related services	46,050	37,922
Carbon management solutions	13,647	8,800
e-Government solutions	31,316	34,426
System integration solutions	50	886
Total segment results	91,063	82,034
Other income and gains	8,281	8,099
Other expenses and loss	(436)	(514)
Distribution and selling expenses	(13,166)	(11,205)
Administrative and general expenses	(18,309)	(20,735)
Profit before tax	67,433	57,679
Income tax expense	(10,674)	(11,539)
Profit for the period	56,759	46,140

The CODM does not review assets and liabilities by operating segment for the purpose of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

4. RESULTS FOR THE PERIOD

Whilst the sales of export tax software and related services are generally stable throughout the year, the sales of e-Government solutions, carbon management solutions and system integration solutions are seasonal, with sales generally being lower in the first half of the year than in the second half. There are a number of factors that cause these variations, but the primary factor is that the major customers of the Group, i.e. PRC government agencies, tend to conclude contracts in the second half of the year in accordance with their financial budgets approval procedures.

5. OTHER EXPENSES AND LOSSES

	Six months ended	
	30.6.2015 RMB' 000 (unaudited)	30.6.2014 RMB' 000 (unaudited)
Donation	200	506
Others	236	8
	<u>436</u>	<u>514</u>

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following items:

	Six months ended	
	30.6.2015 RMB' 000 (unaudited)	30.6.2014 RMB' 000 (unaudited)
Depreciation of property, plant and equipment	1,673	1,547
Amortisation of intangible assets:		
amortisation of capitalised software costs (included in cost of sales)	14,763	13,239
amortisation of other software (included in research and development costs)	15,627	13,796
Total depreciation and amortisation	<u>32,063</u>	<u>28,582</u>
Net foreign exchange (loss) gain	(664)	3,543
Research and development costs recognised as an expense	21,107	18,684
Cost of inventories recognised as an expense	<u>47,390</u>	<u>22,292</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

7. INCOME TAX EXPENSE

	Six months ended	
	30.6.2015 RMB' 000 (unaudited)	30.6.2014 RMB' 000 (unaudited)
Current tax:		
PRC enterprise income tax ("EIT")	6,441	4,820
Over provision in prior years	(137)	—
Deferred tax charge:		
Current period	4,370	6,719
	<u>10,674</u>	<u>11,539</u>

Note:

The Company and Infotech Holdings Pte. Ltd., its subsidiary incorporated in Singapore, had no assessable profits subject to income tax in any jurisdictions since their incorporation.

The Company's subsidiaries established in the PRC are subject to PRC EIT at rates prevailing under the relevant laws and regulations in the PRC as follows:

1. On October 31, 2014, Nanjing Skytech Co., Limited ("**Nanjing Skytech**") and Jiangsu Skyinformation Co., Limited ("**Jiangsu Skyinformation**"), the subsidiaries of the Company, obtained "High-tech enterprise" certificates. Accordingly, the applicable income tax rate for both Nanjing Skytech and Jiangsu Skyinformation for the current period is 15% (six months ended 30 June 2014: Nanjing Skytech 10%, Jiangsu Skyinformation 15%).
2. Nanjing Skytech Quan Shui Tong Information Technology Co., Ltd. ("**Quan Shui Tong**") used to be eligible for certain tax holidays and concessions and were exempted from PRC EIT for two years starting from its first profit-making year, followed by a 50% reduction for the following three years. Quan Shui Tong commenced its first profit-making year in the financial year ended 31 December 2014. Accordingly, Quan Shui Tong is exempted from PRC EIT in both periods and the tax holidays and concessions for Quan Shui Tong will end in the year ended 31 December 2018.
3. The applicable EIT rate for Zhenjiang Skyinformation Co., Ltd. ("**Zhenjiang Skyinformation**"), Jiangsu Skytech Investment Management Co., Ltd. ("**Jiangsu Skytech Investment**") and Qingdao Skytech Software Co., Ltd. ("**Qingdao Skytech Software**") is 25% for the year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profit for the six months ended 30 June 2015 of RMB56,759,000 (six months ended 30 June 2014: RMB46,140,000) and 1,032,258,000 shares (as at 30 June 2014: 1,032,258,000 shares).

The Group had no potential outstanding ordinary shares throughout the six-month period ended 30 June 2015 and 30 June 2014.

9. DIVIDENDS

During the current interim period, a 2014 final dividend amounting to HKD 0.0248 (approximately RMB 0.0195) per share was proposed by the Company's directors on 23 March 2015, and subsequently approved at the annual general meeting held on 22 May 2015. The directors did not recommend the payment of an interim dividend for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: nil).

During the last interim period, a 2013 final dividend amounting to HKD0.0189 (approximately RMB0.015) per share was proposed by the Company's directors on 18 March 2014, and subsequently approved at the annual general meeting held on 22 May 2014.

10. INTANGIBLE ASSETS

During the current period, the Group incurred the additions of cost at approximately RMB 56,476,000 (six months ended 30 June 2014: RMB27,114,000) which represented the capitalised software costs generated internally amounting to RMB 32,757,000 (six months ended 30 June 2014: RMB24,289,000) and other purchased software amounting to RMB 23,719,000 (six months ended 30 June 2014: RMB2,825,000) for the new software product development.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

11. DEFERRED TAXATION

The following are the deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior periods:

	Allowance for doubtful receivables RMB' 000	Withholding tax on undistributed profits RMB' 000	Capitalised software costs RMB' 000	Total RMB' 000
At 1 January 2014 (audited)	549	(1,470)	(13,134)	(14,055)
Charge to profit or loss	—	(5,930)	(1,149)	(7,079)
Effect of change in tax rate	360	—	—	360
At 30 June 2014 (unaudited)	<u>909</u>	<u>(7,400)</u>	<u>(14,283)</u>	<u>(20,774)</u>
At 1 January 2015 (audited)	395	(5,401)	(16,588)	(21,594)
Charge to profit or loss	—	(2,500)	(1,870)	(4,370)
At 30 June 2015 (unaudited)	<u>395</u>	<u>(7,901)</u>	<u>(18,458)</u>	<u>(25,964)</u>

Under the EIT Law of the PRC, dividends paid to non-resident overseas shareholders declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards are subject to a PRC withholding tax rate of up to 10%. For investors incorporated in Singapore, a preferential rate of 5% will be applied where appropriate. As at 30 June 2015 and 31 December 2014, the Group has fully provided the deferred tax liabilities of withholding tax on the undistributed earnings of the PRC subsidiaries.

The deferred tax balance has reflected the tax rates that are expected to apply in the respective periods when the asset is realised or the liability is settled.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

12. TRADE AND OTHER RECEIVABLES

	30.6.2015 RMB' 000 (unaudited)	31.12.2014 RMB' 000 (audited)
Trade receivables	256,632	245,707
Less: Allowance for doubtful debts	<u>(2,635)</u>	<u>(2,635)</u>
	253,997	243,072
Prepayments to suppliers	42,571	10,363
Deposits	2,233	3,105
Value added tax recoverable	1,374	2,460
Advances to employees	3,030	1,132
Interest receivables	2,643	—
Others	<u>761</u>	<u>470</u>
Total trade and other receivables	<u><u>306,609</u></u>	<u><u>260,602</u></u>

The Group's trade customers are principally government agencies and the Group offered credit terms to them with reference to the expected timing of settlement from the customers, which was around one year, although a longer credit term may be extended to certain customers, depending on price, the size of the contract, credibility and reputation of the customers. The following is an aged analysis of trade receivables, presented based on the date of delivery of goods or rendering of services to customers which approximated the respective dates on which revenue was recognised.

	30.6.2015 RMB' 000 (unaudited)	31.12.2014 RMB' 000 (audited)
0 to 60 days	97,377	156,522
61 to 90 days	3,274	5,354
91 to 180 days	697	1,356
181 days to 1 year	86,524	31,545
1 to 2 years	37,234	27,766
Over 2 years	<u>28,891</u>	<u>20,529</u>
	<u><u>253,997</u></u>	<u><u>243,072</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30.6.2015 RMB' 000 (unaudited)	31.12.2014 RMB' 000 (audited)
0 to 90 days	13,561	16,543
91 to 180 days	386	227
181 to 1 year	4,350	559
Over 2 year	1,471	1,911
	<u>19,768</u>	<u>19,240</u>

14. SHARE CAPITAL

Shown on the consolidated statement of financial position

	RMB' 000
At 30 June 2015 and 31 December 2014, comprising 1,032,258,000 issued and fully paid shares of HKD0.01 each	<u>8,232</u>

There was no movement in the Company's share capital for the six months ended 30 June 2015 and 30 June 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

15. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

a) Transactions

	Six months ended	
	30.6.2015 RMB' 000 (unaudited)	30.6.2014 RMB' 000 (unaudited)
Rental expenses paid to: Nanjing Jingtian Technology Co., Ltd (Nanjing Jingtian*)	<u>6,130</u>	<u>5,199</u>

b) Balance

	30.6.2015	31.12.2014
	RMB' 000 (unaudited)	RMB' 000 (audited)
Other receivables: Deposits-Nanjing Jingtian Prepaid rental- Nanjing Jingtian	 1,151 <u>7,147</u>	 1,634 <u>—</u>

* Nanjing Jingtian is a subsidiary of Team United Investment Limited, which is a non-controlling shareholder of the Company.

c) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the period were as follows:

	Six months ended	
	30.6.2015 RMB' 000 (unaudited)	30.6.2014 RMB' 000 (unaudited)
Short-term benefits	1,985	1,816
Retirement benefits scheme contributions	79	73
	<u>2,064</u>	<u>1,889</u>