THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Qianlong Technology International Holdings Limited**, you should at once hand this Composite Document together with the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the Offer contained herein.

PARKO (HONG KONG) LIMITED
百豪(香港)有限公司
(Incorporated in Hong Kong with limited liability)

QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED
乾隆科技國際控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1236)

COMPOSITE OFFER DOCUMENT RELATING TO THE MANDATORY CONDITIONAL GENERAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF PARKO (HONG KONG) LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PARKO (HONG KONG) LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to Parko (Hong Kong) Limited

建银国际
CCB International

Financial adviser to Qianlong Technology International Holdings Limited

廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

Independent Financial Adviser to the Independent Board Committee

VEDA | CAPITAL
智 略 資 本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from CCBI containing, among other things, the details of the terms of the Offer is set out on pages 10 to 21 of this Composite Document. A letter from the Board is set out on pages 22 to 27 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 28 to 29 of this Composite Document. A letter from the Independent Financial Adviser containing its opinion on the Offer and its recommendation and advice to the Independent Board Committee, is set out on pages 30 to 47 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Tuesday, 5 November 2013 or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements of the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Important Note to the Shareholders Outside Hong Kong" in the "Letter from CCBI" of this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at http://www.hkex.com.hk and the Company at http://www.qianlong.com.hk as long as the Offer remains open.

* *For identification purposes only*

15 October 2013

CONTENTS

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all times and dates refer to Hong Kong local time and dates.

	2013
Despatch date of this Composite Document and the Form of Acceptance and the commencement date of the Offer *(Note 1)*	Tuesday, 15 October
Latest time and date for acceptance of the Offer on the First Closing Date *(Notes 2 and 5)*	not later than 4:00 p.m. Tuesday, 5 November
First Closing Date *(Note 1)*	Tuesday, 5 November
Announcement of the results of the Offer on the website of the Stock Exchange *(Note 2)*	not later than 7:00 p.m. Tuesday, 5 November
Latest date for posting of remittances in respect of valid acceptances received under the Offer by the First Closing Date (assuming the Offer becomes or is declared unconditional on such date) *(Notes 4 and 5)*	Thursday, 14 November
Latest time and date for the Offer to remain open for acceptance (assuming the Offer becomes or is declared unconditional on the First Closing Date) (*Note 3*)	4:00 p.m. on Tuesday, 19 November
Final closing date of the Offer if the Offer becomes or is declared unconditional on the First Closing Date	Tuesday, 19 November
Latest date of posting of remittances in respect of valid acceptances received under the Offer on or before 4:00 p.m. on 19 November 2013, being the latest date on which the Offer remains open for acceptances assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date	Thursday, 28 November
Latest time and date which the Offer can become or be declared unconditional in all respects (*Note 6*)	7:00 p.m. Monday, 16 December

Notes:

(1) The Offer, which is conditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from 15 October 2013 until the close of the Offer Period on the First Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.

(2) In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The Offer will be closed on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been extended, revised or expired. In the event that the Offeror decides that the Offer will remain open, the announcement will state the next closing date of the Offer or, if the Offer has become or been declared unconditional, that the Offer will remain open until further notice. At least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

(3) In accordance with the Takeovers Code, where the Offer becomes or are declared unconditional in all respects, the Offer should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as it may determine or as permitted by the Executive.

(4) Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be despatched to the accepting holders of the Offer Shares by ordinary post at their own risk as soon as possible but in any event within 7 Business Days from the later of the date on which the Offer becomes or is declared unconditional and the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

Pursuant to Rule 17 of the Takeovers Code, an acceptor shall be entitled to withdraw it/his/her acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offer becomes or is declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document.

(5) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

(a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

(b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

(6) In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional in all respects after 7:00 p.m. on the 60th day after the day on which this Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptance, the Offer will lapse after 7:00 p.m. on Monday, 16 December 2013, unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, those defined terms are not included in the table below:

"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"Announcement"	announcement of the Company dated 22 May 2013 in relation to the Share Purchase Agreement, the Subscription Agreement and the Offer made pursuant to Rule 3.2 and Rule 3.7 of the Takeovers Code and Rule 13.09 of the of the Listing Rules and inside information provisions under Part XIVA of the SFO
"associate(s)"	has the meaning ascribed to it in the Takeovers Code
"Board"	the board of Directors
"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"CB Subscription"	the subscription of the Convertible Bonds by the Offeror pursuant to the Subscription Agreement
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCBI"	CCB International Capital Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and which is the financial adviser to the Offeror in respect of the Offer
"CCBIS"	CCB International Securities Limited, a subsidiary of CCB International (Holdings) Limited
"CCBIS Facility"	a loan facility of up to HK$200 million granted by CCBIS to the Offeror

"CCBIS Financing Arrangement"	the securities to be granted by the Offeror in favour of CCBIS in connection with the CCBIS Facility, including charges over Shares and Convertible Bonds, together with warrant(s) to acquire certain Shares (at a price equivalent to the Offer Price) from the Offeror during a period of 2 years. If CCBIS elects not to exercise or to partially exercise the warrant(s), at the end of the aforesaid period, the Offeror shall redeem all the outstanding warrant(s) at a price calculated with a fixed rate of return
"Circular"	the circular issued by the Company dated 13 September 2013 regarding the possible connected transaction in relation to the Subscription Agreement
"Closing Date"	the First Closing Date or if the Offer is revised or extended, the closing date of the Offer as revised or extended by the Offeror in accordance with the Takeovers Code
"Company"	Qianlong Technology International Holdings Limited (乾隆科技國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1236)
"(this) Composite Document"	this composite offer and response document dated 15 October 2013 jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Convertible Bonds"	the convertible bonds in the maximum aggregate principal amount of HK$247,925,000 to be issued by the Company to the Offeror pursuant to the Subscription Agreement as described in the Circular
"Deed of NAV Guarantee"	the deed of net asset value guarantee dated 15 July 2013 executed by Mr. Liao and Mr. Yang as warrantors and the Offeror
"Director(s)"	director(s) of the Company, including independent non-executive director(s) of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director

"First Closing Date"	5 November 2013, being the first closing date of the Offer which is the first Business Day immediately after 21 days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror with the consent of the Executive
"Form of Acceptance"	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy which has been established by the Company to make recommendations to the Independent Shareholders in respect of the Offer
"Independent Shareholder(s)"	Shareholders other than the Offeror and any parties acting in concert with it
"Joint Announcement"	the announcement dated 16 August 2013 jointly issued by the Offeror and the Company in relation to, among others, the Share Purchase Agreement, the Subscription Agreement and the Offer
"Last Trading Day"	20 June 2013, the last full trading day for the Shares prior to the suspension of trading in the Shares on the Main Board of the Stock Exchange on 21 June 2013 pending the release of the Joint Announcement
"Latest Practicable Date"	11 October 2013, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Management Period"	the period commencing from the Share Purchase Completion until 31 December 2015
"Mr. Liao"	Mr. Liao Chao-Ping (廖朝平), one of the Vendors and an executive Director
"Mr. Yang"	Mr. Yang Ching-Shou (楊慶壽), one of the Vendors and an executive Director
"Offer"	the mandatory conditional cash offer by CCBI on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
"Offer Period"	the period commencing on the date of the Announcement until 4:00 p.m. on the Closing Date
"Offer Price"	the cash amount of HK$1.90 payable by the Offeror for each Share in respect of the Offer
"Offer Share(s)"	Share(s) in respect of which the Offer is made, being Share(s) not already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offeror"	Parko (Hong Kong) Limited (百豪(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability, being the purchaser under the Share Purchase Agreement and the subscriber under the Subscription Agreement, and which is indirectly controlled by Hebei Supply and Marketing Cooperative (河北供銷總社)
"Operating Subsidiaries"	Qianlong HK and its current and future subsidiaries, including Shanghai Qianlong Advanced Technology Company Limited (上海乾隆高科技有限公司), Shanghai Xin Long Information Technology Company Limited (上海信龍信息科技有限公司) and Shanghai Qianlong Network Technology Company Limited (上海乾隆網絡科技有限公司)
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong

"PMI"	Precursor Management Inc., an independent third party who is independent from the Offeror and the parties acting in concert with it
"PMI Facility"	a loan facility of up to HK$280 million granted by PMI to the Offeror
"PMI Financing Arrangement"	rights to acquire certain Shares and/or Convertible Bonds to be acquired by the Offeror at a price equivalent to the Offer Price granted by the Offeror in favour of PMI and charges over Shares to be granted by the Offeror in favour of PMI if PMI so requests
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Qianlong HK"	Qianlong Computers Company Limited, a company incorporated under the laws of Hong Kong and which is wholly-owned by the Company
"Qianlong HK Service Contracts"	collectively, Mr. Liao's Qianlong HK Service Contract and Mr. Yang's Qianlong HK Service Contract
"Registrar"	Computershare Hong Kong Investor Services Limited, being the registrar and transfer office of the Company, whose address is at Shops 1712–1716, 17/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
"Relevant Period"	the period commencing on 22 November 2012 (being the date falling six months preceding the date of the Announcement), up to and including the Latest Practicable Date
"RMB"	Renminbi, the lawful currency in the PRC
"Sale Shares"	a total of 87,250,000 Shares acquired by the Offeror from the Vendors pursuant to the terms of the Share Purchase Agreement, representing approximately 34.54% of the existing issued share capital of the Company as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) having a par value of HK$0.10 each in the Company as at the Latest Practicable Date
"Share Purchase Agreement"	the share purchase agreement dated 15 July 2013 entered into between the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares (as supplemented by a waiver letter issued by the Offeror to the Vendors dated 16 August 2013 and two supplemental agreements dated 9 October 2013 and 10 October 2013 respectively)
"Share Purchase Completion"	completion of the sale and purchase of the Sale Shares under the Share Purchase Agreement
"Share Purchase Price"	HK$165,775,000, being the total consideration payable by the Offeror to the Vendors for the purchase of the Sale Shares
"Shareholders"	holder(s) of Share(s)
"Special Dividend"	a special cash dividend of HK$0.098 per Share, amounting to HK$24,754,800 in total (equivalent to approximately RMB19,719,673 (at the exchange rate of HK$1 = RMB0.7966)) to the Shareholders and payable within 10 Business Days (as defined in the Circular) of the Share Purchase Completion
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the subscription agreement dated 15 July 2013 (as supplemented by two supplemental agreements dated 16 August 2013 and 10 October 2013 respectively) entered into between the Company and the Offeror in respect of the subscription and issue of the Convertible Bonds
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Veda Capital" or "Independent Financial Adviser"	Veda Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Offer and the CB Subscription. Veda Capital Limited is a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO

"Vendors"	Mr. Yang, Mr. Fan Ping-Yi (范平尹), Mr. Chen Ming-Chuan (陳銘傳), Mr. Yu Shih-Pi (余世筆) and Mr. Liao, being the vendors under the Share Purchase Agreement
"%"	per cent

建銀國際
CCB International

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road
Central
Hong Kong

15 October 2013

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY CONDITIONAL GENERAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF PARKO (HONG KONG) LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PARKO (HONG KONG) LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement and the Circular.

As set out in the Joint Announcement, on 15 July 2013, the Vendors and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendors agreed to sell and the Offeror agreed to acquire 87,250,000 Sale Shares in aggregate at a total cash consideration of HK$165,775,000 (representing a purchase price of HK$1.90 per Sale Share). The Sale Shares represent (a) all the Shares held by the Vendors and (b) approximately 34.54% of the entire issued share capital of the Company as at the Latest Practicable Date. Share Purchase Completion took place on 11 October 2013. Upon Share Purchase Completion, the Offeror became the owner of approximately 34.54% of the entire issued share capital of the Company as at the Latest Practicable Date, and accordingly, the Offeror is required to make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. CCBI is making the Offer on behalf of the Offeror.

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intentions of the Offeror in relation to the Group. Further terms of the Offer and the procedures of acceptances are set out in this letter and Appendix I to this Composite Document and the Form of Acceptance.

Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Veda Capital" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Principal terms of the Offer

CCBI, on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer for all the issued Shares (other than those acquired or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$1.90 in cash

If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any liens, charges and encumbrance and together with all rights which are on the date of despatch of this Composite Document or may at any time thereafter become attached to them including all dividends and distributions recommended, declared, made or paid in respect of them on or after the date on which the Offer is made (other than, for the avoidance of doubt, the Special Dividend).

Condition of the Offer

The Offer is conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn) at or before 4:00 p.m. on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances under the Offer which, together with the Shares already owned or to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror together with parties acting in concert with it holding more than 50% of the voting rights of the Company. If such condition is not satisfied on or before the First Closing Date, the Offer will lapse unless the Offer Period is extended by the Offeror.

The Offer is initially open for acceptance up to 4:00 p.m. on the First Closing Date. When the Offer becomes or are declared unconditional as to acceptances as mentioned above, the Offer will remain open for acceptance for at least 14 days thereafter.

The latest date for declaring the Offer unconditional as to acceptances of the Offer is 16 December 2013, being the next Business Day after the 60th day from the date of despatch of this Composite Document.

Shareholders should note that if the condition on the 50% valid acceptances mentioned in the paragraph headed "Condition of the Offer" above is not fulfilled, the

Offer will not become unconditional and will lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

Comparisons of value

The Offer Price of HK$1.90 is equivalent to the price per Sale Share paid by the Offeror under the Share Purchase Agreement and represents:

(i) a discount of approximately 3.061% of the closing price of HK$1.96 per Share (being the ex-dividend price after deduction of the Special Dividend of HK$0.098 per Share) as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 23.698% over the average of the closing price of HK$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 45.706% over the average closing price of HK$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 100.846% over the average closing price of HK$0.946 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 24.836% over the price of HK$1.522 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the closing price of HK$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day);

(vi) a premium of approximately 32.128% over the price of HK$1.438 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the average closing price of HK$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day);

(vii) a premium of approximately 57.546% over the price of HK$1.206 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the average closing price of HK$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day);

(viii) a premium of approximately 124.057% over the price of HK$0.848 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the average closing price of HK$0.946 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day); and

(ix) a premium of approximately 141.278% over the audited net asset value per Share as at 31 December 2012.

Total consideration for the Offer

As the Offeror and parties acting in concert with its own 87,250,000 Shares, 165,350,000 Shares are subject to the Offer and the total consideration of the Offer would be HK$314,165,000 based on the Offer Price.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$2.07 per Share on 3 October 2013 and HK$0.65 per Share on 13 December 2012, respectively.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable by the Offeror under the Offer from the PMI Facility and the CCBIS Facility. The Offeror does not intend that the payment of interest on, repayment of or security for any liability will depend to any significant extent on the business of the Group. CCBI, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer as described above.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven Business Days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code or when the Offer has become or declared unconditional, whichever is later.

Effect of accepting the Offer

Subject to the Offer becoming unconditional, by accepting the Offer, Shareholders will sell their Shares free from any liens, charges and encumbrance and together with all rights which are on the date of despatch of this Composite Document or may at any time thereafter become attached to them, including all dividends and distributions recommended, declared, made or paid in respect of them on or after the date on which the Offer is made (other than the Special Dividend). For the avoidance of doubt, for the Shareholders who will be entitled to receive the Special Dividend, acceptance of the Offer shall not prejudice their entitlement to receive such Special Dividend.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and that all Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions (other than the Special Dividend) recommended, declared, made or paid, if any, on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Further terms of the Offer

Further terms of the Offer including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Document and in the Form of Acceptance.

Dealing and interests in the Company's securities

Save for the Sale Shares under the Share Purchase Agreement and the Convertible Bonds which will be issued upon occurrence of completion of the CB Subscription, the Offeror, its ultimate beneficial owner, any member of the Offeror and parties acting in concert with any of them have not dealt in nor do they have any shareholding interest in or control any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period. As at the Latest Practicable Date, save for the Sale Shares under the Share Purchase Agreement and the Convertible Bonds which will be issued upon occurrence of completion of the CB Subscription, the Offeror and parties acting in concert with it did not hold, own or control any Shares, options, derivatives, warrants or other securities of the Company and had not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company, nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

The Offeror confirms that as at the Latest Practicable Date:

(i) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them had not received any irrevocable commitment to accept or reject the Offer;

(ii) there were no outstanding derivatives in respect of securities in the Company which had been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;

(iii) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);

(iv) save for the Sale Shares and the Convertible Bonds which will be issued upon occurrence of completion of the CB Subscription as disclosed in the paragraph headed "5. Disclosure of Interests – (b) Substantial Shareholders' interests and short positions in Shares, underlying Shares and debentures of the Company" in Appendix III of this Composite Document, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(v) save for the Share Purchase Agreement and the Subscription Agreement, there was no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(vi) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with any of them had borrowed or lent.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to Share Purchase Completion; (ii) immediately after Share Purchase Completion and as at the Latest Practicable Date; (iii) immediately after completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no conversion rights under the Convertible Bonds will be exercised); and (iv) immediately after conversion of the whole of the principal amount of the Convertible Bonds by the Offeror (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer):

	(i) Immediately prior to Share Purchase Completion		(ii) Immediately after Share Purchase Completion and as at the Latest Practicable Date		(iii) Immediately after completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no conversion rights under the Convertible Bonds will be exercised)		(iv) Immediately after conversion of the whole of the principal amount of the Convertible Bonds (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer) *(note 2) (note 3)*	
Name of Shareholders	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue
Mr. Chou Shih-Chung	32,948,000	13.04	32,948,000	13.04	–	–	32,948,000	8.60
The Offeror and parties acting in concert with it	–	–	87,250,000	34.54	252,600,000	100.00	217,736,842	56.84
The Vendors	87,250,000	34.54	–	–	–	–	–	–
Public Shareholders	132,402,000	52.42	132,402,000	52.42	–	– *(note 1)*	132,402,000	34.56
Total	252,600,000	100.00	252,600,000	100.00	252,600,000	100.00	383,086,842	100.00

Note 1: The then directors of the Offeror have undertaken to the Stock Exchange that in the event that the public float of the Company falls below 25% after the completion of the Offer, they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible.

Note 2: If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

Note 3: Pursuant to the terms of the Convertible Bonds, no exercise of conversion rights attaching to the Convertible Bonds is allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or (ii) such conversion is prohibited under the Takeovers Code, including Rule 31.1(a) which prohibits the bondholder to convert the Convertible Bonds within 12 months from the date on which the Offer is withdrawn or lapsed (as the case may be), except with the consent of the Executive.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the "Letter from the Board" to this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability on 17 June 1993 and its principal activity is investment holding. Hebei New Cooperation Group Holdings Limited (河北省新合作控股集團有限公司) ("**Hebei New Cooperation**") and Hebei Agricultural Means of Production Company Limited (河北省農業生產資料有限公司) ("**Hebei AMP**") currently hold 49% and 51% of the issued share capital in Million Rich Hong Kong Holdings Company Limited ("**Million Rich**") respectively, which in turn holds 100% of the issued share capital in the Offeror. Million Rich is an investment holding company. Hebei New Cooperation principally engages in the business of logistics, finance and property development as well as the supply and distribution of agriculture products such as salt and cotton. Hebei AMP is an integrated production, logistics and distribution enterprise that principally engages in the production and sales of agricultural production materials, including fertilisers, pesticides, agriculture films, seeds and agriculture machines.

The Offeror's ultimate controlling shareholder, Hebei Supply and Marketing Cooperative (河北供銷總社), is an institutional organisation of the People's Government of Hebei Province of the PRC. It is empowered by the provincial government to exercise its administrative functions relating to the formulation of development policies and administrative guidelines for and supervision of more than 1,500 supply and marketing cooperatives of various sizes within Hebei Province. The areas in which guidelines are given include but not limited to the procurement and sales of agricultural products such as wool, fertilisers and pesticides in Hebei Province. It is responsible for the coordination, management and procurement of resources important to society such as fertilisers, cotton, wool and other agricultural products in Hebei Province.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Business

The Offeror intends to continue the existing businesses of the Company. Besides, the Offeror will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror will, following the completion of the Offer, conduct a more detailed review of the operations of the Group with a view to developing corporate strategy to broaden its income stream, which may include further securities investment and expansion of the scope of business of the Company should appropriate opportunities arise. In the event that any of such opportunities materialises, further announcement will be made as and when required by the Listing Rules. As at the Latest Practicable Date, the Offeror has no plan for (i) any acquisition of assets and/or businesses by the Company; (ii) redeploying the fixed assets of the Group; or (iii) discontinuing the employment of employees of the Group, other than in the ordinary course of business. The Offeror considers that as the existing business of the Group has a stable income base, the acquisition of the Sale Shares and the Offer are in its long-term commercial interest.

Proposed change of the Board composition

The Board is currently made up of nine Directors, comprising six executive Directors, being Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching-Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Ms. Liao Min-Yin Angela, and three independent non-executive Directors, being Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy. It is expected that the current independent non-executive Directors will continue to remain in their offices after the close of the Offer. Each of Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching-Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Ms. Liao Min-Yin Angela has given notice to resign as executive Director with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code or by the SFC. Such resignations will not take effect earlier than the date of the close of the Offer Period, subject to the requirements of the Takeovers Code.

Biographies of the new Directors to be nominated by the Offeror

The Offeror has nominated six new executive Directors, namely Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Mr. Zhang Yanhui, Mr. Zhang Yuliang and Ms. Wen Yuanyi to the Board with effect from 15 October 2013, being the date of the despatch of this Composite Document.

Mr. Chen Li-Jun ("**Mr. Chen**"), aged 58, joined Hebei AMP in 1989 and is currently the general manager of Hebei AMP and a director of the Offeror. He has been involved in the management and reform of the operational structure of Hebei AMP during the transition from planned economy to market economy in the PRC. He has also participated in the liaison with the relevant government authorities in the planning of the supply of chemical fertilisers in Hebei Province.

Mr. Ren Hai ("**Mr. Ren**"), aged 50, joined Hebei AMP in 1986 and is currently the deputy general manager of Hebei AMP. Mr. Ren has over 17 years of experience in sales and marketing. He obtained a degree in philology from Sichuan University (四川大學) in 1999.

Mr. Peng Guojiang ("**Mr. Peng**"), aged 49, joined Hebei AMP in 1987 and is currently the deputy general manager of Hebei AMP. Mr. Peng has over 9 years of experience in sales and marketing and has helped Hebei AMP build sales networks in Hebei Province. He obtained an undergraduate degree in politics from Hebei Normal University (河北師範大學) in 1987.

Mr. Zhang Yanhui ("**Mr. YH Zhang**"), aged 60, is currently a director of the Offeror. He joined Hebei SMC in 1997 and was an ex-council director of Hebei SMC. He has been involved in the policy making and planning for Hebei SMC. He obtained an undergraduate degree in history from Hebei University in 1976. He also completed a 3-year programme in legal studies organised by Party School of the Central Committee of C.P.C. (中共中央黨校) in 1998.

Mr. Zhang Yuliang ("**Mr. YL Zhang**"), aged 28, is currently the chairman and general manager of GuangRong Investment Limited (廣融投資管理有限公司). Mr. YL Zhang completed a 4-year programme in finance and securities organised by Sun Yat-sen University (the PRC) (中山大學) in 2009.

Ms. Wen Yuanyi ("**Ms. Wen**"), aged 31, is currently the deputy director of the Investment Department of PMI. PMI is a private equity fund providing capital to growing companies in various industries in China. Ms. Wen obtained an undergraduate degree in English (Culture and Communication) and International Economics and Trades (International Trades) from Guangdong University of Foreign Studies (廣東外語外貿大學) in 2006.

Save as disclosed in this section, the Offeror does not intend to implement any material changes to the existing management of the Group following the close of the Offer.

* *the relevant English name is only a transliteration / translation of the Chinese name and is for identification purpose only.*

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of the Shares after the close of the Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror and the parties acting in concert with it intend to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The then directors of the Offeror have undertaken to the Stock Exchange that in the event that the public float of the Company falls below 25% after the completion of the Offer, they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

IMPORTANT NOTE TO THE SHAREHOLDERS OUTSIDE HONG KONG

The Offer is made in respect of securities of a company incorporated in Hong Kong and is subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

The Offeror intends to make the Offer (or any mandatory conditional cash offer referred to herein) available to all Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offer (or any mandatory conditional cash offer referred to herein) to persons not resident in Hong Kong and the ability of Shareholders outside of Hong Kong to participate in the Offer will however be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

The making of the Offer to persons with a registered address in jurisdiction outside Hong Kong may be prohibited or limited by the laws of the relevant jurisdiction. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting the Offer. It is emphasised that the Offeror, its beneficial owner and parties acting in concert with any of them, the Company, CCBI, CCBIS, Veda Capital, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer or any of their respective agents do not accept any responsibility for any tax effect on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Offer.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to paragraph headed "Important note to the Shareholders outside Hong Kong" above in this letter.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror, its beneficial owner and parties acting in concert with any of them, the Company, CCBI, CCBIS, Veda Capital, the Registrar or professional advisers or any of their respective directors or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document.

You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from Veda Capital" and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer. In consideration what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
CCB International Capital Limited

Patrick Lau	**Gilman Siu**
Managing Director, Head of Mergers & Acquisitions	*Deputy Managing Director Mergers & Acquisitions*

QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED
乾隆科技國際控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1236)

Executive Directors:
Liao Chao-Ping
Fan Ping-Yi
Yang Ching-Shou
Chen Ming-Chuan
Yu Shih-Pi
Liao Min-Yin Angela

Independent non-executive Directors:
Chiu Kam-Hing Kathy
Tsai Jeng-Yang
Hsieh Shao-Ven Billy

Registered office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
19/F Nan Dao Commercial Building
359–361 Queen's Road Central
Sheung Wan
Hong Kong

15 October 2013

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY CONDITIONAL GENERAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF PARKO (HONG KONG) LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PARKO (HONG KONG) LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 16 August 2013, the Offeror and the Company jointly announced that on 15 July 2013, the Vendors and the Offeror entered into the Share Purchase Agreement, pursuant to

* *For identification purpose only*

which the Vendors agreed to sell and the Offeror agreed to acquire 87,250,000 Sale Shares in aggregate at a total cash consideration of HK$165,775,000 (representing a purchase price of HK$1.90 per Sale Share). The Sale Shares represent (a) all the Shares held by the Vendors and (b) approximately 34.54% of the entire issued share capital of the Company as at the Latest Practicable Date. The Share Purchase Completion took place on 11 October 2013, and upon which the Offeror became the owner of approximately 34.54% of the entire issued share capital of the Company, and accordingly, the Offeror is required to make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. CCBI is making the Offer on behalf of the Offeror.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offer, and the recommendations and advice of the Independent Board Committee to the Independent Shareholders in relation to the Offer, and the recommendation and advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

THE OFFER

Principal terms of the Offer

CCBI, on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$1.90 in cash

The Offer Price of HK$1.90 per Share is the same as the purchase price per Sale Share under the Share Purchase Agreement and was arrived at after arm's length negotiations between the Offeror and the Vendors. 165,350,000 Shares are the subject of the Offer and the total consideration of the Offer is HK$314,165,000 based on the Offer Price.

As at the Latest Practicable Date, there were 252,600,000 Shares in issue. As at the Latest Practicable Date, save for the Convertible Bonds which will be issued upon occurrence of completion of the CB Subscription, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any liens, charges and encumbrance and together with all rights which are on the date of despatch of this Composite Document or may at any time thereafter become attached to them including all dividends and distributions recommended, declared, made or paid in respect of them on or after the date on which the Offer is made (other than, for the avoidance of doubt, the Special Dividend).

Acceptance of the Offer shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Your attention is drawn to the further details regarding the procedures for acceptance of the offer, settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

CONDITION OF THE OFFER

The Offer is conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn) at or before 4:00 p.m. on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances under the Offer, together with the Shares already owned or to be acquired by the Offeror and parties acting in concert with it during the Offer Period, which will result in the Offeror together with parties acting in concert with it holding more than 50% of the voting rights of the Company. If such condition is not satisfied on or before the First Closing Date, the Offer will lapse unless the Offer Period is extended by the Offeror.

The Offer is initially open for acceptance up to 4:00 p.m. on the First Closing Date. When the Offer becomes or is declared unconditional as to acceptances as mentioned above, the Offer will remain open for acceptance for at least 14 days thereafter.

The latest date for declaring the Offer unconditional as to acceptances of the Offer is 16 December 2013, being the next Business Day after the 60th day from the date of despatch of this Composite Document.

Shareholders should note that if the condition on the 50% valid acceptances mentioned in the paragraph headed "Condition of the Offer" above is not fulfilled, the Offer will not become unconditional and will lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt should consult their stockbroker, bank manager, solicitor or other professional advisers.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, the principal activity of the Company is investment holding and the principal activities of its subsidiaries are research, development and distribution of software, and provision of related maintenance, usage and information services in the PRC.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to Share Purchase Completion; (ii) immediately after Share Purchase Completion and as at the Latest Practicable Date; (iii) immediately after completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no conversion rights under the Convertible Bonds will be exercised); and (iv) immediately after conversion of the whole of the principal amount of the Convertible Bonds by the Offeror (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer):

	(i) Immediately prior to Share Purchase Completion		(ii) Immediately after Share Purchase Completion and as at the Latest Practicable Date		(iii) Immediately after completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no conversion rights under the Convertible Bonds will be exercised)		(iv) Immediately after conversion of the whole of the principal amount of the Convertible Bonds (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer) *(note 2) (note 3)*	
Name of Shareholders	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue
Mr. Chou Shih-Chung	32,948,000	13.04	32,948,000	13.04	–	–	32,948,000	8.60
The Offeror and parties acting in concert with it	–	–	87,250,000	34.54	252,600,000	100.00	217,736,842	56.84
The Vendors	87,250,000	34.54	–	–	–	–	–	–
Public Shareholders	132,402,000	52.42	132,402,000	52.42	–	– *(note 1)*	132,402,000	34.56
Total	252,600,000	100.00	252,600,000	100.00	252,600,000	100.00	383,086,842	100.00

Note 1: The then directors of the Offeror have undertaken to the Stock Exchange that in the event that the public float of the Company falls below 25% after the completion of the Offer, they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible.

Note 2: If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

Note 3: Pursuant to the terms of the Convertible Bonds, no exercise of conversion rights attaching to the Convertible Bonds is allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or (ii) such conversion is prohibited under the Takeovers Code, including Rule 31.1(a) which prohibits the bondholder to convert the Convertible Bonds within 12 months from the date on which the Offer is withdrawn or lapsed (as the case may be), except with the consent of the Executive.

INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

Your attention is drawn to the sections headed "Information on the Offeror" and "Intentions of the Offeror in relation to the Group" in the "Letter from CCBI" as set out in this Composite Document. The Board is aware of the intentions of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror and the parties acting in concert with it intend to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The new Directors who are nominated by the Offeror to be appointed as Directors and the then directors of the Offeror have undertaken to the Stock Exchange that in the event that the public float of the Company falls below 25% after the completion of the Offer, they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares or (b) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

So long as the Company remains a listed company on the Stock Exchange, the Stock Exchange will also closely monitor all acquisitions or disposals of assets by the Company. Under the Listing Rules, the Stock Exchange has the power pursuant to the Listing Rules to aggregate a series of transactions entered into by the Company within 24 months after a change in control and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirement for new applicants as set out in the Listing Rules.

ADVICE AND RECOMMENDATION

Pursuant to Rules 2.1 and 2.8 of the Takeovers code, The Independent Board Committee has been established to make recommendations to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to acceptance. Veda Capital has been appointed by the Independent Board Committee.

Your attention is drawn to the "Letter from the Independent Board Committee" and the "Letter from Veda Capital" as set out in this Composite Document containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders respectively in respect of the Offer, and the principal factors and reasons they have considered before arriving at their respective advice.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer. In consideration what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
On behalf of the Board
Qianlong Technology International Holdings Limited
Liao Chao-Ping
Chairman

QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED
乾隆科技國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

15 October 2013

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY CONDITIONAL GENERAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF PARKO (HONG KONG) LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PARKO (HONG KONG) LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the Composite Document dated 15 October 2013 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. Independent Shareholders) as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the Offer. Veda Capital has been appointed as the Independent Financial Adviser to advise us and make recommendation to us in this respect. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the "Letter from Veda Capital" on pages 30 to 47 of this Composite Document.

We also wish to draw your attention to the "Letter from the Board", the "Letter from CCBI" and the additional information set out in the appendices to this Composite Document.

* *For identification purposes only*

Taking into account the terms of the Offer and the independent advice from Veda Capital, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer. Independent Shareholders are recommended to read the full text of the "Letter from Veda Capital" set out in this Composite Document.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Qianlong Technology International Holdings Limited
Chiu Kam-Hing Kathy **Tsai Jeng-Yang** **Hsieh Shao-Ven Billy**
Independent Non-executive Directors

The following is the full text of a letter of advice from Veda Capital Limited to the Independent Board Committee in relation to the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

VEDA | CAPITAL
智略資本

Veda Capital Limited
Suite 3711, 37/F.,
Tower Two, Times Square
1 Matheson Street,
Causeway Bay,
Hong Kong

15 October 2013

To the Independent Board Committee of
Qianlong Technology International Holdings Limited

Dear Sirs,

MANDATORY CONDITIONAL GENERAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF PARKO (HONG KONG) LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PARKO (HONG KONG) LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the "Letter from CCBI" and the "Letter from the Board" contained in the Composite Document dated 15 October 2013, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

On 16 August 2013, the Offeror and the Company jointly announced that CCBI, on behalf of the Offeror and in compliance with the Takeovers Code, will make a mandatory conditional general cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The Independent Board Committee (comprising all the independent non-executive Directors, namely Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy) has been formed to advise the Independent Shareholders on the terms of the Offer. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and such appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Composite Document and provided to us by the Company, the Directors and the management of the Company. As confirmed by the Company and to the best of our knowledge, all information, opinions and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and will continue to be true up to the Latest Practicable Date and should there be any material changes thereto after the despatch of the Composite Document, Independent Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations.

We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document to provide a reasonable basis for our opinion and recommendation. Having made all reasonable enquiries, the Directors have confirmed in the Composite Document that, to the best of their knowledge, there are no other facts or representations the omission of which would make any statement in the Composite Document, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders arising from acceptances or non-acceptances of the Offer as these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

THE OFFER

The Offeror and the Company jointly announced that on 15 July 2013, the Offeror and the Vendors entered into the Share Purchase Agreement, pursuant to which the Vendors agreed to sell and the Offeror agreed to acquire the Sale Shares, being 87,250,000 Shares in aggregate, at a total consideration of HK$165,775,000 (representing a purchase price of HK$1.90 per Sale Share). The Sale Shares represent (a) all the Shares held by the Vendors and (b) approximately 34.54% of the entire issued share capital of the Company, as at the Latest Practicable Date. The completion conditions of the Share Purchase Agreement has been satisfied and the Share Purchase Completion took place on 11 October 2013.

Upon the Share Purchase Completion, the Offeror became the owner of approximately 34.54% of the entire issued share capital of the Company as at the Latest Practicable Date and accordingly, the Offeror is required to make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

CCBI, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the terms to be set out in the Composite Document to in accordance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$1.90 in cash

As at the Latest Practicable Date, there were 252,600,000 Shares in issue. As at the Latest Practicable Date, save for the Convertible Bonds which will be issued upon occurrence of completion of the CB Subscription, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

Acceptance of the Offer shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the "Letter from CCBI" and Appendix I to the Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Offer and in giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

Historical financial performance and prospects of the Group

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are research, development and distribution of software, and provision of related maintenance, usage and information services.

(i) For the six months ended 30 June 2013

As set out in the interim report of the Company ("**IR 2013**") for the six months ended 30 June 2013, the Group recorded an unaudited revenue of approximately RMB47.02 million, representing a decrease of approximately 8.88% from that for the six months ended 30 June 2012 of approximately RMB51.61 million. As noted from IR 2013, the slight decrease in revenue was mainly due to the reduction in revenue recognised from the category of (i) maintenance service and usage fees; and (ii) the information service fees.

The Group recorded an unaudited loss attributable to the Shareholders of approximately RMB6.53 million for the six months ended 30 June 2013 while an unaudited profit attributable to the Shareholders of approximately RMB5.0 million was recorded for the six months ended 30 June 2012. As noted from the IR 2013, the loss was mainly caused by (i) the decrease in turnover by RMB4.58 million; (ii) the consultation fees for business development and the possible transaction between the Company and an independent third party; and (iii) the inflation in the PRC led to the continued growth in costs.

(ii) For the year ended 31 December 2012

As set out in the 2012 annual report of the Company ("**AR 2012**") for the financial year ended 31 December 2012, the Group recorded revenue of approximately RMB105.75 million, representing a slight decline of approximately 9.41% from that for the year ended 31 December 2011 of approximately RMB116.73 million. As set out in the AR 2012, the slight decrease was the result of the 13.47% reduction of sale of basic securities analysis products (Online Edition and LINUX platform version), 13.40% reduction from products sold to 'individual A-share investors and 19.8% reduction of the sales of products relating to Hong Kong stock market.

The Group recorded profit attributable to the Shareholders of approximately RMB4.77 million for the year ended 31 December 2012, representing a decrease of 77.28% when compared with a profit attributable to the Shareholders of approximately RMB20.97 million for the year ended 31 December 2011. As set out in AR 2012, the decrease in profit was mainly due to the decline in turnover and increase in costs as a result of the domestic inflation.

(iii) For the year ended 31 December 2011

As set out in the 2011 annual report of the Company ("**AR 2011**") for the financial year ended 31 December 2011, the Group recorded revenue of approximately RMB116.73 million, representing a slight increase of approximately 3.82% from that for the year ended 31 December 2010 of approximately RMB112.44 million. As set out in the AR 2011, the slight increase was mainly due to increase in maintenance service and software usage fees for the year.

The Group recorded profit attributable to the Shareholders of approximately RMB20.97 million for the year ended 31 December 2011, representing a slight reduction of 7.11% when compared with a profit attributable to the Shareholders of approximately RMB22.57 million for the year ended 31 December 2010. As set out in AR 2011, the decrease in profit was mainly due to the turnover increased steadily while costs grew significantly due to inflation as well as in the areas of research and development and staff compensation.

(iv) Prospects and outlook

As disclosed in the IR 2013, due to the effect of the changes and developments in the financial sector and the financial services industry, the Company is facing increasing market competitions in the financial information services industry.

For the securities market, China's A-share prices rose earlier in the year but it started to decline since February, falling below last year's lows. Concurrently, the IPO suspension, a liquidity shortage and other factors led to a slowdown in the securities market. Because of the close correlation between the financial services sector and the condition of the securities market, along with the enthusiasm of stock investors suffering from the market downturn, demand for financial information services suffered. Consequently, the number of the Company clients declined in the first half of this year while software sales also decreased.

In addition, as further disclosed in the IR 2013, from the perspective of financial information services industry, research and development and competition have intensified due to the effect of the changes and developments in the financial sector and the financial services industry. The Company's competitors have increased capital investment and launched new products affecting the Company's market competitiveness. To encounter such challenges, the Company has further expanded research and development of new products in the first half of this year, however, as some new products are still in a trial stage, the effectiveness of the new products are uncertain. Also, the inflation in the PRC has led to the continued growth in costs for the Group.

In view that (i) the Group started to record loss for the six months ended 30 June 2013 as compared with a profit for the same period of last year due to the influence of the above market factors; (ii) the uncertainty of the PRC securities market, as well as the sluggish growth of the global economy and slowing growth of the PRC's economy, in which the Group's performance greatly relies on; and (iii) the increase of competitiveness of the Group's competitors and the rapid change of the financial information services industry, we consider that the prospects and outlook of the Group would remain uncertain.

The Offer Price

The Offer Price of HK$1.90 per Offer Share represents:

(i) a discount of approximately 3.061% of the closing price of HK$1.96 per Share (being the ex-dividend price after deduction of the Special Dividend of HK$0.098 per Share) as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 23.698% over the average of the closing price of HK$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 45.706% over the average closing price of HK$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 100.846% over the average closing price of HK$0.946 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 24.836% over the price of HK$1.522 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the closing price of HK$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day);

(vi) a premium of approximately 32.128% over the price of HK$1.438 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the average closing price of HK$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day);

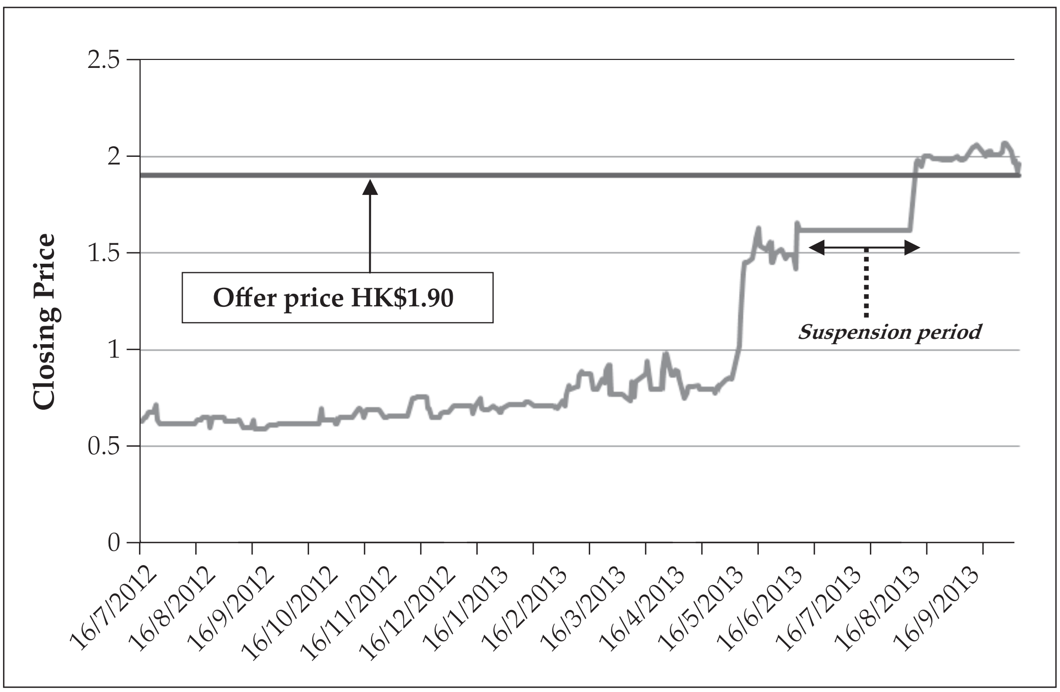
(vii) a premium of approximately 57.546% over the price of HK$1.206 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the average closing price of HK$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day);

(viii) a premium of approximately 124.057% over the price of HK$0.848 per Share (being a theoretical trading price assuming the Special Dividend of HK$0.098 per Share had been declared and paid with reference to the average closing price of HK$0.946 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day); and

(ix) a premium of approximately 141.278% over the audited net asset value per Share as at 31 December 2012.

Historical share price performance

The graph below shows the daily closing price of the Shares as quoted on the Stock Exchange from 16 July 2012, being the twelve-month period leading up to 15 July 2013, (being the 12 calendar months period prior to the date of the Sale Purchase Agreement) (both dates inclusive) (the **"Pre-Announcement Period"**) and from 19 August 2013, being the first day of trading in the Shares after the publication of the Joint Announcement, to the Latest Practicable Date (both dates inclusive) (the **"Post-Announcement Period"**), collectively known as the (**"Review Period"**):



Source: Bloomberg

Note: The trading of the Shares was suspended from 21 June 2013 to 16 August 2013.

The Pre-Announcement Period

The closing prices of the Shares rose gradually from HK$0.85 on 20 May 2013 to HK$1.62 on 20 June 2013, being the trading day before the suspension of the Shares, which has surged by approximately 90.59%. Save for the announcement of the Company dated 22 May 2013 in relation to the potential change in shareholding of the Company, we have not noticed any public announcements made by the Company that were price sensitive in nature regarding to this increase. During the Pre-Announcement Period, the closing prices of the Shares ranged from the lowest of HK$0.59 on 13 to 18 September 2012 to the highest of HK$1.66 on 19 June 2013, representing a 181.35% increase throughout the Pre-Announcement Period. On 21 June 2013, trading in the Shares on the Stock Exchange was suspended pending the release of the Joint Announcement.

The Post-Announcement Period

For the Post-Announcement Period, the highest and the lowest closing price of the Shares as quoted on the Stock Exchange were HK$2.07 on both 3 October 2013 and 4 October 2013 and HK$1.92 on 10 October 2013 respectively.

Liquidity of the Shares

We have also reviewed the historical trading volume of the Shares during the Review Period. The average daily trading volume of the Shares and the percentages of daily trading volume of the Shares as compared to the total number of issued Shares during the Review Period are shown in table below.

Month/Period	**Average daily trading volume** *(Shares)*	**Approximate % of average daily trading volume to the total number of issued Shares** *(Note 1)* *(%)*
2012		
July 16 to July 31	45,000	0.018%
August	88,173.91	0.035%
September	21,900	0.009%
October	28,500	0.011%
November	187,090.91	0.074%
December	6,315.79	0.003%
2013		
January	46,636.36	0.018%
February	72,941.18	0.029%
March	60,400	0.024%
April	72,000	0.029%
May	654,720.24	0.259%
June 3 to June 20 *(note 2)*	595,384.62	0.236%
July (Suspended) *(note 2)*	0	0.00%
August 19 to August 30 *(note 2)*	3,480,000	1.378%
September	742,900	0.294%
October (up to and including the Latest Practicable Date)	1,663,500	0.659%

Source: Bloomberg

Notes:

1. Based on 252,600,000 Shares in issue as at the Latest Practicable Date.

2. Trading of Shares has been suspended from 21 June 2013 to 16 August 2013.

During the Review Period and before publication of the Joint Announcement, the monthly average daily trading volume of the Shares ranged from 0.003% to approximately 0.236% of the total number of issued Shares as at the Latest Practicable Date. As shown in the table, the average daily trading volume has been substantially increased upon publication of the Joint Announcement. Save for the Joint Announcement, we are not aware of any other public announcements made by the Company that were price sensitive in nature after release of the Joint Announcement and thus, we consider the increase in trading in Shares during August 2013, to a large extent, may likely due to the market speculation on the possible change in control of the Company and in general, the trading volume of the Shares during the Review Period was thin.

Given the generally low liquidity of the Shares, we consider that Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price of the Shares. Therefore, we consider that the Offer provides an alternative for the Shareholders who would like to realize their investment in the Shares. Nevertheless, Shareholders who intend to dispose part or all of their Shares are reminded to monitor closely the market price and the liquidity of the Shares during the Offer Period remains open for acceptance and consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the disposal of such Shares in the open market would exceed that receivable under the Offer.

Comparable analysis

Price-to-earnings ("**P/E**") ratio and price-to-book ("**P/B**") ratio are the two most commonly used benchmarks in valuing a company. Based on the price of HK$1.90 per Offer Share and the total number of issued Shares of 252,600,000 as at the Latest Practicable Date, the Company is valued at approximately HK$479.94 million. The P/E ratio of the Company implied by the Offer Price (the "**Implied P/E**") is approximately 79.31 times based on the audited profit attributable to owners of the Company of approximately RMB4.77 million for the year ended 31 December 2012. The P/B ratio of the Company implied by the Offer Price (the "**Implied P/B**") is approximately 2.50 times based on the unaudited equity attributable to owners of the Company of approximately RMB151.33 million as at 30 June 2013. On the Last Trading Day and as at the Latest Practicable Date, the market capitalisation of the Company is approximately HK$409.21 million and HK$495.10 million respectively.

In assessing the fairness and reasonableness of the Offer, we have attempted to compare the Implied P/E and the Implied P/B ratios with comparable companies listed on the Stock Exchange and engaged in the same or similar business mix with the Company. We have identified all the companies listed on either the main board of the Stock Exchange or Growth Enterprises Market, which are engaged in the similar principal business as the Group (the "**Business Comparables**") for comparison purposes. However, as disclosed in the below table, we understand the fact that majority of the Business Comparables had recorded loss in their most recent audited financial account and from the IR 2013, we also know that the

Company has recorded a loss for the six months period ended 30 June 2013, such that we consider the Implied P/E does not provide a representative and thorough comparison and hence we decided not to conduct a discussion on this criteria.

In view that the Business Comparables are chosen to have similar principal businesses, we consider the Business Comparables are fair and representative samples. Based on the above criteria, 12 Business Comparables were identified with their respective financial information stated in the following table:

Company name (stock code)	**Principal businesses**	**Market Capitalisation** *(Note 1)* *(HK$ million)*	**Net asset value attributable to shareholders** *(Note 2)* *(HK$ million)*	**P/E** *(Note 3)* *(times)*	**P/B** *(Note 4)* *(times)*	**Premium/ (discount) of market capitalisation over/to net assets value** *(%)*
Sing Lee Software (Group) Limited (8076) *(Note 9)*	Development and sale of information and network technologies and services to the financial industry	113.66	Net liabilities	Loss making	N/A	N/A
Hong Kong Jewellery Holding Limited (8048)	Development, sale and implementation of enterprise software; provision of systems integration, professional services and ASP services; investment holding; and chain retail of gold and jewellery products.	344.65	200.86	10.09	1.72	71.59
M Dream Inworld Limited (8100)	Sale of website development, electronic learning products and services and research, development, and distribution of software for personal computers performance and security as well as mobile applications.	228.14	295.45	Loss making	0.77	(22.78)
Wai Chun Group Holdings Limited (1013) *(note 10)*	Network and system integration by the production of software & provision of solutions; trading of communication product; provision of financial & telecommunications infrastructure solution service; investment holding; securities investment.	855.65	38.88	Loss making	22.01	2,100.91

Company name (stock code)	Principal businesses	Market Capitalisation *(Note 1)* *(HK$ million)*	Net asset value attributable to shareholders *(Note 2)* *(HK$ million)*	P/E *(Note 3)* *(times)*	P/B *(Note 4)* *(times)*	Premium/ (discount) of market capitalisation over/to net assets value *(%)*
Computech Holdings Limited (8081)	Provision of IT business, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products, money lending business, and property development business.	105.72	109.43	Loss making	0.97	(3.39)
Computer And Technologies Holdings Limited (46)	Provision of system and network integration services, application development services, IT solutions implementation and outsourcing; enterprise software applications and outsourcing and e-business services; property and treasury investments.	449.32	398.74	9.56	1.13	12.68
Founder Holdings Limited (418)	Software development and systems integration.	536.89	728.88	12.06	0.74	(26.34)
International Elite Limited (1328)	Provision of inbound services and outbound services to companies in various service-oriented industries, research and development, production and sales of RF-SIM products and licensing of the RF-SIM operation rights.	1,392.80	633.34	44.37	2.20	119.91
Zhongtian International Limited (2379)	Property holding and sale of intelligent electronics products.	162.77	116.03 *(note 5)*	Loss making	1.40 *(note 5)*	40.28
Shougang Concord Technology Holdings Limited (521)	Development and provision of system integration solutions, system design and sale of system hardware; provision of management services, leasing of investment properties and sales of light emitted diode projects.	1,453.76	1,017.25	Loss making	1.43	42.91

Company name (stock code)	Principal businesses	Market Capitalisation *(Note 1)* *(HK$ million)*	Net asset value attributable to shareholders *(Note 2)* *(HK$ million)*	P/E *(Note 3)* *(times)*	P/B *(Note 4)* *(times)*	Premium/ (discount) of market capitalisation over/to net assets value *(%)*
AGTech Holdings Limited (8279)	Provision of gaming technologies (game software, systems, hardware and terminals); lottery management; and online and phone lottery distribution.	2,850.37	1,229.55	Loss making	2.32	131.82
Beijing Development (Hong Kong) Limited (154)	Provide IT related services included system integration; construction of information networks and sale of related equipment; IT technical support and consultation services; develop and sale of software.	1,845.63	924.74	Loss making	2.0	99.58
Maximum					2.32	131.82
Minimum					0.74	(26.34)
Mean					1.47	46.63
The Offer		479.94 *(Note 6)*	192.19 *(Notes 4, 5, 8)*	79.31 *(Note 5, 7)*	2.50 *(Note 5, 8)*	149.72

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The market capitalization is based on the respective share closing price on the Latest Practicable Date (or, if suspended, the respective share closing price on the last trading day before the Latest Practicable Date) and the issued shares of the Business Comparables on the Latest Practicable Date.

2. Based on the net asset value attributable to shareholders from the respective latest annual/interim reports of the Business Comparables.

3. Based on the issued shares of the Business Comparables as at Latest Practicable Date, the respective share closing price on the last trading day before the Latest Practicable Date and the audited profits attributable to owners from the respective latest annual reports of the Business Comparables.

4. Based on the market capitalization of the Business Comparables as at Latest Practicable Date and the net asset value from the respective latest annual/interim reports of the Business Comparables.

5. The values were recorded in RMB in the respective annual/interim reports and have been converted into HK$ based on the exchange rate of RMB1.0 = HK$1.27.

6. Based on the Offer Price of HK$1.90 and 252,600,000 Shares in issue as at the Latest Practicable Date.

7. Based on the audited profits attributable to owners of the Group as at 31 December 2012 as set out in AR 2012.

8. Based on the unaudited net asset value of the Group as at 30 June 2013 as set out in IR 2013.

9. Sing Lee Software (Group) Limited (stock code: 8076) is considered as an outlier and has not been taken into account for comparison as it has recorded a net loss for the year ended 31 December 2012 and net liabilities for the six months ended 30 June 2013.

10. We noted from the recent announcements of Wai Chun Group Holdings Limited (stock code:1013) ("**Wai Chun**") that the number of issued shares of Wai Chun increased approximately 4 times from 31 March 2013 (i.e. the financial year end of Wai Chun) up to 30 September 2013 (i.e. the date of the latest monthly return published by Wai Chun prior to the Latest Practicable Date) due to the conversion of part of convertible preference shares and exercise of options granted by Wai Chun in July and August 2013. Accordingly, the market capitalization of Wai Chun substantially increased. Given the increase in the number of issued shares of Wai Chun happened after the financial year end of Wai Chun, the net asset value from the annual report of Wai Chun has not taken into account the abovementioned. Having considered the above, Wai Chun is considered as an outlier and has not been taken into account for comparison.

As shown in the above table, the P/B of the Business Comparables ranged from approximately 0.74 times to 2.32 times, with an average of approximately 1.47 times. The Implied P/B lies above the range of the Business Comparables. The premiums/discounts of the market capitalisation on the Latest Practicable Date to the net asset values of the Business Comparables ranged from a discount of approximately 26.34% to a premium of approximately 131.82%. For illustrative purpose, the value of the Company based on the Offer Price represents a premium of approximately 149.72% over the unaudited net asset value of the Group as at 30 June 2013, which lies above the range of the Business Comparables.

In view that (i) the Offer Price is at premium over the closing prices of the Shares before publication of the Joint Announcement during the Review Period; (ii) the Implied P/B lies above the range of the Business Comparables; and (iii) the value of the Company based on the Offer Price represents a premium over the unaudited net assets value of the Group as at 30 June 2013 and such premium lies above the range of those of Business Comparables, we consider the Offer Price is fair and reasonable so far as the Shareholders are concerned.

Background of the Offeror and its intention regarding the future of the Group

(a) Information on the Offeror

As set out in the Letter from CCBI, the Offeror is a company incorporated in Hong Kong with limited liability on 17 June 1993 and its principal activity is investment holding. Hebei New Cooperation Group Holdings Limited (河北省新合作控股集團有限公司) ("**Hebei New Cooperation**") and Hebei Agricultural Means of Production Company Limited (河北省農業生產資料有限公司) ("**Hebei AMP**") currently hold 49% and 51% of the issued share capital in Million Rich Hong Kong Holdings Company Limited ("**Million Rich**") respectively, which in turn holds 100% of the issued share capital in the Offeror. Million Rich is an investment holding company. Hebei New Cooperation principally engages in the business of logistics, finance and property development as well as the supply and distribution of agriculture products such as salt and cotton. Hebei AMP is an integrated production, logistics and distribution enterprise that principally engages in the production and sales of agricultural production materials, including fertilisers, pesticides, agriculture films, seeds and agriculture machines.

The Offeror's ultimate controlling shareholder, Hebei Supply and Marketing Cooperative (河北供銷總社), is an institutional organisation of the People's Government of Hebei Province of the PRC. It is empowered by the provincial government to exercise its administrative functions relating to the formulation of development policies and administrative guidelines for and supervision of more than 1,500 supply and marketing cooperatives of various sizes within Hebei Province. The areas in which guidelines are given include but not limited to the procurement and sales of agricultural products such as wool, fertilisers and pesticides in Hebei Province. It is responsible for the coordination, management and procurement of resources important to society such as fertilisers, cotton, wool and other agricultural products in Hebei Province.

(b) Intention of the Offeror

As set out in the Letter from CCBI, the Offeror intends to continue the existing businesses of the Company. Besides, the Offeror will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror will, following the completion of the Offer, conduct a more detailed review of the operations of the Group with a view to developing corporate strategy to broaden its income stream, which may include further securities investment and expansion of the scope of business of the Company should appropriate opportunities arise. In the event that any of such opportunities materialises, further announcement will be made as and when required by the Listing Rules. As at the Latest Practicable Date, the Offeror has no plan for (i) any acquisition of assets and/or businesses by the Company (ii) redeploying the fixed assets of the Group; or (iii) discontinuing the employment of employees of the Group, other than in the ordinary course of business. The Offeror considers that as the existing business of the Group has a stable income base, the acquisition of the Sale Shares and the Offer are in its long-term commercial interest.

(c) Proposed change in the Board composition

As set out in the Letter from CCBI, the Board is currently made up of nine Directors, comprising six executive Directors, being Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching-Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Mr. Liao Min-Yin Angela, and three independent non-executive Directors, being Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy. It is expected that the current independent non-executive Directors will continue to remain in their offices after the close of the Offer. Each of Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching-Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Mr. Liao Min-Yin Angela has given notice to resign as executive Director with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code or by the SFC. Such resignations will not take effect earlier than the date of the close of the Offer Period, subject to the requirements of the Takeovers Code.

As further set out in the Letter from CCBI, the Offeror has nominated six new executive Directors, namely Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Mr. Zhang Yanhui, Mr. Zhang Yuliang and Ms. Wen Yuanyi to the Board with effect from 15 October 2013, being the date of the despatch of the Composite Document.

The biographies of the new Directors are follows:

Mr. Chen Li-Jun ("**Mr. Chen**"), aged 58, joined Hebei AMP in 1989 and is currently the general manager of Hebei AMP and a director of the Offeror. He has been involved in the management and reform of the operational structure of Hebei AMP during the transition from planned economy to market economy in the PRC. He has also participated in the liaison with the relevant government authorities in the planning of the supply of chemical fertilisers in Hebei province.

Mr. Ren Hai ("**Mr. Ren**"), aged 50, joined Hebei AMP in 1986 and is currently the deputy general manager of Hebei AMP. Mr. Ren has over 17 years of experience in sales and marketing. He obtained a degree in philology from Sichuan University (四川大學) in 1999.

Mr. Peng Guojiang ("**Mr. Peng**"), aged 49, joined Hebei AMP in 1987 and is currently the deputy general manager of Hebei AMP. Mr. Peng has over 9 years of experience in sales and marketing and has helped Hebei AMP build sales networks in Hebei province. He obtained an undergraduate degree in politics from Hebei Normal University (河北師範大學) in 1987.

Mr. Zhang Yanhui ("**Mr. YH Zhang**"), aged 60, is currently a director of the Offeror. He joined Hebei SMC in 1997 and was an ex-council director of Hebei SMC. He has been involved in the policy making and planning for Hebei SMC. He obtained an undergraduate degree in history from Hebei University in 1976. He also completed a 3-year programme in legal studies organised by Party School of the Central Committee of C.P.C. (中共中央黨校) in 1998.

Mr. Zhang Yuliang ("**Mr. YL Zhang**"), aged 28, is currently the chairman and general manager of GuangRong Investment Limited (廣融投資管理有限公司). Mr. YL Zhang completed a 4-year programme in finance and securities organised by Sun Yat-sen University (the PRC) (中山大學) in 2009.

Ms. Wen Yuanyi ("**Ms. Wen**"), aged 31, is currently the deputy director of the Investment Department of PMI. PMI is a private equity fund providing capital to growing companies in various industries in China. Ms. Wen obtained an undergraduate degree in English (Culture and Communication) and International Economics and Trades (International Trades) from Guangdong University of Foreign Studies (廣東外語外貿大學) in 2006.

Save as disclosed above, the Offeror does not intend to implement any material changes to the existing management of the Group following the close of the Offer.

* *the relevant English name is only a transliteration/translation of the Chinese name and is for identification purpose only.*

(d) Maintaining the listing status of the Company

As set out in the Letter from CCBI, the Offeror and the parties acting in concert with it intend to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

As noted from Letter from the Board, the new Directors who are nominated by the Offeror to be appointed as Directors and the then directors of the Offeror have undertaken to the Stock Exchange that in the event that the public float of the Company falls below 25% after the completion of the Offer, they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

Other matters for Independent Shareholders to consider

The Subscription Agreement

On 15 July 2013, being the same date of entering the Share Purchase Agreement, the Company and the Offeror entered into the Subscription Agreement pursuant to which the Company has agreed to issue, and the Offeror has agreed to subscribe, in cash, for the Convertible Bonds.

At the extraordinary general meeting of the Company held on 2 October 2013, the Independent Shareholders approved, amongst other things, an ordinary resolution on the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

As disclosed in the Joint Announcement and the circular of the Company dated 13 September 2013 in relation to the CB Subscription (the "**CB Subscription Circular**"), the principal amount of the Convertible Bonds will be determined upon the close of the Offer. We strongly recommend Independent Shareholders to read and fully understand the terms and conditions of the Subscription Agreement, as the CB Subscription could lead to a dilution effect on the shareholding of the public Shareholders, who consider to maintain their shareholding position with the Company, after conversion of the Convertible Bonds.

Independent Shareholders can refer to the Joint Announcement and the CB Subscription Circular for the terms and conditions of the Convertible Bonds in details.

Lapse of Offer

Independent Shareholders should take careful note that if the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

RECOMMENDATION

Taking into consideration the above-mentioned principal factors and reasons of the Offer, being:

(i) the Group had started to record loss for the six months period ended 30 June 2013;

(ii) the competitive business and dynamic environment of the financial information service industry, being the core business and main source of the Group's revenue;

(iii) the inflation in the PRC has further increase the costs for the Group;

(iv) although the Company has further expanded research and development of new products in the first half of 2013, as some new products are still in a trial stage, the effectiveness of the new products are uncertain;

(v) the trading liquidity of the Shares has been thin during the Review Period in general;

(vi) the Offer Price is at a premium over the closing prices of the Shares before publication of the Joint Announcement during the Review Period;

(vii) the Implied P/B by the Offer Price of 2.5 times lies above the range of the Business Comparables; and

(viii) the market capitalisation of the Company based on the Offer Price represents a premium of approximately 149.72% over the unaudited net asset value of the Group as at 30 June 2013, which lies above the range of those of the Business Comparables.

We consider the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

However, in view of the recent upsurge of both the trading price and volume of the Shares, particularly the period after the publication of the Joint Announcement, the Independent Shareholders who will consider to accept the Offer (especially those with less sizable holdings in the Shares) are reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offer remains open for acceptance and should consider disposing their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by post or by hand, marked "Qianlong Technology International Holdings Limited General Offer" on the envelope, in any event not later than 4:00 p.m., on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Qianlong Technology International Holdings Limited General Offer" the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Qianlong Technology International Holdings Limited General Offer" the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.

(c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "Qianlong Technology International Holdings Limited General Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it in an envelope marked "Qianlong Technology International Holdings Limited General Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of CCBI and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

(g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) The address of the Registrar is Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

2. SETTLEMENT

(a) Subject to the Offer becoming or being declared unconditional and provided that the Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Offer Shares tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days of the later of the date on which the Offer becomes or is declared unconditional and the receipt of all the relevant documents which render such acceptance complete and valid by the Registrar.

(b) Settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid, all acceptances of the Offer must be received by the Registrar in accordance with the instructions printed on the Form of Acceptance by 4:00 p.m. on the First Closing Date, unless the Offer becomes or is declared unconditional, or are extended or revised with the consent of the Executive. The Offer will be subject to the satisfaction of the condition set out in the paragraph headed "Condition of the Offer" in the "Letter from CCBI" of this Composite Document, which comprises the Offeror having received valid acceptances under the Offer (and where permitted, not withdrawn) at or before 4:00 p.m. on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide) which, together with the Shares already owned or to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. Pursuant to the Takeovers Code, when the Offer is declared unconditional, the Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offer becomes or is declared unconditional.

(b) If the Offer is extended or revised and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

(c) If the First Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating, among other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended, or have expired or have become or been declared unconditional (and, in each case, whether as to acceptances or in all respects).

The announcement must state the total number of Offer Shares and rights over Offer Shares:

(i) for which acceptances of the Offer have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the requirements under paragraph 1(e) of this Appendix in accordance with the requirements under Rule 30.2 of the Takeovers Code.

(c) As required under the Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by any Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance within 21 days from the First Closing Date if the Offer has not then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

As set out in Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

7. GENERAL

(a) All communications, notices, Form of Acceptance, certificates for Shares, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owner, the Company, CCBI, CCBIS, Veda Capital, the Registrar, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, CCBI or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.

(f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer are sold by such person or persons free from all encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made (excluding the right to the Special Dividend).

(g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.

(h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

(i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

(j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or CCBI knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

(k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owner, the Company, CCBI or CCBIS. The Independent Shareholders should consult their own professional advisers for professional advice.

(l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL SUMMARY

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2012 and for the six months ended 30 June 2013 as extracted from the relevant annual reports and interim report of the Company:

	Six months ended 30 June		Year ended 31 December		
	2013	**2012**	**2012**	**2011**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
RESULTS					
Turnover	47,021	51,605	105,747	116,730	112,436
(Loss)/profit before taxation	(6,528)	5,621	8,186	22,134	24,154
Taxation	—	(620)	(3,421)	(1,164)	(1,580)
(Loss)/profit attributable to equity holders of the Company	(6,528)	5,001	4,765	20,970	22,574
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
(Loss)/earnings per share *(RMB)* – Basic and diluted	0.0258	0.0198	0.0189	0.0830	0.0894
Dividends	—	10,229	10,229	—	11,018
Dividend per share *(RMB)*	—	0.041	0.041	—	0.044

Note: The Group did not record any profit or loss attributable to minority interests or extraordinary items or items which were exceptional because of its size, nature or incidence recorded for each of the three years ended 31 December 2012 and the six months ended 30 June 2013.

2. AUDITED FINANCIAL STATEMENTS

The following is the full text of the audited financial statements of the Group for the year ended 31 December 2012 as extracted from the annual report of the Company for the year ended 31 December 2012. No qualified opinion has been issued by the Company's auditors, BDO Limited for the three years ended 31 December 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Turnover	7	105,747	116,730
Cost of sales		(30,119)	(33,836)
Gross profit		75,628	82,894
Other income	8	14,481	14,822
Other gains and losses	9	1,050	96
Selling and distribution costs		(39,049)	(34,507)
Administrative expenses		(43,924)	(41,171)
Profit before income tax	10	8,186	22,134
Income tax	14(a)	(3,421)	(1,164)
Profit attributable to equity holders of the Company	16	4,765	20,970
Other comprehensive income for the year			
Exchange differences on translating foreign operations		(8)	(1,159)
Total comprehensive income for the year		4,757	19,811
Earnings per share			
– Basic and diluted	17	RMB0.0189	RMB0.0830

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	18	26,874	30,454
Investment properties	19	15,594	16,397
Prepaid lease payments	20	38,328	39,697
Total non-current assets		80,796	86,548
Current assets			
Inventories	22	36	79
Trade and other receivables	23	10,502	7,907
Deposits and prepayments		4,871	4,540
Investments held for trading	24	5,000	8,000
Cash and cash equivalents	25	130,061	130,891
Total current assets		150,470	151,417
Total assets		231,266	237,965
Current liabilities			
Trade and other payables	26	16,783	14,630
Deferred revenue	27	42,634	49,340
Tax payable		2,671	547
Total current liabilities		62,088	64,517
Net current assets		88,382	86,900
Total assets less current liabilities		169,178	173,448

	Notes	2012 RMB'000	2011 RMB'000
Non-current liabilities			
Deferred revenue	27	9,413	8,256
Deferred tax liabilities	15	1,313	1,268
Total non-current liabilities		10,726	9,524
Total liabilities		72,814	74,041
NET ASSETS		158,452	163,924
Equity attributable to owners of the Company			
Share capital	28	26,128	26,128
Reserves		132,324	137,796
TOTAL EQUITY		158,452	163,924

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Interests in subsidiaries	21	30,589	23,052
Current assets			
Prepayments		12	—
Cash and cash equivalents	25	2,341	1,912
Total current assets		2,353	1,912
Total assets		32,942	24,964
Current liabilities			
Trade and other payables	26	161	160
Amounts due to subsidiaries	21	2,715	2,738
Total current liabilities		2,876	2,898
Net current liabilities		(523)	(986)
NET ASSETS		30,066	22,066
Equity attributable to owners of the Company			
Share capital	28	26,128	26,128
Reserves	29	3,938	(4,062)
TOTAL EQUITY		30,066	22,066

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital RMB'000 (Note 28)	Share premium RMB'000 (Note 29(a))	Exchange reserve RMB'000 (Note 29(b))	General reserve RMB'000 (Note 29(c))	Merger reserve RMB'000 (Note 29(d))	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2011	26,128	33,921	(4,711)	17,873	24,598	46,304	144,113
Profit for the year	—	—	—	—	—	20,970	20,970
Other comprehensive income	—	—	(1,159)	—	—	—	(1,159)
Total comprehensive income	—	—	(1,159)	—	—	20,970	19,811
Appropriation	—	—	—	3,438	—	(3,438)	—
Balance at 31 December 2011 and 1 January 2012	26,128	33,921	(5,870)	21,311	24,598	63,836	163,924
Profit for the year	—	—	—	—	—	4,765	4,765
Other comprehensive income	—	—	(8)	—	—	—	(8)
Total comprehensive income	—	—	(8)	—	—	4,765	4,757
Interim dividend paid *(Note 30)*	—	(10,229)	—	—	—	—	(10,229)
Appropriation	—	—	—	1,176	—	(1,176)	—
Balance at 31 December 2012	26,128	23,692	(5,878)	22,487	24,598	67,425	158,452

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Cash flows from operating activities			
Profit before income tax		8,186	22,134
Adjustments for:			
Interest income	8	(2,826)	(2,741)
Impairment loss on trade receivables	10	6	10
Recovery of impairment loss on trade receivables previously recognised	10	—	(2)
Gain on disposal of investments held for trading	9	(1,318)	(280)
Write off of property, plant and equipment	9	268	184
Depreciation of property, plant and equipment	10	3,884	4,572
Depreciation of investment properties	10	803	513
Amortisation of prepaid lease payments	10	1,369	1,366
Operating cash flows before working capital changes		10,372	25,756
Decrease/(increase) in inventories		43	(3)
Increase in trade and other receivables		(2,601)	(1,042)
(Increase)/decrease in deposits and prepayments		(331)	8
Decrease in investments held for trading		4,318	280
Increase in trade and other payables		2,153	1,363
(Decrease)/increase in deferred revenue		(5,549)	1,421
Effect of foreign exchange rate changes		(8)	(791)
Cash generated from operations		8,397	26,992
Income tax paid, net		(1,252)	(2,261)

	Notes	2012 RMB'000	2011 RMB'000
Net cash generated from operating activities		7,145	24,731
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(572)	(1,754)
Payments to acquire investment properties and related prepaid lease payments		—	(56,342)
Interest received		2,826	2,741
Net cash generated from/(used in) investing activities		2,254	(55,355)
Cash flows from financing activities			
Dividends paid to owners of the Company	*30*	(10,229)	—
Net decrease in cash and cash equivalents		(830)	(30,624)
Cash and cash equivalents at beginning of year		130,891	161,883
Effect of exchange rate changes on cash and cash equivalents		—	(368)
Cash and cash equivalents at end of year		130,061	130,891
Analysis of the balances of cash and cash equivalents	*25*		
Cash and bank balances		45,710	22,266
Time deposits with original maturity of less than three months when acquired		84,351	108,625
		130,061	130,891

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in Cayman Islands on 6 May 1998 under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are research, development and distribution of software, and provision of related maintenance, usage and information services in the People's Republic of China (the "PRC").

The principal activities of the subsidiaries are set out in Note 21 to the financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs – first effective on 1 January 2012

In the current year, the Group has adopted the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to the Group's operations and effective for the current accounting period.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred tax – Recovery of Underlying Assets

Except as explained below, the adoption of these amendments has no significant impact on the Group's financial statements.

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. Such information is also relevant in assessing the amount, timing and uncertainty of the entity's future cash flows. The Group did not have any significant transfers of financial assets in the current and previous years which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12 – Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property which is stated at fair value under HKAS 40 "Investment Property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date (see Note 4(l)(ii)).

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[3]

1 Effective for annual periods beginning on or after 1 July 2012

2 Effective for annual periods beginning on or after 1 January 2013

3 Effective for annual periods beginning on or after 1 January 2014

4 Effective for annual periods beginning on or after 1 January 2015

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

The improvements made amendments to the following standards:

(i) HKAS 1 – Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 – Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 – Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes". Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 – Interim Financial Reporting

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for- sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 32 – Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 – Disclosure – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 "Consolidated Financial Statements" and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs in the period of their initial application.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for certain financial instruments which are carried at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by- transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

(b) Subsidiaries

Subsidiaries are entities in which the Group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of consideration transferred, the amount recognised for non-controlling interest and the fair value of the Group's previously held equity interest in acquiree over the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where the fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the aggregate of the fair value of consideration transferred, non-controlling interest and fair value of the Group's previously held interest in the acquiree, the excess is recognised in profit or loss, after re-assessment.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is recognised in profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold land and buildings	5%
Leasehold improvements	20% or shorter of the lease term
Computer equipment	20% - 33.33%
Furniture, fixtures and office equipment	20% - 33.33%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment properties net of expected residual value over the estimated useful live using straight-line method. The useful live, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

(f) Prepaid lease payments

Prepaid lease payments represent payments for land use rights to the PRC government authorities in respect of the investment properties held by the Group. They are stated at cost and are amortised over the period of the lease on a straight-line basis, net of any impairment losses.

(g) Impairment of assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method of costing and includes all costs incurred in bringing the goods to their present location and condition. Net realisable value is based on estimated normal selling prices in the ordinary course of business, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

(i) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. These financial assets are subsequently accounted for as follows, depending on their classification:

(i) Financial assets at fair value through profit and loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

(ii) Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty;

— default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

(v) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(j) Financial liabilities and equity instrument issued by the Group

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held as cash with banks, and other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(l) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is recognised in profit or loss except when it relates to items recognised in other comprehensive income in which case the income tax is recognised in other comprehensive income.

(m) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(o) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are expressed in Renminbi ("RMB"), which is the functional currency of the principal operating subsidiaries of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

— exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;

— exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

— exchange differences on non-monetary items carried at fair value in respect of which gains or losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RMB using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the exchange reserve. Exchange differences recognised in profit or loss of group entities' individual financial statements on translation of long-term monetary items forming part of the Group's net investment in foreign operations are reclassified to the exchange reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

(q) Government subsidies

Subsidies from the PRC government are recognised at their fair values when they are received, or when there is reasonable assurance that the grant will be received and all attached conditions have been complied with. When a subsidy relates to an expense item, it is recognised as income over the periods necessary to match the subsidy, on a systematic basis, with the cost which it is intended to compensate. Where a subsidy relates to an asset, the fair value of the subsidy is deducted in arriving at the carrying amount of the related asset, or, as appropriate, is initially recorded as deferred income in the statement of financial position, and thereafter recognised as income over the useful life of the relevant asset.

(r) Employees' benefits

(i) Short term employee benefits and contribution to defined contribution retirement plans

Salaries, annual bonuses, paid annual leaves, contributions to defined contribution plan and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Insurance policies and retirement benefits scheme

Employees of the Group are either members of life insurance policies managed by an insurance company or a central pension scheme operated by local government. The Group pays the premiums of the life insurance policies on behalf of the employees and makes contributions to the central pension scheme according to the requirements set by local government. The premiums and contributions are charged as expenses in the period in which they are incurred.

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(t) Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence, both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

(u) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised on the following bases:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Information service fees and maintenance service and usage fees

Information service fees and maintenance service and usage fees are billed in advance and are recognised as income on a straight-line basis over the period of the provision of the related services. The unrecognised portion is recorded as deferred revenue in the statement of financial position.

(iii) Rental income from operating leases

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(iv) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and the effective interest rate applicable.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

(iii) Impairment of trade and other receivables

Provision for impairment of trade and other receivables is made based on assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debt expenses/written back in the period in which the estimate has been changed.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segments

The Group operates in a single segment, which is distribution and usage of software and provision of related maintenance and information services. Revenue from external customers for related products and services are presented in Note 7.

(b) Geographical information

All operating assets and operations of the Group during the years ended 31 December 2012 and 2011 were located in the PRC.

(c) Information about a major customer

Revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for the years ended 31 December 2012 and 2011.

7. TURNOVER

Turnover represents the sales value of goods supplied to customers and the service fees receivable, net of goods returned, trade discounts and value added tax. The Group's products and services are mainly sold and provided to customers in the PRC. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Maintenance service and usage fees	63,557	63,195
Information service fees	37,783	41,945
Sale of computer software	3,555	9,049
Others	852	2,541
	105,747	116,730

8. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Value added tax refund *(Note (a))*	8,217	10,050
Interest income	2,826	2,741
Subsidy income *(Note (b))*	1,793	1,973
Gross rental income from investment properties	1,629	—
Sundries	16	58
	14,481	14,822

Notes:

(a) A tax concession has been granted by the PRC tax authority to the Company's PRC subsidiaries which are engaged in the development and trading of computer software. Under this concession, the PRC subsidiaries are entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other income on an accrual basis.

(b) Subsidy income for the year ended 31 December 2012 mainly represented a subsidy of RMB0.6 million granted by Science and Technology Commission of Shanghai Municipality (2011: RMB1.2 million granted by Shanghai Municipal Development and Reform Commission) to a PRC subsidiary to finance its development of a software product, and subsidies totalling RMB1.2 million (2011: RMB0.7 million) granted by Shanghai Finance Bureau to finance the PRC subsidiaries' development of advanced technology and was calculated based on 50% of the business tax, value added tax and enterprise income tax paid to the local government last year.

9. OTHER GAINS AND LOSSES

	2012	2011
	RMB'000	*RMB'000*
Gain on disposal of investments held for trading	1,318	280
Write off of property, plant and equipment	(268)	(184)
	1,050	96

10. PROFIT BEFORE INCOME TAX

	2012	2011
	RMB'000	*RMB'000*
Profit before income tax is arrived at after charging/(crediting):		
Cost of inventories expensed	138	291
Cost of service fees	27,828	28,498
Depreciation of property, plant and equipment *(Note 18)*	3,884	4,572
Depreciation of investment properties *(Note 19)*	803	513
Exchange loss/(gain), net	184	(791)
Staff costs excluding directors' remuneration:		
Salaries and allowances	42,852	37,789
Pension fund contributions *(Note 13)*	9,624	7,133
Auditor's remuneration:		
Current year	420	450
Under provision in prior year	29	7
Research and development costs	27,109	19,962
Lease payments under operating leases in respect of land and buildings	2,615	2,175
Amortisation of prepaid lease payments *(Note 20)*	1,369	1,366
Impairment loss on trade receivables *(Note 23)*	6	10
Recovery of impairment loss on trade receivables previously recognised *(Note 23)*	—	(2)
Direct operating expenses arising from investment properties that generated rental income during the year	296	—
Direct operating expenses arising from investment properties that did not generate rental income during the year	305	836

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees	Salaries, allowances and benefits in kind	2012 Total
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Liao Chao-Ping	—	413	413
Fan Ping-Yi	—	413	413
Yang Ching Shou	—	827	827
Chen Shen-Tien	—	360	360
Chen Ming-Chuan	—	413	413
Yu Shih-Pi	—	413	413
Liao Angela Min-Yin	—	413	413
Independent non-executive directors:			
Chiu Kam Hing, Kathy	158	—	158
Chang Long-Teng	37	—	37
Hsieh Billy Shao-Ven	158	—	158
Tsai Jeng-Yang	83	—	83
	436	3,252	3,688

	Directors' fees	Salaries, allowances and benefits in kind	2011 Total
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Liao Chao-Ping	—	413	413
Fan Ping-Yi	—	413	413
Yang Ching Shou	—	827	827
Chen Shen-Tien	—	413	413
Chen Ming-Chuan	—	413	413
Yu Shih-Pi	—	413	413
Liao Angela Min-Yin	—	413	413
Independent non-executive directors:			
Chiu Kam Hing, Kathy	162	—	162
Chang Long-Teng	162	—	162
Hsieh Billy Shao-Ven	162	—	162
	486	3,305	3,791

Each of the executive directors has entered into a service contract with the Company for a term of two years and these contracts shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing. Based on the terms of these service contracts, each of the directors are entitled to a monthly salary, an annual bonus payable on 31 December in each year, which is equivalent to the average of one month's salary earned in the previous twelve months.

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office during the current and prior years.

There were no arrangements under which a director waived or agreed to waive any remuneration during the current and prior years.

12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included one (2011: one) director, details of whose remuneration are set out in Note 11 above. The details of the remuneration of the remaining four (2011: four) non-director highest paid individuals are as follows:

	2012	2011
	RMB'000	*RMB'000*
Basic salaries, allowances and benefits in kind	1,602	2,252
Pension contributions	236	181
	1,838	2,433

The number of non-director, highest paid individuals whose remuneration fell within the following band is as follows:

	2012 No. of employees	2011 No. of employees
HKD Nil to HKD1,000,000 (equivalent to RMB Nil to RMB810,800 (2011: RMB810,700))	4	4

The emoluments paid or payable to members of senior management were within the following bands:

	2012 No. of employees	2011 No. of employees
HKD Nil to HKD1,000,000 (equivalent to RMB Nil to RMB810,800 (2011: RMB810,700))	5	5

13. RETIREMENT BENEFITS

The employees of the Company's operating subsidiaries, Shanghai Qianlong Advanced Technology Company Limited ("Qianlong Advanced"), Shanghai Xin Long Information Technology Company Limited and Shanghai Qianlong Network Technology Company Limited ("Qianlong Network"), are members of a central pension scheme operated by the local government. The subsidiaries are required to contribute approximately 37% (2011: 37%) of the employees' monthly salaries to the central pension scheme to fund the employees' retirement benefits.

The Group does not have any liabilities to the retirement benefits of the employees other than the monthly contributions to the central pension scheme. The Group's contributions to the central pension scheme for the year ended 31 December 2012 amounted to RMB9,624,000 (2011: RMB7,133,000).

14. INCOME TAX

(a) The amount of income tax in the consolidated statement of comprehensive income represents:

	2012 *RMB'000*	2011 *RMB'000*
Current tax – PRC enterprise income tax		
– Tax charge for the year	35	251
– Under provision in respect of prior year	91	—
	126	251
Deferred tax *(Note 15)*		
– Charge for the year	3,329	913
– Attributable to change in tax rate	(34)	—
	3,295	913
	3,421	1,164

No provision for Hong Kong profits tax has been made as the Group had no assessable profit subject to Hong Kong profits tax for the current and prior years.

On 16 March 2007, the National People's Congress approved the PRC Enterprise Income Tax Law ("New Tax Law"), which became effective from 1 January 2008. In accordance with the New Tax Law, the unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March 2007 which are eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2012.

Qianlong Network, a PRC subsidiary of the Company which was set up in February 2007 in Pudong Shanghai, had obtained the Software Enterprise Certificate and was entitled to enjoy the enterprise income tax at the concessionary rate of 12.5% for 2 years from 2010 to 2011 according to the Circular Caishui (2008) No.1 issued by the Treasury and National Tax Bureau in 2010.

On 28 November 2011, Qianlong Network obtained the High-New Technology Enterprise Certificate and is entitled to enjoy the enterprise income tax at the concessionary rate of 15% for 3 years from 2011 to 2013 according to Article 28 of the New Tax Law.

Qianlong Advanced, a PRC subsidiary of the Company, has obtained the High-New Technology Enterprise Certificate and continued to enjoy the preferential enterprise income tax rate of 15% for 3 years from 2011 to 2013 according to Article 28 of the New Tax Law.

(b) The income tax for the year can be reconciled to the profit before income tax as stated in the consolidated statement of comprehensive income as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Profit before income tax	8,186	22,134
Income tax calculated at PRC enterprise income tax rate of 25% (2011: 25%)	2,047	5,534
Tax effect of expenses not deductible for taxation purposes	362	742
Tax effect of non-taxable items	(1,676)	(2,967)
Deferred tax assets not recognised	308	18
Effect of tax concession granted to PRC subsidiaries	(1,138)	(3,037)
Effect of different tax rates of subsidiaries operating in other jurisdictions	198	243
Under provision in respect of prior year	91	—
Deferred tax liabilities relating to withholding income tax on undistributed profits	3,229	631
Income tax for the year	3,421	1,164

15. DEFERRED TAX

Details of the Group's deferred tax liabilities and assets recognised and movements during the current and prior years:

	Allowance for doubtful debts	Other deductible temporary difference	Withholding tax on dividend (Note)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	(5)	(658)	1,018	355
Charge/(credit) to profit or loss for the year	(1)	283	631	913
At 31 December 2011	(6)	(375)	1,649	1,268
Charge/(credit) to profit or loss for the year	(1)	101	3,229	3,329
Transfer to income tax payable as dividend paid out during the year	—	—	(3,250)	(3,250)
Effect of change in tax rate		(34)	—	(34)
At 31 December 2012	(7)	(308)	1,628	1,313

Note: Under the New Tax Law, with effect from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. On 22 February 2008, the Ministry of Finance and the State Administration of Taxation approved Caishui (2008) No. 1, pursuant to which dividend distribution out of pre-2008 retained earnings of foreign investment enterprises will be exempted from withholding income tax. Deferred tax liabilities relating to withholding income tax of RMB3,229,000 (2011: RMB631,000) has been recognised for the year in respect of the undistributed profits of a subsidiary in the PRC for the year ended 31 December 2012.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2012	2011
	RMB'000	*RMB'000*
Deferred tax assets	(315)	(381)
Deferred tax liabilities	1,628	1,649
	1,313	1,268

16. PROFIT FOR THE YEAR

During the year ended 31 December 2012, the Group's profit for the year included a loss of RMB1,785,000 (2011: RMB2,667,000) which has been dealt with in the financial statements of the Company.

17. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of RMB4,765,000 (2011: RMB20,970,000) and the weighted average number of 252,600,000 (2011: 252,600,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2012 and 2011 are the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue for both years.

18. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and buildings*	Leasehold improvements	Computer equipment	Furniture, fixtures and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2011	34,455	5,641	6,669	933	47,698
Additions	—	256	1,360	138	1,754
Written off	—	—	(1,973)	(80)	(2,053)
At 31 December 2011	34,455	5,897	6,056	991	47,399
Additions	—	71	414	87	572
Written off	—	(590)	(1,069)	(250)	(1,909)
At 31 December 2012	34,455	5,378	5,401	828	46,062
Accumulated depreciation:					
At 1 January 2011	6,590	3,142	4,135	375	14,242
Charge for the year	1,550	1,412	1,416	194	4,572
Written off	—	—	(1,794)	(75)	(1,869)
At 31 December 2011	8,140	4,554	3,757	494	16,945
Charge for the year	1,551	1,033	1,137	163	3,884
Written off	—	(455)	(962)	(224)	(1,641)
At 31 December 2012	9,691	5,132	3,932	433	19,188
Carrying amount:					
At 31 December 2012	24,764	246	1,469	395	26,874
At 31 December 2011	26,315	1,343	2,299	497	30,454

* Since the land lease prepayment cannot be allocated reliably between the land and buildings elements at the inception of the lease, the entire lease prepayment is included in the cost of land and buildings as a finance lease in property, plant and equipment. The leasehold land and buildings of the Group are held outside Hong Kong under a medium term lease.

19. INVESTMENT PROPERTIES

The Group	*RMB'000*
Cost:	
At 1 January 2011	—
Additions	16,910
At 31 December 2011 and 2012	16,910
Accumulated depreciation:	
At 1 January 2011	—
Charge for the year	513
At 31 December 2011	513
Charge for the year	803
At 31 December 2012	1,316
Carrying amount:	
At 31 December 2012	15,594
At 31 December 2011	16,397
Fair value at 31 December 2012	15,787
Fair value at 31 December 2011	16,593

The fair value of the Group's investment properties at 31 December 2012 has been arrived at on market value basis carried out by an independent firm of professional valuers who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The investment properties of the Group are held outside Hong Kong under a medium term lease.

20. PREPAID LEASE PAYMENTS

The Group	*RMB'000*
Cost:	
At 1 January 2011	—
Additions	42,432
At 31 December 2011 and 2012	42,432
Accumulated amortisation:	
At 1 January 2011	—
Charge for the year	1,366
At 31 December 2011	1,366
Charge for the year	1,369
At 31 December 2012	2,735
Carrying amount:	
At 31 December 2012	39,697
At 31 December 2011	41,066

	2012	**2011**
	RMB'000	*RMB'000*
Portion classified as current assets (included in deposits and prepayment)	1,369	1,369
Portion classified as non-current assets	38,328	39,697
Carrying amount at 31 December	39,697	41,066

The Group's prepaid lease payments in respect of the investment properties acquired in last year are related to payments for land use rights held under medium term lease in the PRC.

21. INTERESTS IN SUBSIDIARIES

	The Company	
	2012	**2011**
	RMB'000	*RMB'000*
Unlisted shares, at cost	9	9
Amount due from a subsidiary	30,580	23,043
	30,589	23,052

The amount due from a subsidiary is unsecured, interest-free and in substance represented the Company's investment in the subsidiary in the form of quasi-equity loan.

The amounts due to subsidiaries classified as current liabilities in the Company's statement of financial position are unsecured, interest-free and have no fixed terms of repayment.

Details of the subsidiaries as at 31 December 2012 are presented below.

Name of company	Place of incorporation and operations and legal entity status	Percentage of equity interest Group's effective interest	Held by the Company	Held by subsidiary	Issued and fully paid ordinary share capital/ registered capital	Principal activity
Qianlong Computers Company Limited	Hong Kong (limited liability)	100	100	—	HK$10,000	Investment holding
Shanghai Qianlong Advanced Technology Company Limited	The PRC (wholly foreign-owned enterprise)	100	—	100	US$5,950,000	Development and trading of computer software and the provision of related maintenance, usage and information services
Shanghai Xin Long Information Technology Company Limited	The PRC (wholly foreign-owned enterprise)	100	—	100	RMB5,000,000	Development of finance database products
Shanghai Qianlong Network Technology Company Limited	The PRC (wholly foreign-owned enterprise)	100	—	100	RMB10,000,000	Development and trading of computer software and the provision of related maintenance, usage and information services

None of the subsidiaries had issued any debts securities at the end of the year.

22. INVENTORIES

	The Group 2012	2011
	RMB'000	*RMB'000*
Accessories	33	76
Finished goods	3	3
	36	79

23. TRADE AND OTHER RECEIVABLES

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Trade receivables	6,777	4,955
Less: Impairment loss recognised	(53)	(47)
Trade receivables – net	6,724	4,908
Other receivables	3,778	2,999
	10,502	7,907

(a) The Group's policy is to allow an average credit period of 30 days from the date of billing to its trade customers. All trade receivables are denominated in Renminbi.

(b) The below table reconciled the impairment loss on trade receivables for the year:

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
At beginning of year	47	194
Impairment loss recognised *(Note 10)*	6	10
Recovery of impairment loss previously recognised *(Note 10)*	—	(2)
Bad debts written off	—	(155)
At end of year	53	47

At 31 December 2012, the Group's trade receivables of RMB53,000 (2011: RMB47,000) were individually determined to be impaired. The individually impaired receivables related to debts that are long outstanding and management expected these debts to be irrecoverable. The Group does not hold any collateral over these balances.

(c) The following is an ageing analysis of trade receivables, based on the invoice date and net of impairment loss, at the end of the reporting period:

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Within 1 month	4,480	3,448
1 to 3 months	680	401
More than 3 months but less than 12 months	697	1,055
More than 12 months	867	4
	6,724	4,908

(d) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Neither past due nor impaired	4,401	2,816
Less than 1 month past due	1,324	753
1 to 3 months past due	388	424
More than 3 months but less than 12 months past due	611	915
	6,724	4,908

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have good track records with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

(e) The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

24. INVESTMENTS HELD FOR TRADING

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Unlisted investment fund, at fair value	5,000	8,000

(a) The above investments offered the Group the opportunity for return through interest income and capital gains.

(b) The directors considered that the unlisted investment fund does not have a quoted market price in an active market. However, in view of the short maturity of the fund, the directors are of the opinion that the fair value of the unlisted investment fund approximates its cost as at the end of the reporting period.

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	45,710	22,266	2,341	1,912
Time deposits	84,351	108,625	—	—
	130,061	130,891	2,341	1,912

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods within three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The directors consider the carrying amounts of cash and cash equivalents approximate their fair values.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Renminbi	124,844	127,564	—	—
Hong Kong dollars	5,217	3,327	2,341	1,912
	130,061	130,891	2,341	1,912

RMB is not freely convertible into foreign currencies in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	2,225	1,910	—	—
Receipts in advance	1,404	1,128	—	—
Other payables	2,162	3,230	—	—
Rental deposits received	407	—	—	—
Accruals	10,585	8,362	161	160
	16,783	14,630	161	160

(a) The following is an ageing analysis of trade payables, based on the invoice date, at the end of the reporting period:

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Within 1 month	1,182	1,199
1 to 3 months	860	699
More than 3 months but less than 12 months	175	4
More than 12 months	8	8
	2,225	1,910

(b) The carrying amount of trade payables is denominated in the following currencies:

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Renminbi	1,336	865
Hong Kong dollars	889	1,045
	2,225	1,910

(c) All other payables and accruals are expected to be settled within one year.

(d) The directors consider that the carrying amounts of trade and other payables approximate their fair values.

27. DEFERRED REVENUE

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Amounts to be recognised as revenue within 1 year classified as current liabilities	42,634	49,340
Amounts to be recognised as revenue after 1 year classified as non-current liabilities	9,413	8,256
	52,047	57,596

Deferred revenue represents maintenance service and usage fees received in advance at the end of the reporting period.

28. SHARE CAPITAL

The Company	**Number of ordinary shares of HK$0.10 each**	**Amount**
		RMB'000
Authorised:		
At 1 January 2011, 31 December 2011 and 2012	1,000,000,000	106,510
Issued and fully paid:		
At 1 January 2011, 31 December 2011 and 2012	252,600,000	26,128

All the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

29. RESERVES

	Share premium RMB'000 (Note (a))	Exchange reserve RMB'000 (Note (b))	Accumulated losses RMB'000	Total RMB'000
The Company				
At 1 January 2011	33,921	(3,769)	(30,389)	(237)
Exchange differences arising on translation of the financial statements of the Company into the presentation currency of the Group	—	(1,158)	—	(1,158)
Loss for the year	—	—	(2,667)	(2,667)
Total comprehensive income for the year	—	(1,158)	(2,667)	(3,825)
At 31 December 2011	33,921	(4,927)	(33,056)	(4,062)
Exchange differences arising on translation of the financial statements of the Company into the presentation currency of the Group	—	(8)	—	(8)
Profit for the year	—	—	18,237	18,237
Total comprehensive income for the year	—	(8)	18,237	18,229
Interim dividend paid *(Note 30)*	(10,229)	—	—	(10,229)
At 31 December 2012	23,692	(4,935)	(14,819)	3,938

Movement in reserves of the Group are set out in the consolidated statement of changes in equity on page II-6 of this Composite Document.

(a) Share premium

The application of the share premium account is governed by Section 24.12 of the Company's articles of association and the Cayman Islands Companies Law (Revised), which provides that the share premium account may be applied in paying distributions or dividends to members, provided immediately following the date on which distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(b) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the Group's accounting policy set out in Note 4(p).

(c) General reserve

According to the relevant rules and regulations in the PRC, each of the Company's PRC subsidiaries shall provide 10% of the annual net income after tax, based on the subsidiary's PRC statutory accounts, as a general reserve, until the balance reaches 50% of the respective subsidiary's registered capital. Further appropriations can be made at the directors' discretion.

The general reserve can be used to set off any accumulated losses or converted into paid-up capital of the respective subsidiary.

(d) Merger reserve

The merger reserve arose as a result of the Group reorganisation in 1999 and represented the net difference between the value recorded for the shares issued by the Company and the nominal value of the issued share capital of the subsidiary received in exchange.

(e) Distributable reserves

At 31 December 2012, the Company had accumulated losses of RMB14,819,000 (2011: RMB33,056,000), and after taking into consideration of the balance of share premium account, subject to the provisions of the Cayman Islands Companies Law (Revised) as noted in (a) above, the aggregate amount of reserves available for distribution to owners of the Company was RMB8,873,000 (2011: RMB865,000).

30. DIVIDENDS

	2012	**2011**
	RMB'000	*RMB'000*
Interim dividend paid – HK$0.05 (equivalent to approximately RMB0.041) per share	10,229	—

At the meeting of the Board held on 17 August 2012, the directors resolved payment of an interim dividend of HK$0.05 (equivalent to approximately RMB0.041) per share, totalling HK$12,630,000 (equivalent to approximately RMB10,229,000) to shareholders whose names appeared on the Register of Members of the Company at the close of business on 20 September 2012.

No final dividend has been paid or proposed at the end of the reporting period (2011: Nil).

31. OPERATING LEASE ARRANGEMENTS

As lessee

At the end of the reporting period, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Within 1 year	2,415	1,993
In the second to fifth years inclusive	762	1,208
	3,177	3,201

The Group leases a number of properties under operating leases, which typically run for an initial period of 1 to 2 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

As lessor

The Group leases its investment properties under operating lease to an independent tenant during the year. Rental income earned during the year was RMB1,629,000.

At the end of the reporting period, the Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	The Group	
	2012	**2011**
	RMB'000	*RMB'000*
Within one year	2,515	—
In the second to fifth years inclusive	635	—
	3,150	—

As at 31 December 2012, the Group received RMB407,000 rental income from the tenant in advance and included in receipts in advance in the consolidated statement of financial position.

32. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had no other significant related party transactions during the years ended 31 December 2012 and 2011.

The remuneration of key management personnel included directors' remuneration, which is disclosed in Note 11 to the financial statements.

33. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group is debt free and the capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

34. FINANCIAL RISK MANAGEMENT

The main risks arising from the Groups' financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and price risk.

The Group does not consider it necessary to use derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

These risks are limited by the Group's financial management policies and practices described below:

(i) Credit risk

The carrying amount of financial assets included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group had a certain concentration of credit risk. As at 31 December 2012, the Group's trade receivables from five customers accounted for 59% (2011: 61%) of the Group's total trade receivables.

The credit risk on liquid fund is limited because the counterparties are reputable banks.

(ii) Liquidity risk

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group's financial liabilities at the end of the reporting period are all interest-free and are due within one year or on demand.

(iii) Interest rate risk

Other than cash at banks and time deposits, the Group has no significant interest-bearing assets and liabilities, and its income and operating cash flows are substantially independent of changes in market interest rates. Cash at banks and time deposits earn interest at floating rates and expose the Group to cash flow interest rate risk.

(iv) Currency risk

The Group mainly operated in the PRC and has no significant exposure to any specific foreign currency, except that the Group has certain foreign currency monetary assets and liabilities denominated in Hong Kong dollars ("HK$").

An analysis on the Company's sensitivity to a 5% fluctuation in the exchange rate between RMB and HK$ was performed assuming that the change in the exchange rate had occurred at the end of the reporting period. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rate of HK$ against RMB. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. Where HK$ weakens against RMB by 5%, the Company's profit for the year and retained profits will be decreased by approximately RMB192,000 (2011: RMB105,000). Where HK$ strengthens against RMB, there would be an equal and opposite impact on the profit after income tax and retained profits. The analysis is performed on the same basis for 2011.

(v) Equity price risk

The Group is not exposed to any significant equity securities risk or commodity price risk.

(vi) Fair values

(a) As at 31 December 2012 and 2011, the Group's unlisted investment fund is measured at fair value, which is equivalent to its cost in view of the short maturity. In accordance with HKFRS 7, the fair value of the unlisted investment fund is based on Level 3 fair value measurement hierarchy - inputs for asset or liability that are not based on observable market data (that is unobservable inputs). During the year, there are no movements, transfers and gains or losses of the unlisted investment fund.

(b) The fair values of the Group's other financial assets and liabilities are not materially different from their carrying amounts.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2012 and 2011 may be categorised as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Financial assets		
Fair value through profit or loss		
– Investments held for trading	5,000	8,000
Loans and receivables		
(including cash and bank balances)	140,563	138,798
Financial liabilities		
Financial liabilities measured at amortised cost	15,380	13,502

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2013.

3. UNAUDITED FINANCIAL INFORMATION

The following is the unaudited financial statements of the Group as extracted from the interim report of the Company for the six months ended 30 June 2012 and 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Six months ended 30 June	
		2013	**2012**
	Notes	*RMB'000*	*RMB'000*
Turnover	3	47,021	51,605
Cost of sales		(14,351)	(15,085)
Gross profit		32,670	36,520
Other income	5	6,596	6,298
Other gains	6	512	668
Selling and distribution costs		(17,613)	(16,343)
Administrative expenses		(28,693)	(21,522)
(Loss)/profit before income tax	7	(6,528)	5,621
Income tax	8	—	(620)
(Loss)/profit for the period		(6,528)	5,001
Other comprehensive income for the period			
Exchange differences on translating foreign operations which may be reclassified to profit or loss subsequently		(591)	229
Total comprehensive income for the period		(7,119)	5,230
(Loss)/earnings per share			
– Basic and diluted	9	RMB(2.58) cents	RMB1.98 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non–current assets			
Property, plant and equipment	*11*	25,605	26,874
Investment properties	*12*	15,192	15,594
Prepaid lease payments		38,328	38,328
Deferred tax assets		315	—
Total non–current assets		79,440	80,796
Current Assets			
Inventories		40	36
Trade and other receivables	*13*	13,038	10,502
Deposits and prepayments		6,246	4,871
Investments held for trading		—	5,000
Cash and cash equivalents		132,301	130,061
Total current assets		151,625	150,470
Total assets		231,065	231,266
Current liabilities			
Trade and other payables	*14*	21,429	16,783
Deferred revenue		44,969	42,634
Tax payable		4,172	2,671
Total current liabilities		70,570	62,088
Net current assets		81,055	88,382
Total assets less current liabilities		160,495	169,178

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non–current liabilities			
Deferred revenue		9,162	9,413
Deferred tax liabilities		—	1,313
Total non–current liabilities		9,162	10,726
Total liabilities		79,732	72,814
NET ASSETS		151,333	158,452
Equity attributable to owners of the Company			
Share capital		26,128	26,128
Reserves		125,205	132,324
TOTAL EQUITY		151,333	158,452

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2013

		Reserves					
	Share capital	**Share premium**	**Exchange reserve**	**General reserve**	**Merger reserve**	**Retained profits**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2012	26,128	33,921	(5,870)	21,311	24,598	63,836	163,924
Profit for the period	—	—	—	—	—	5,001	5,001
Other comprehensive income	—	—	229	—	—	—	229
Total comprehensive income	—	—	229	—	—	5,001	5,230
Balance at 30 June 2012	26,128	33,921	(5,641)	21,311	24,598	68,837	169,154
Balance at 1 January 2013	26,128	23,692	(5,878)	22,487	24,598	67,425	158,452
Loss for the period	—	—	—	—	—	(6,528)	(6,528)
Other comprehensive income	—	—	(591)	—	—	—	(591)
Total comprehensive income	—	—	(591)	—	—	(6,528)	(7,119)
Balance at 30 June 2013	26,128	23,692	(6,469)	22,487	24,598	60,897	151,333

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
Net cash outflow from operating activities	(3,396)	(4,158)
Net cash inflow from investing activities	5,636	3,851
Increase/(decrease) in cash and cash equivalents	2,240	(307)
Cash and cash equivalents at 1 January	130,061	130,891
Cash and cash equivalents at 30 June	132,301	130,584

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in Cayman Islands on 6 May 1998 under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are research, development and distribution of software, and provision of related maintenance, usage and information services in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standards 34 "Interim Finance Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2012. The adoption of the new or revised standards and interpretations has no significant impact on the Group's financial position for the current and prior periods.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for certain financial instruments which are carried at fair value.

3. TURNOVER

Turnover represents the sales value of goods supplied to customers and the service fees receivable, net of goods returned, trade discounts and value added tax. The Group's products and services are mainly sold and provided to customers in the PRC. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Unaudited	
	Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
Maintenance service and usage fees	27,318	29,902
Information service fees	16,372	18,558
Sale of computer software	2,859	1,696
Others	472	1,449
	47,021	51,605

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision–maker that are used to make strategic decisions.

(a) Reportable segments

The Group operates in a single segment, which is distribution and usage of software and provision of related maintenance and information services. Revenue from external customers for related products and services are presented in Note 3.

(b) Geographical information

All operating assets and operations of the Group during the six months ended 30 June 2013 and 2012 were located in the PRC.

(c) Information about a major customer

Revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for the six months ended 30 June 2013 and 2012.

5. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
Value added tax refund *(Note (a))*	3,669	4,082
Gross rental income from investment properties	1,246	407
Interest income	1,157	1,003
Subsidy income *(Note (b))*	512	799
Sundries	12	7
	6,596	6,298

Notes:

(a) A tax concession has been granted by the PRC tax authority to the Company's PRC subsidiaries which are engaged in the development and trading of computer software. Under this concession, the PRC subsidiaries are entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other income on an accrual basis.

(b) Subsidy income for six months ended 30 June 2013 represented subsidies granted by Shanghai Finance Bureau to finance the PRC subsidiaries' development of advanced technology, including the subsidy income of RMB390,000 which was calculated based on 50% of the value added tax and enterprise income tax paid to the local government in last year and a subsidy of RMB121,365 calculated on 80% of the education surtax paid to the local government in last year.

6. OTHER GAINS

	Unaudited Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
Gain on disposal of investments held for trading	512	668

7. (LOSS)/PROFIT BEFORE INCOME TAX

	Unaudited Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
(Loss)/profit before income tax is stated after charging the following:		
Depreciation of property, plant and equipment	1,394	2,141
Depreciation of investment property	402	401
Amortisation of prepaid lease payment	684	684

8. INCOME TAX

	Unaudited Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
PRC foreign enterprise income tax	—	620

No provision for Hong Kong profits tax has been made as the Group had no assessable profit subject to Hong Kong profits tax for the current and prior periods.

On 16 March 2007, the National People's Congress approved the PRC Enterprise Income Tax Law ("New Tax Law"), which became effective from 1 January 2008. In accordance with the New Tax Law, the unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March 2007 which are eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2012.

Shanghai Qianlong Network Technology Company Limited, a PRC subsidiary of the Company which has obtained the High-New Technology Enterprise Certificate on 28 November 2011 and is entitled to enjoy the enterprise income tax rate at the concessionary rate of 15% for 3 years from 2011 to 2013 according to Article 28 of New Tax Law.

Shanghai Qianlong Advanced Technology Company Limited, a PRC subsidiary of the Company, which has obtained the High-New Technology Enterprise Certificate and continued to enjoy the preferential enterprise income tax rate of 15% for 3 years from 2011 to 2013 according to Article 28 of New Tax Law.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the period of RMB6,528,000 (2012: profit of RMB5,001,000) and the weighted average number of 252,600,000 (2012: 252,600,000) ordinary shares in issue during the period.

Diluted (loss)/earnings per share for the six months ended 30 June 2013 and 2012 are the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue for these periods.

10. DIVIDENDS

The Board does not recommend the payment of any dividends attributable to the six months ended 30 June 2013. An interim dividend of HK$0.05 (equivalent to approximately RMB0.041) per share was declared for the six months ended 30 June 2012.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvement	Computer equipment	Furniture, fixtures and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2013	34,455	5,378	5,401	828	46,062
Additions	—	—	119	6	125
At 30 June 2013	34,455	5,378	5,520	834	46,187
Accumulated depreciation:					
At 1 January 2013	9,691	5,132	3,932	433	19,188
Charge for the period	775	143	399	77	1,394
At 30 June 2013	10,466	5,275	4,331	510	20,582
Carrying amount:					
At 30 June 2013 (Unaudited)	23,989	103	1,189	324	25,605
At 31 December 2012 (Audited)	24,764	246	1,469	395	26,874

12. INVESTMENT PROPERTIES

	Investment properties
	RMB'000
Cost:	
At 1 January 2013 and 30 June 2013	16,910
Accumulated depreciation:	
At 1 January 2013	1,316
Charge for the period	402
At 30 June 2013	1,718
Carrying amount:	
At 30 June 2013 (Unaudited)	15,192
At 31 December 2012 (Audited)	15,594

13. TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2013	**Audited At 31 December 2012**
	RMB'000	*RMB'000*
Trade receivables	9,933	6,777
Less: Impairment loss recognised	(53)	(53)
Trade receivables-net	9,880	6,724
Other receivables	3,158	3,778
	13,038	10,502

(a) The Group's policy is to allow an average credit period of 30 days from the date of billing to its trade customers. All trade receivables are denominated in Renminbi.

(b) At 30 June 2013, the Group's trade receivables of RMB53,000 (31 December 2012: RMB53,000) were individually determined to be impaired. The individually impaired receivables related to debts that are long outstanding and management expected these debts to be irrecoverable. The Group does not hold any collateral over these balances.

(c) The following is an ageing analysis of trade receivables, based on the invoice date and net of impairment loss, at the end of the reporting period:

	Unaudited At 30 June 2013 *RMB'000*	Audited At 31 December 2012 *RMB'000*
Within 1 month	4,139	4,480
1 to 3 months	4,233	680
More than 3 months but not more than 12 months	1,244	697
More than 12 months	264	867
	9,880	6,724

(d) The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

14. TRADE AND OTHER PAYABLES

	Unaudited At 30 June 2013 *RMB'000*	Audited At 31 December 2012 *RMB'000*
Trade payables	1,815	2,225
Receipts in advance	1,500	1,404
Other payables	1,883	2,162
Rental deposits received	407	407
Accruals	15,824	10,585
	21,429	16,783

(a) The following is an ageing analysis of trade payables, based on the invoice date, at the end of the reporting period:

	Unaudited At 30 June 2013 *RMB'000*	Audited At 31 December 2012 *RMB'000*
Within 1 month	1,220	1,182
1 to 3 months	587	860
More than 3 months but not more than 12 months	—	175
More than 12 months	8	8
	1,815	2,225

(b) All other payables and accruals are expected to be settled within one year.

(c) The directors consider that the carrying amounts of trade and other payables approximate their fair values.

15. OPERATING LEASE ARRANGEMENT

(a) As lessee

At 30 June 2013, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	Unaudited At 30 June 2013 *RMB'000*	Audited At 31 December 2012 *RMB'000*
Within one year	1,739	2,415
In the second to fifth years inclusive	258	762
	1,997	3,177

(b) As lessor

At 30 June 2013, the Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	Unaudited At 30 June 2013 *RMB'000*	Audited At 31 December 2012 *RMB'000*
Within one year	1,904	2,515
In the second to fifth years inclusive	—	635
	1,904	3,150

16. EVENT AFTER THE END OF THE REPORTING PERIOD

On 15 August 2013, the Board has declared a conditional special dividend. The Company will update Shareholders by further announcements.

INDEBTEDNESS

Borrowings

As at the close of business on 31 August 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group did not have any bank borrowings.

Commitments

As at the close of business on 31 August 2013, the Group had no capital commitments.

Contingent liabilities

As at the close of business on 31 August 2013, the Group had no material contingent liabilities.

Apart from intra-group liabilities and normal trade payables, as at the close of business on 31 August 2013, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. The Directors have confirmed that there have been no material changes in the Indebtedness and contingent liabilities of the Group since 31 August 2013.

MATERIAL CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date, save for the below:

a. the expected decrease in the Group's balance of cash and cash equivalents mainly due to the net cash outflows resulted from the distribution of Special Dividend and professional fee expenses related to the reorganization of the Group and the Offer;

b. the increase in the Group's account receivable due to increased aging of the accounts receivable as disclosed in the note 13(c) to the interim report of the Company for the six months ended 30 June 2013;

c. the possible increase in the net assets of the Group due to the issuance of the Convertible Bonds and the amounts of which is equivalent to the net proceeds of the Convertible Bonds; and

d. the net loss position recorded due to (i) the decrease in turnover; (ii) additional consultation fees for business development of the Group and the professional fee for the Offer; and (iii) continuous rise in costs and expenses as a result of inflation in the PRC as disclosed in the interim report of the Company for the six months ended 30 June 2013.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Group and the Offer.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group, the Vendors and parties acting in concert with any of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, its ultimate beneficial owner, any member of the Offeror and parties acting in concert with any of them). The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief: (i) the information contained in this Composite Document (other than that relating to the Offeror, its ultimate beneficial owner, any member of the Offeror and parties acting in concert with any of them) is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Composite Document misleading; and (iii) all opinions expressed in this Composite Document (other than opinions expressed by the Offeror) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. This Composite Document is in compliance with the Takeovers Code and the Listing Rules.

2. CORPORATE INFORMATION OF THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding and the principal activities of its subsidiaries are research, development and distribution of software, and provision of related maintenance, usage and information services in the PRC.

The address of its registered office is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

3. SHARE CAPITAL AND SHARE OPTIONS OF THE COMPANY

The authorised share capital and the issued share capital of the Company as at the Latest Practicable Date were HK$100,000,000 divided into 1,000,000,000 Shares and HK$25,260,000 divided into 252,600,000 Shares respectively.

All existing issued Shares rank pari passu in all respect including all rights as to dividends, voting and interests in capital.

As at the Latest Practicable Date, other than the Convertible Bonds which will be issued upon occurrence of completion of the CB Subscription, the Company had no outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

Since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company had not issued any new Shares.

4. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; (iii) the last Business Day immediately preceding the Joint Announcement; and (iv) the Latest Practicable Date:

Date	**Closing price of Shares** *(HK$)*
29 November 2012	0.66
28 December 2012	0.71
31 January 2013	0.73
28 February 2013	0.89
28 March 2013	0.84
30 April 2013	0.80
31 May 2013	1.54
20 June 2013 (being the Last Trading Day)	1.62
28 June 2013	trading suspended
31 July 2013	trading suspended
15 August 2013 (being the last Business Day immediately preceding the Joint Announcement)	trading suspended
30 August 2013	1.99
11 October 2013 (being the Latest Practicable Date)	1.96

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$2.07 on 3 October 2013 and HK$0.65 on 13 December 2012 , respectively.

5. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest which any such Director was taken or deemed to have under section 344 of the SFO) or which were required, pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, Shareholders (other than Directors or chief executives of the Company) who had, or were deemed or taken to have, an interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital:

Name	Capacity/Nature of interest	Number of Shares interested *(Note 1)*	Percentage of the issued share capital of the Company
The Offeror *(Notes 2 and 3)*	Beneficial owner	217,736,842 (L)	86.20%
Hebei AMP *(Notes 2 and 3)*	Interest of controlled company	217,736,842 (L)	86.20%
Hebei New Cooperation *(Notes 2 and 3)*	Interest of controlled company	217,736,842 (L)	86.20%
Mr. Chou Shih-Chung	Beneficial owner	32,948,000 (L)	13.04%

Notes:

1. The letter "(L)" denotes a long position in the Shares.

2. These interests represent (i) 87,250,000 Shares, representing approximately 34.54% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) a long position of 130,486,842 underlying Shares, representing approximately 51.66% of the issued share capital of the Company as at the Latest Practicable Date, to be issued to the Offeror upon the conversion of the Convertible Bonds at the initial conversion price of HK$1.90 per Share (assuming the entire Convertible Bonds will be issued pursuant to the Subscription Agreement).

3. The Offeror is wholly owned by Million Rich. Million Rich is beneficially owned as to 49% by Hebei New Cooperation and beneficially owned as to 51% by Hebei AMP.

Save as disclosed in this paragraph, as at the Latest Practicable Date, there was no person known to the Directors or the chief executive of the Company other than Directors or the chief executive of the Company, who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

6. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date,

(a) neither the Company, any member of the Group nor any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror;

(b) save as disclosed in section 5 of this Appendix, neither the Offeror, its directors nor any party acting in concert with the Offeror was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;

(c) there were no Shares, convertible securities, warrants, options or derivatives of the Company which the Offeror or any party acting in concert with it has borrowed or lent;

(d) there were no Shares, convertible securities, warrants, options or derivatives of the Company which the Company or any Directors had borrowed or lent;

(e) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(f) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code or with the Offeror or any person acting in concert with it;

(g) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company;

(h) no Independent Shareholder had irrevocably committed himself or herself or itself to accept or reject the Offer;

(i) save for the Deed of NAV Guarantee, the arrangement that Mr. Liao and Mr. Yang will continue to hold their existing positions in the relevant Operating Subsidiaries to manage the Operating Subsidiaries during the Management Period as contemplated under the Deed of NAV Guarantee, and the arrangement of resignation as disclosed in sub-section headed "Intentions of the Offeror in relation to the Group" under the Letter From CCBI in this Composite Document, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;

(j) save for the Deed of NAV Guarantee, the arrangement that Mr. Liao and Mr. Yang will continue to hold their existing positions in the relevant Operating Subsidiaries to manage the Operating Subsidiaries during the Management Period as contemplated under the Deed of NAV Guarantee, and the arrangement of resignation as disclosed in sub-section headed "Intentions of the Offeror in relation to the Group" under the Letter From CCBI in this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or being dependent upon the Offer;

(k) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer; and

(l) save for the CCBIS Financing Arrangement and the PMI Financing Arrangement, the Offeror, the directors of the Offeror and any persons acting in concert with the Offeror had no other intention to transfer, charge or pledge any of the Shares to be acquired by the Offeror pursuant to the Offer to any other persons, nor had the Offeror, the directors of the Offeror and any persons acting in concert with the Offeror entered into any such agreement, arrangement, undertaking or understanding.

7. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period,

(a) save as disclosed in section 6 of this Appendix and the CCBIS Financing Arrangement and the PMI Financing Arrangement, neither the Offeror, its directors nor parties acting in concert with the Offeror had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;

(b) none of the Company or the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;

(c) none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;

(d) no fund managers who were connected with the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis;

(e) no person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company; and

(f) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.

The Offeror confirms that as at the Latest Practicable Date,

(i) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them had not received any irrevocable commitment to accept or reject the Offer;

(ii) there were no outstanding derivatives in respect of securities in the Company which had been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;

(iii) there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;

(iv) save for the Sale Shares and the Convertible Bonds which will be issued upon occurrence of completion of the CB Subscription, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(v) save for the Share Purchase Agreement and the Subscription Agreement, there was no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them was a party which relates to circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(vi) there were no relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them had borrowed or lent.

8. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

Mr. Liao entered into a service contract with Qianlong HK on 10 October 2013 for a term of 3 years from the date of the Share Purchase Completion ("**Mr. Liao's Qianlong HK Service Contract**"). The remuneration of Mr. Liao under Mr. Liao's Qianlong HK Service Contract is RMB31,800 per month, with an annual bonus of one month's salary. Mr. Yang also entered into a service contract with Qianlong HK on 10 October 2013 for a term of 3 years from the date of the Share Purchase Completion ("**Mr. Yang's Qianlong HK Service Contract**"). The remuneration of Mr. Yang under Mr. Yang's Qianlong HK Service Contract is RMB63,600 with an annual bonus of one month's salary. There is no variable remuneration payable under the Qianlong HK Service Contracts. As at the Latest Practicable Date, save for Mr. Liao and Mr. Yang having entered into the Qianlong HK Service Contracts, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies (a) which (including continuous or fixed term contracts) were entered into or amended within six months before the commencement of the Offer Period; (b) which were continuous contracts with a notice period of 12 months or more; or (c) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors has entered into any service contract or has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

Save for (i) Mr. Liao and Mr. Yang's material personal interests in the Share Purchase Agreement, the Subscription Agreement, and the Deed of NAV Guarantee, and (ii) Mr. Fan Ping-Yi, Mr. Chen Ming-Chuan and Mr. Yu Shih-Pi's personal material interests in the Share Purchase Agreement and the Subscription Agreement, as at the Latest Practicable Date, there was no material contract to which the Offeror is a party in which any Director has a material personal interest.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

10. MATERIAL CONTRACTS

The Company or any of its subsidiaries had, after the date of two years immediately preceding the date of the commencement of the Offer Period and up to and including the Latest Practicable Date, entered into the following contract(s) which was or might be material, other than contracts in the ordinary course of business carried on or intended to be carried on by the Group:

(a) the Subscription Agreement.

11. CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
CCBI	a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and which is the financial adviser to the Offeror in respect of the Offer
Veda Capital	a licensed corporation under the SFO permitted to carry on type 6 (advising on corporate finance) regulated activities under the SFO

CCBI and Veda Capital have given and have not withdrawn their respective written consents to the issue of this Composite Document with the inclusion herein of their respective letters, opinions or advice (as the case may be) and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither CCBI nor Veda Capital had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

12. GENERAL

As at the Latest Practicable Date:

(a) The registered office and correspondence address of the Offeror was situated at Room 1005A, Harbour Crystal Centre, 100 Granville Road, Tsimshatsui East, Kowloon, Hong Kong. The directors of the Offeror were Chen Li-Jun and Zhang Yanhui and the sole shareholder of the Offeror was Million Rich and its correspondence address was at Room 1708B2, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong.

(b) The registered office of the Company was situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Board comprised six executive Directors, being Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching-Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Ms. Liao Min-Yin Angela and three independent non-executive Directors, being Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy.

(c) The company secretary of the Company was Ip Pui Sum.

(d) The registered office of CCBI was situated at 12/F, CCB Tower, 3 Connaught Road, Central, Hong Kong.

(e) The registered office of Veda Capital was situated at Suite 3711, 37/F, Tower Two, 1 Matheson Street, Causeway Bay, Hong Kong.

(f) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from 15 October 2013, being the date of this Composite Document for so long as the Offer remains open for acceptance, at (i) the website of the SFC at http://www.sfc.hk; (ii) the website of the Company at http://www.qianlong.com.hk, and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m., except for Saturdays, Sundays and public holidays) the principal place of business of the Company in Hong Kong at 19/F, Nan Dao Commercial Building, 359–361 Queen's Road Central, Sheung Wan, Hong Kong:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual report of the Group for each of the two financial years ended 31 December 2011 and 31 December 2012;

(d) the letter dated 15 October 2013 from CCBI as set out on pages 10 to 21 of this Composite Document;

(e) the letter dated 15 October 2013 from the Board as set out on pages 22 to 27 of this Composite Document;

(f) the letter dated 15 October 2013 from the Independent Board Committee to the Independent Shareholders as set out on page 28 to 29 of this Composite Document;

(g) the letter dated 15 October 2013 from Veda Capital to the Independent Board Committee as set out on pages 30 to 47 of this Composite Document;

(h) the letters of consent referred to under the paragraph headed "Consents and qualifications" in this Appendix;

(i) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;

(j) the Share Purchase Agreement;

(k) the Subscription Agreement;

(l) the agreement pursuant to which the PMI Facility was made;

(m) the agreement pursuant to which the CCBIS Facility was made; and

(n) the Qianlong HK Service Contracts.