
REGULATORY OVERVIEW

HONG KONG LAWS AND REGULATIONS

Companies laws

Our Company is incorporated under the laws of the Cayman Islands as an exempted company and is registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Our Company is subject to provisions under the Companies Ordinance, including but not limited to, registration of names used to carry on business in Hong Kong, registration of the details of an authorised representative with the Companies Registry and delivery of annual return for registration.

Business registration

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person carrying on any business in Hong Kong to apply for business registration within 1 month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. Hence, in respect of the operation of the Group in Hong Kong, the Group is required to obtain business registration certificates.

Supply of goods

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) aims to codify the laws relating to the sale of goods. It provides that:

- (a) under section 15, there is an implied condition that the goods shall correspond with the description where there is a contract for the sale of goods by description;
- (b) under section 16, there is an implied condition that the goods supplied under the contract are of merchantable quality where a seller sells goods in the course of a business, except that there is no such condition (i) as regards defects specifically drawn to the buyer's attention before the contract is made; or (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (iii) if the contract is a contract by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and
- (c) under section 17, where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Any right, duty or liability which arises under a contract of sale of goods by implication of law may be negated or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong).

Supply of services

The Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) aims to consolidate and amend the laws with respect to the terms to be implied in contract for the supply of services (including a contract for the supply of a service whether or not goods are also transferred or to be transferred, or bailed or to be bailed by way of hire). It provides that:

- (a) under section 5, there is an implied term that the supplier will carry out the service with reasonable care and skill where the supplier is acting in the course of a business; and

REGULATORY OVERVIEW

- (b) under section 6, where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service within a reasonable time if the time for the service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties.

Where a supplier is dealing with a party to a contract for the supply of a service who deals as a consumer, the supplier cannot, by reference to any contract term, exclude or restrict any liability of his arising under the contract by virtue of the Supply of Services (Implied Terms) Ordinance. Otherwise, where any right, duty or liability would arise under a contract for the supply of a service by virtue of the Supply of Services (Implied Terms) Ordinance, it may (subject to the Control of Exemption Clauses Ordinance) be negated or varied by express agreement, or by the course of dealing between the parties, or by such usage as binds both parties to the contract.

Control of exemption clauses

The Control of Exemption Clauses Ordinance aims to limit the extent to which civil liability for breach of contract, or for negligence or other breach of duty can be avoided by means of contract terms and otherwise. It provides that:

- (a) under section 7, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his/her/its liability for death or personal injury resulting from negligence and in the case of other loss or damage, a person cannot exclude or restrict his/her/its liability for negligence except in so far as the term or notice satisfies the requirement of reasonableness;
- (b) under section 8, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself/herself/itself in breach of contract, exclude or restrict any liability of his/her/its in respect of the breach, or (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him/her/it, or (iii) claim to be entitled in respect of the whole or any part of his/her/its contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness;
- (c) under section 9, a person dealing as a consumer cannot by reference to any contract term be made to indemnify another person in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness; and
- (d) under section 11, as against a person dealing as consumer, the liability for breach of the obligations arising under section 15, 16 or 17 of the Sale of Goods Ordinance cannot be excluded or restricted by reference to any contract term, and as against a person dealing otherwise than as consumer, the liability arising under section 15, 16 or 17 of the Sale of Goods Ordinance can be excluded or restricted by reference to a contract term, but only in so far as the term satisfies, the requirement of reasonableness.

Sections 7, 8 and 9 of the Control of Exemption Clauses Ordinance do not apply to any contract so far as it relates to the creation or transfer of a right or interest in any patent, trade mark, copyright, registered design, technical or commercial information or other intellectual property, or relates to the termination of any such right or interest.

In relation to a contract term, the requirement of reasonableness for the purposes of the Control of Exemption Clauses Ordinance is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

REGULATORY OVERVIEW

Electronic transactions

The Electronic Transactions Ordinance (Chapter 553 of the Laws of Hong Kong), aims to facilitate the use of electronic transactions for commercial and other purposes, and to establish the legal framework for the recognition of electronic records and signatures, giving them the same legal status as their paper counterparts. It provides that:

- (a) under section 5, if a rule of law requires or permits information to be or given in writing, the use of electronic records (subject to the fulfilment of certain conditions) satisfies the rule of law;
- (b) under section 5A, if a rule of law under a statutory provision specified in Schedule 3 to the Electronic Transactions Ordinance requires or permits a document to be served on a person by personal service or by post, the service of the document in the form of an electronic record (subject to the fulfilment of certain conditions) satisfies the rule of law;
- (c) under section 6, if a rule of law requires a signature of a person on a document and neither the person whose signature is required nor the person to whom the signature is to be given is or is acting on behalf of a government entity, an electronic signature (subject to the fulfilment of certain conditions) satisfies the requirement;
- (d) under section 6, if a rule of law requires a signature of a person on a document and the person whose signature is required and/or the person to whom the signature is to be given is/are acting on behalf of a government entity/entities, a digital signature (subject to the fulfilment of certain conditions) satisfies the requirement;
- (e) under section 7, if a rule of law requires certain information to be presented or retained in its original form, that requirement is satisfied by presenting or retaining the information in the form of electronic records (subject to the fulfilment of certain conditions); and
- (f) under section 8, if a rule of law requires certain information to be retained, whether in writing or otherwise, that requirement is satisfied by retaining electronic records (subject to the fulfilment of certain conditions).

Taxation

Profits Tax

Pursuant to the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), profits tax shall be charged for each year of assessment at the standard rate on every person carrying on a trade, profession or business in Hong Kong in respect of his assessable profits arising in or derived from Hong Kong for that year from such trade, profession or business. The standard rate of profits tax for the years of assessment of 2012/2013, 2013/2014, 2014/2015 and 2015/2016 is 16.5%.

Regulations Relating to Intellectual Property

Copyright Law

Under the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), the owner of the copyright in a work gives the copyright owner the exclusive right to, among other things, reproduce or issue copies of the work to the public. It is an infringement for a third party to do those acts without the consent of or a licence from the copyright owner. If an infringement occurs, the copyright owner can bring an action seeking damages or an injunction to restrain the unauthorised copying.

REGULATORY OVERVIEW

Pursuant to the Copyright Ordinance, provision is made to protect copyright works of computer programmes. The Group has not registered the copyright of its software systems in Hong Kong as there is no formal procedure to register copyrights of computer software system in Hong Kong. Should there be any formal procedure to register copyright of computer software system in Hong Kong in the future, the Group may consider to register the copyright of its software systems in Hong Kong.

As confirmed by the Directors, during the Track Record Period and up to the Latest Practicable Date, we did not receive any material claim for copyrights infringement.

Trademark Law

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) is a statute enacted to make provision in respect of the registration of trade marks and for connected matters.

The Trade Marks Ordinance provides, amongst other things, that a person infringes a registered trade mark if the person uses in the course of trade or business a sign which is:

- (1) identical to the trade mark in relation to goods or services which are identical to those for which it is registered;
- (2) identical to the trade mark in relation to goods or services which are similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;
- (3) similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or
- (4) identical or similar mark in relation to goods or services which are not identical or similar to those for which the trade mark is registered, where the trade mark is entitled to protection under the Paris Convention as a well-known trade mark, and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Under the Trade Marks Ordinance, the owner of a trade mark is entitled to bring infringement proceedings against a person infringing his or her or its trade mark for damages, injunctions, accounts and any other relief available in law.

As at the Latest Practicable Date, we registered certain trademarks in Hong Kong relating to our business. As confirmed by our Directors, we did not receive any claim for trade mark infringement during the Track Record Period. For further details of our material intellectual property rights in Hong Kong, please refer to the section headed “Statutory and General Information – B. Further Information about the Business of our Group – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

Regulations Relating to Employment

The main piece of legislation governing conditions of employment in Hong Kong is the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). It provides for various employment-related benefits and entitlements to employees. Pursuant to the Employment Ordinance, all employees covered, irrespective of their hours of work, are entitled to basic protection including payment of wages, restrictions on wages deductions and the granting of statutory holidays, etc. Employees who are employed under a continuous contract are further entitled to benefits such as rest days, paid annual leave, sickness allowance, severance payment and long service payment, etc.

REGULATORY OVERVIEW

A no-fault, non-contributory employee compensation system for work injuries is established under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). The Employees' Compensation Ordinance in general applies to employees who are employed under a contract of service or apprenticeship. Employees, employed in Hong Kong by local employers, are also covered if they are injured while working outside Hong Kong. An employer is liable to pay compensation in respect of occupational diseases specified in the Employees' Compensation Ordinance suffered by the employees; or in respect of injuries sustained by his employees as a result of an accident arising out of and in the course of employment.

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) provides an employment-based retirement protection system, the Mandatory Provident Fund scheme ("MPF"), a defined contribution retirement scheme administered by independent trustees. Except for exempt persons, both regular or casual employees and self-employed persons who are at least 18 but under 65 years of age and is normally residing and working in Hong Kong are required to join the MPF scheme. Mandatory contributions made by both the employer and employee are fully and immediately vested in the employee once they are paid to the trustee. Under the MPF scheme, the employer and, where the monthly income is HK\$7,100 or more, the employee are both required to contribute 5% of the employee's monthly relevant income as mandatory contributions for and in respect of the employee, subject to a statutory maximum cap of HK\$1,500 per month.

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) applies to all employees being engaged under a contract of employment under the Employment Ordinance, except those employed as domestic workers in, or in connection with, a household and who dwell in that household free of charge, student interns and work experience students during a period of exempt student employment. It provides the wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage rate. The statutory minimum hourly wage rate with effect from 1 May 2015 is HK\$32.5 per hour.

PRC LAWS AND REGULATIONS

Major Policies on Software Industry

In the PRC, the government strongly encourages and supports software development and related products. On 24 June 2000, the State Council promulgated Several Policies on Encouraging the Development of the Software and Integrated Circuit (IC) Industries (Guo Fa [2000] No. 18) (《鼓勵軟件產業和集成電路產業發展的若干政策》(國發 [2000] 18號)) (the "No. 18 Policy"), which strives to make the R&D in and the production capacity of China's software industry reach or approach advanced international levels by 2010. Strong support was also provided for the development of the software industry by formulating policies regarding investment and financing, tax, industrial technology, export, income distribution, human resources, procurement, certification of software enterprises, protection of intellectual property rights, industry organisations and industry administration.

Under the Decision of the State Council on Issues Concerning Cancelling and Adjusting a Batch of Administrative Examination and Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發 [2015] 11號)) (the "Decision of Cancelling Examination and Approvals"), effective on 24 February 2015, recognition of software enterprise as an item of administrative examination and approval has been cancelled.

On 28 January 2011, the State Council promulgated Several Policies on Further Encouraging the Development of the Software and Integrated Circuit (IC) Industries (Guo Fa [2011] No. 4) (《進一步鼓勵軟件產業和集成電路產業發展的若干政策》(國發 [2011] 4號)) (the "No. 4 Policy"), which stated that the software industry is a strategic emerging industry of the state and an important foundation for national economic and social informationisation. It proposed to continue to improve the incentive

REGULATORY OVERVIEW

measures and clarify the guidance on such policies, so as to optimise the environment for industrial development, enhance technology innovation capabilities, and increase the quality and level of industrial development. Meanwhile, strong support would be provided for the development of the software industry by formulating policies regarding tax, investment and financing, R&D, import and export, human resources, protection of intellectual property rights and marketing.

On 22 February 2013, the National Development and Reform Commission (the “NDRC”) promulgated the Announcement of NDRC [2013] No.16-Guiding Catalogue of Key Products and Services in Strategic Emerging Industries (《戰略性新興產業重點產品和服務指導目錄》), clearly confirming the high-end software and emerging information services industry as a strategic emerging industry.

Regulations on Software Enterprises Certification

The PRC implements a certification system regarding the entitlement of software enterprises to the policy incentives.

On 16 October 2000, the former Ministry of Information Industry (currently known as MIIT), the Ministry of Education, the Ministry of Science and Technology and the State Administration of Taxation (the “SAT”) promulgated and implemented Certifying Standard and Administrative Measures for Software Enterprises (for Trial Implementation) ([2000] No.968 of the Ministry of Information Industry) (《軟件企業認定標準及管理辦法(試行)》(信部聯產 [2000] 968號)) (the “No. 968 Measure”). According to the No. 968 Measure, certified software enterprises with a valid Software Enterprise Certificate of the year could go through the relevant procedures with the relevant authorities to enjoy the incentives stated in the No. 18 Policy.

On 6 February 2013, NDRC, the Ministry of Industry and Information Technology (the “MIIT”), the Ministry of Finance (the “MOF”) and the SAT promulgated and implemented Administrative Measures for the Certification of Software Enterprises ([2013] No. 64 of the MIIT) (《軟件企業認定管理辦法》(工信部聯軟 [2013] 64號)) (the “No. 64 Measure”), which elaborated on the standards and procedures on software enterprises certification. Under the No. 64 Measure, the software enterprises that have obtained a Software Enterprise Certificate could go through the relevant procedures with the relevant authorities to enjoy the incentives. In case of inconsistencies with any existing provisions, the No. 64 Measure shall prevail.

On 9 August 2012, the NDRC, MIIT, MOF, the Ministry of Commerce (the “MOFCOM”), and the SAT promulgated and implemented Trial Measures for the Administration over the Certification of Key Software Enterprises and IC Design Enterprises under State Planned Layout (Notice No. 2413 [2012] of the NDRC) (《國家規劃佈局內重點軟件企業和集成電路設計企業認定管理試行辦法》(發改高技 [2012] 2413號)) (the “No. 2413 Measure”). Under the No. 2413 Measure, certified key software enterprises under the state planned layout could go through tax reduction procedures with the competent tax authorities to enjoy preferential tax policies pursuant to the Law of the PRC on Enterprise Income Tax (the “EIT Law”) (《中華人民共和國企業所得稅法》) and its implementing regulations and the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) and its implementing rules.

Regulations on Software Product Registration

Under the Administrative Measures of Software Products (《軟件產品管理辦法》(工業和信息化部令第9號)) (the “No. 9 Measures of MIIT”) promulgated by MIIT on 5 March 2009 and effective on 10 April 2009, a registration and filing system for software products has been implemented in the PRC. Domestic software products which comply with relevant provisions and have completed registration and filing procedures can enjoy the incentive policies regarding software industry development in the PRC. The development and production units of software products can engage in direct sales of its software products. The development, production, sales, import and export of software products shall comply with the relevant laws and regulations. No unit or individual

REGULATORY OVERVIEW

shall develop, produce, sell, import and export software products which may infringe the intellectual property rights of others, contain computer viruses, could harm computer system security or do not meet the software standards of the PRC.

Where products of imported software are locally developed and produced within the PRC, for the part developed within the PRC, the copyright owner and the original developer may provide certificate proving that it is developed within the PRC, submit materials for registration and filing in accordance with the No. 9 Measures of MIIT, and upon registration and filing, they shall enjoy the incentives stipulated in the No. 4 Policy.

Under the Decision of Cancelling Examination and Approvals, the registration and record-keeping of software products as an item of administrative examination and approval has been cancelled.

Regulations on Software Copyright Protection

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated on 7 September 1990, implemented on 1 June 1991 and amended on 27 October 2001 and 26 February 2010, computer software is covered by copyright protection.

Under the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on 20 December 2001, implemented on 1 January 2002 and amended on 8 January 2011 and 30 January 2013, PRC nationals, legal persons or other units enjoy the copyright for software which they have developed, regardless of whether it has been published. Copyright covers the right of publication, right of authorship, right of modification, right of reproduction, right of distribution, right of rental, right of translation, etc. Software copyright arises from the date of completion of software development. The protection period of the software copyright of a natural person shall be the entire life of the natural person and 50 years after his/her death, ending on the 31st December of the fiftieth year after the death of the natural person. The protection period of the software copyright of a legal person or other units shall be 50 years, ending on the 31st December of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development is not protected. For computer software copyright infringement behaviours, the infringer may be liable in civil law and be requested to cease infringement, eliminate the consequences of such infringement, apologise to the copyright owner, and compensate for any damages.

Foreigners or stateless persons having software first published within the territory of the PRC enjoy copyright in accordance with these Regulations. Software owned by foreigners or stateless persons enjoys copyright in the PRC and protection under these regulations according to the relevant agreements signed between the home country or the habitual residence of its developer and the PRC or according to the international conventions to which both countries are signing parties.

Under the Computer Software Copyright Registration Measures (Order of the National Copyright Administration of the PRC (No.1)) (《計算機軟件著作權登記辦法》 (國家版權局令第1號)) (the “No. 1 Order”) promulgated and implemented by the National Copyright Administration on 20 February 2002, the PRC encourages software registration, and provides particular protection for registered software. The National Copyright Administration is in charge of the administration of software copyright registration across the nation, and has authorised Copyright Protection Centre of China to be the agency for software registration. Applicants can apply for software copyright registration, and registration of exclusive licensing contracts and assignment contracts of software copyright.

Applicants of the registration of software copyright shall be the copyright owner of the software and a natural person, legal person or other organisation that inherits, acquires or receives the software copyright. The No. 1 Order shall be applicable where the applicant or one of the applicants is a foreigner or a stateless person.

REGULATORY OVERVIEW

Taxation

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例》), which were promulgated on 13 December 1993 and were subsequently amended on 5 November 2008 and became effective on 1 January 2009, and its ancillary rules, all units and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. The scope of services which constitute taxable services and the rates of business tax are prescribed in the Schedule of Items and Rates of Business Tax (營業稅稅目稅率表) attached to the Regulations.

Income Tax

According to the EIT Law, which came into effect on 1 January 2008, the income tax rate for domestic-invested enterprises and foreign-invested enterprises is 25%.

Regulations on Intellectual Property

Copyright Law

The Copyright Law of the PRC provides that PRC nationals, legal persons, or other organizations shall enjoy copyright in their works regardless of whether such work has been published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright owner enjoys various kinds of rights, including right of publication, right of authorship and right of reproduction.

The copyright enjoyed by foreigners or stateless persons in their works in accordance with the relevant agreement(s) between their home country or country of habitual residence and the PRC, or in accordance with international conventions to which both countries are signing parties, is protected under the Copyright Law of the PRC. Works of foreigners or stateless persons which are first published in the PRC also enjoy copyright under the Copyright Law of the PRC.

Patent Law

Under the Patent Law of the PRC (《中華人民共和國專利法》), promulgated on 12 March 1984, amended on 4 September 1992, 25 August 2000 and 27 December 2008, the State Intellectual Property Office is responsible for administering patents in the PRC. The patent administration departments of provincial, autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The PRC patent system adopts a “first come, first file” principle, which means where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A patent is valid for twenty years in the case of an invention and ten years in the case of utility models and designs. A third party must obtain consent or a proper licence from the patent owner to use the patent. Otherwise, unauthorised use of a patent constitutes an infringement of the patent rights.

Trademark Law

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”), promulgated on 23 August 1982, amended on 22 February 1993, 27 October 2001 and 30 August 2013 and implemented on 1 May 2014, the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to commodities for which the use of trademark has been approved. The period of validity of a registered trademark shall be ten

REGULATORY OVERVIEW

years, counted from the day the registration is approved. According to the Trademark Law, using a trademark that is identical with a registered trademark on the same commodities without the licensing of the registrant of the registered trademark, or using a trademark that is similar to a registered trademark on the same commodities, or using a trademark that is identical with or similar to the registered trademark on similar commodities without the licensing of the registrant of the registered trademark, which is likely to cause confusion, constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, once found by the relevant authority to have infringed trademark rights, be requested to cease the infringing acts, take remedial action, and pay penalties, etc.

INTERNATIONAL SANCTIONS LAW

During the Track Record Period, we had sales in connection with Sanctioned Countries, including Russia, Congo, the Balkans, Egypt, Nigeria and Venezuela, in the ordinary course of business. Upon review of documents in relation to our sales to customers in Russia, Congo, the Balkans, Egypt, Nigeria and Venezuela, our legal adviser as to International Sanctions laws has advised that our historical sales in connection to Russia, Congo, the Balkans, Egypt, Nigeria and Venezuela during the Track Record Period do not implicate the application of the relevant sanctions laws on our Group, or any person or entity, including our Group's investors, our Shareholders, the Stock Exchange, HKSCC or HKSCC Nominees. For details on our business activities in the Sanctioned Countries and impact of sanctions laws, please see the section headed "Business — Sales in Russia, Congo, the Balkans, Egypt, Nigeria and Venezuela" in this prospectus.

LAWS AND REGULATIONS IN OTHER OVERSEAS COUNTRIES

On the basis that (a) our Group's operation is based in Hong Kong and we have not established any subsidiary, branch or representative office or any business presence or business operations in any jurisdiction where our sales are made other than in Hong Kong and the PRC; (b) except for certain sales in the PRC conducted through Ahsay CQ, we substantially sell our backup software products through the Internet on our sales websites; (c) in particular, our Group's sales websites hosted in the United States and the overseas servers rented by our Group are for marketing purposes only. The sales processing and payment of our backup software products are conducted through the payment webpages hosted by us in Hong Kong; and (d) the transactions between our customers and us are governed by Hong Kong and PRC laws, and such transactions should not be considered as being performed within any specific country other than in Hong Kong and the PRC, to the best knowledge of our Directors, our Group is not required to comply with rules and regulations of other overseas jurisdictions in relation to our sales of backup software products.

In view of the above-mentioned and based on the advice of our Company's independent legal counsel, the Directors are of the view that, there is no basis for our Company to seek or require a local law based legal opinion in any of the states comprising the United States, or any of the states comprising the EU, in connection with our revenue generated in those jurisdictions, and in connection with the Placing.