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As filed with the Securities and Exchange Commission on January 8, 2008
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ATA Inc.
(Exact name of Registrant as Specified in its Charter)

Cayman Islands	**8200**	**Not Applicable**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

8th Floor, Tower E
6 Gongyuan West Street,
Jian Guo Men Nei
Beijing 100005, China
Telephone: 86-10-6518-1122
(Address and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

CT Corporation System
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New York, New York 10011
(212) 894-8940

Copies to:

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No. 2 Jianguomenwai Avenue	**Los Angeles**	**3 Garden Road**
Beijing 100022, China	**CA 90067-6035**	**Central, Hong Kong SAR, China**
86-10-6563-4200	**(310) 553-6700**	**852-2514-7600**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered[1][2]	Proposed Maximum Aggregate Offering Price[3]	Amount of Registration Fee
Common shares, par value $0.01 per share	$100,000,000	$3,930

(1) American depositary shares, or ADSs, evidenced by American depositary receipts issuable upon deposit of the common shares registered hereby will be registered under a separate registration statement on Form F-6. Each ADS represents one common share.

(2) Includes (a) common shares represented by ADSs that may be purchased by the underwriters pursuant to their over-allotment option and (b) all common shares represented by ADSs initially offered and sold outside the United States that may be resold from time to time in the United States either as part of the distribution or within 40 days after the later of the effective date of this registration statement and the date the securities are first bona fide offered to the public.

(3) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion,
Preliminary Prospectus dated , 2008

PROSPECTUS

American Depositary Shares

ATA Inc.

Representing Common Shares

This is ATA Inc.'s initial public offering. ATA Inc., or ATA, is offering American depositary shares, or ADSs. Each ADS represents one common share.

We expect the public offering price to be between $ and $ per ADS. Currently, no public market exists for the ADSs or our common shares. We have applied to have the ADSs listed on the Nasdaq Global Market under the symbol " ."

Investing in the ADSs involves risks that are described in the "Risk Factors" section beginning on page 10 of this prospectus.

	Per ADS	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to ATA	$	$

The underwriters may also purchase up to an additional ADSs from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The ADSs are expected to be delivered against payment on or about , 2008.

Merrill Lynch & Co.

Piper Jaffray

The date of this prospectus is , 2008

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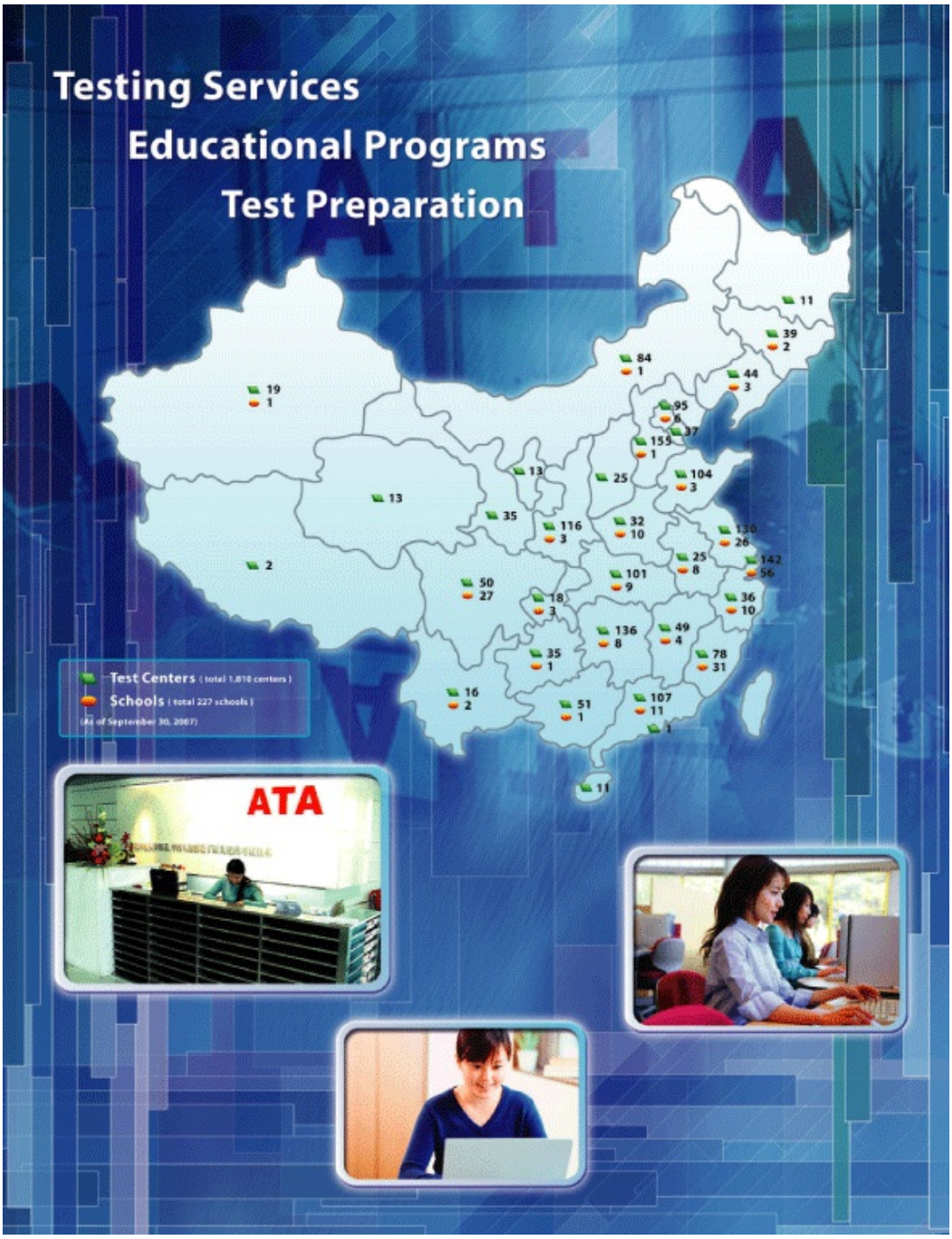

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You should rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus. This prospectus may only be used where it is legal to offer and sell these securities. The information in this prospectus is only accurate as of the date of

this prospectus.

Conventions That Apply to This Prospectus

Unless we indicate otherwise, information is presented in this prospectus assuming that:

- the underwriters will not exercise their option to purchase additional ADSs to cover over-allotments; and
- all of our outstanding preferred shares will be converted into common shares immediately prior to the completion of this offering.

In this prospectus,

- all references to years are to the calendar year from January 1 to December 31 unless specifically stated otherwise, and references to our fiscal year or years are to the fiscal year or years ended March 31;
- "we," "us," "our company," "our" and "ATA" refer to ATA Inc., and its subsidiaries and affiliated PRC entity as the context requires;
- "China," "Chinese" and "PRC" refer to the People's Republic of China, excluding for purposes of this prospectus Taiwan, Hong Kong and Macau;
- "RMB" and "Renminbi" refer to the legal currency of China, and "U.S. dollars," "dollars," and "$" refer to the legal currency of the United States; and
- "U.S. GAAP" refers to generally accepted accounting principles in the United States.

This prospectus contains translations of Renminbi amounts into U.S. dollars at specified rates. Unless otherwise noted, all translations from Renminbi to U.S. dollar amounts were made at the noon buying rate in the City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York, as of September 28, 2007, which was RMB7.4928 to $1.00. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The Chinese government restricts or prohibits the conversion of Renminbi into foreign currency and foreign currency into Renminbi for certain types of transactions. On January 4, 2008, the noon buying rate was RMB7.2695 to $1.00.

This prospectus contains information and statistics relating to China's economy and the industries in which we operate derived from various publications issued by Chinese governmental entities and other third parties which have not been independently verified by us, the underwriters or any of their respective affiliates or advisers. The information in such third-party sources may not be consistent with other information compiled in or outside China.

We commissioned International Data Corporation, or IDC, a leading provider of global IT research and advice, to prepare a report for the purpose of providing various industry and other information and illustrating our position in the computer-based testing services market in China. Information from this report appears in Industry, Business and other sections of this prospectus. We have taken such care as we consider reasonable in the reproduction and extraction of information from the IDC report and other third-party sources.

SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in our ADSs. You should carefully read the entire prospectus, including the "Risk Factors" section and our consolidated financial statements and the accompanying notes, before making an investment decision.

ATA Inc.

Our Business

We are the leading provider of computer-based testing services in China, with the largest market share, 30.9%, in terms of revenue in 2006, according to IDC. We also provide career-oriented, test-based educational programs and test preparation solutions in China. To comply with PRC law, we operate the online portion of our test preparation solutions business through a series of contractual arrangements with ATA Online (Beijing) Education Technology Limited, or ATA Online, a PRC entity owned by two of our founders and over which we do not have direct control or direct oversight. Our clients include professional associations, such as the China Banking Association and the Securities Association of China, which accounted for 19.5% and 4.2%, respectively, of our net revenues for the six months ended September 30, 2007, Chinese governmental agencies, including the PRC Ministry of Labor, which accounted for 8.5% of our net revenues for the same period, well-known IT vendors, Chinese educational institutions, distributors of our test preparation software products, and individual test preparation services consumers. During the six months ended September 30, 2007, approximately 2.0 million tests were delivered using our computer-based testing technologies and services.

We began providing computer-based testing services in 1999. We offer comprehensive services for the creation and delivery of computer-based tests based on our proprietary testing technologies and test delivery platform. Our computer-based testing services are used for professional licensure and certification tests in various industries, including information technology, or IT, services, banking, teaching, securities, insurance and accounting. Our test center network comprised 1,810 authorized test centers located throughout China as of September 30, 2007, which we believe is the largest test center network of any commercial testing service provider in China based on client feedback and our market experience. Combined with our test delivery technologies, this network allows our clients to administer large-scale nationwide tests in a consistent, secure and cost-effective manner. We have delivered over 23 million tests since 1999, and in July 2007 delivered tests to more than 200,000 test takers in a single day for the China Banking Association, through our test delivery platform.

Leveraging our testing expertise, we have expanded into providing career-oriented educational services and test preparation solutions. In 2002, we began offering career-oriented course programs, which we market to Chinese educational institutions. We develop our course programs by integrating our testing technologies and services with IT learning content authorized by major IT vendors such as Microsoft China, Borland and Adobe. In March 2006, we began offering pre-occupational training programs, which allow students to obtain practical skills for specific job requirements. By integrating our testing technologies with test preparation content, we began offering targeted test preparation solutions for certain professional licensure and certification tests in the securities, insurance and teaching industries in 2006. ATA Online has launched online test preparation Internet web sites in coordination with the Securities Association of China and the China Banking Association to help candidates across China prepare for these organizations' professional licensure and certification tests, which are delivered through our test delivery platform. We also offer our NTET Tutorial Platform software for training teachers for certification under the National Teachers' Skill Test of Applied Educational Technology in Secondary and Elementary School, or NTET test, which is delivered nationwide through our test delivery platform.

Our proprietary technologies and know-how for the creation and delivery of computer-based tests are important to our service capabilities. Our E-testing platform is composed of a set of self-developed tools and applications for facilitating the computer-based testing process, and is capable of handling large-

scale tests and quickly and securely transmitting, processing and storing large amounts of data. We have also developed proprietary technologies for the creation and operation of advanced performance-based tests, such as our self-developed Dynamic Simulation Technology, which leading IT certification sponsors, such as Microsoft, have adopted for their computer-simulated tests given around the world. We have also developed content creation technologies for the conversion of paper-based tests into computer-based formats.

Our total net revenues have increased from RMB69.0 million for the fiscal year ended March 31, 2006 to RMB84.9 million ($11.3 million) for the fiscal year ended March 31, 2007 and from RMB32.4 million for the six months ended September 30, 2006 to RMB76.2 million ($10.2 million) for the six months ended September 30, 2007. We had net losses of RMB24.8 million and RMB16.8 million for the fiscal years ended March 31, 2006 and 2007, respectively, and net income of RMB8.5 million ($1.1 million) for the six months ended September 30, 2007.

China's Testing and Education Markets

China has one of the fastest growing economies in the world. As China's economy continues to develop, its service industries are playing an increasingly important role. We believe this will increase opportunities in the testing and education markets as people continue to seek advanced skills and professional licenses and certifications.

China has one of the world's largest testing markets in terms of test takers, with 122.7 million test candidates in 2006, according to IDC. Testing has played a prominent role in Chinese society for centuries, and this long tradition of testing extends to professional associations and businesses in China that rely on tests to issue professional licenses and certifications, assess ongoing professional skills and select job candidates. As China's economy has modernized and become more dependent on technology, a growing number of test sponsors have adopted computer-based tests in place of traditional paper-based tests. Computer-based tests offer key advantages over traditional paper-based tests, including easier administration, reduced scoring errors, greater data security and quicker results analysis. Test sponsors are increasingly outsourcing the design and delivery of computer-based tests to third-party service providers.

China's education market is experiencing rapid growth in terms of both the number of schools and the number of students, especially at the post-secondary higher education level. However, a growing number of students who are unable to reach China's universities are seeking alternative means to obtain the skills necessary to succeed in the job market. Moreover, as Internet usage becomes increasingly common, people are turning to online resources as a means of furthering their education and to prepare for various types of tests. Online education and test preparation provide students the flexibility to take interactive courses at times and in locations most convenient to them. Online education and test preparation are particularly attractive to working adults, and their employers, as they seek to combine work with the pursuit of higher level licenses and certifications.

Our Strengths, Strategies and Risks

We believe the following competitive strengths have been instrumental in achieving our current market position and provide the basis for our continued growth:

- our early mover advantage and leadership position in the computer-based testing services industry in China;
- our experience in delivering sophisticated and large-scale computer-based tests;
- our large test center network and scalable test delivery platform;
- the flexibility and customizability of our testing services;
- our performance-based testing and test security technologies;

- our established relationships with key test sponsors and leading IT vendors; and
- our experienced management team.

Our mission is to extend our position as the leading provider of computer-based testing services in China, and expand our career-oriented, test-based educational programs and test preparation solutions businesses in China, by pursuing the following strategies:

- continue to seek opportunities in licensure and certification testing services;
- further enhance our technology and expand our test center network reach;
- leverage our testing service strengths to expand our test preparation and educational program offerings;
- increase recognition of our "ATA" brand; and
- pursue selective strategic acquisitions and alliances, if and when attractive opportunities arise.

The successful execution of our strategies is subject to risks and uncertainties, including:

- our ability to maintain profitability, as we only achieved profitability recently and had previously been loss-making since our inception, in addition to having an accumulated deficit of RMB135.1 million and 126.6 million ($16.9 million) as of March 31, 2007 and September 30, 2007, respectively;
- our ability to meet challenges associated with our rapid expansion, including our expansion into the test preparation market;
- market acceptance of our technologies, products and services;
- our ability to maintain relationships with key governmental agencies, test sponsors, educational institutions and IT vendors; and
- governmental policies, including policies regarding funding for governmental agencies that sponsor tests, policies promoting vocational education, tuition policies and policies relating to foreign investment in Internet content distribution.

See "Risk Factors" for a discussion of these and other risks and uncertainties associated with our business and investing in our ADSs.

Corporate Structure

Our predecessor company, American Testing Authority, Inc., a New York company, began operations in 1999, and in that same year established ATA Testing Authority (Beijing) Limited, or ATA Testing, as a wholly owned subsidiary in China. In November 2001, our founders established ATA Testing Authority (Holdings) Limited, or ATA BVI, in the British Virgin Islands. The following year American Testing Authority, Inc. merged into ATA BVI and ATA BVI became our holding company. In June 2003, we established a Chinese joint venture company, ATA Learning (Beijing) Inc., or ATA Learning, with Yinchuan Economic and Technological Development Zone Investment Holding Co. Ltd., or Yinchuan Holding. In May 2005, we exercised our call option to acquire the remaining interest from Yinchuan Holding and converted ATA Learning into a wholly owned subsidiary of ATA BVI.

We incorporated ATA Inc. in the Cayman Islands in September 2006 as our listing vehicle. ATA Inc. became our ultimate holding company in November 2006 when it issued shares to the existing shareholders of ATA BVI in exchange for all of the outstanding shares of ATA BVI.

Due to PRC regulatory restrictions on foreign ownership of Internet content businesses in China, we operate the online portion of our test preparation solutions business through a series of contractual arrangements entered into among us, ATA Learning and ATA Online, a PRC entity owned by two of our

founders. We do not have any direct ownership interest or direct shareholding rights in ATA Online and as a result do not have direct control or direct oversight over ATA Online. For a description of these contractual arrangements, see "Our Corporate Structure" and "Related Party Transactions." If the Chinese government determines that the contractual arrangement structure through which we operate our online test preparation business does not comply with Chinese laws and regulations, we could be subject to penalties and may not be able to continue that business. Moreover, any conflicts between us and the shareholders of ATA Online, or any failure by ATA Online or its shareholders to perform their obligations under our contractual arrangements with them, may materially and adversely affect our online test preparation business and financial condition. For a detailed discussion of the various risks and uncertainties related to these contractual arrangements and the structure we use to operate our online test preparation business, see "Risk Factors — Risks Relating to Regulation of Our Business."

Recent Developments

The following is an estimate of certain unaudited selected consolidated financial data for the three months ended December 31, 2007. Because our financial statements for the three months ended December 31, 2007 have not been finalized and are subject to completion of our normal quarter-end closing procedures, the unaudited selected consolidated financial data for the three months ended December 31, 2007 set forth below may be subject to change.

We estimate:

- total net revenues were between RMB63.0 million ($8.4 million) and RMB67.5 million ($9.0 million), compared to RMB36.3 million for the three months ended December 31, 2006;
- gross profit was between RMB42.8 million ($5.7 million) and RMB46.0 million ($6.1 million), compared to RMB25.9 million for the three months ended December 31, 2006;
- income from operations was between RMB14.8 million ($2.0 million) and RMB16.0 million ($2.1 million), compared to RMB6.6 million for the three months ended December 31, 2006; and
- net income was between RMB10.6 million ($1.4 million) and RMB12.0 million ($1.6 million), compared to RMB6.9 million for the three months ended December 31, 2006.

We estimate that our total net revenues, gross profit, income from operations and net income for the three months ended December 31, 2007 reached their highest quarterly levels in our operating history, primarily due to a large increase in net revenues from testing services, which we estimate were between RMB34.8 million ($4.6 million) and RMB37.3 million ($5.0 million), compared to RMB10.9 million for the three months ended December 31, 2006. This increase in testing services net revenues was driven to a large degree by significant increases in the number of finance industry-related tests, principally banking and securities licensure tests, that we delivered during the three months ended December 31, 2007. The large increase in testing services net revenues was partially offset by slower growth in net revenues from test-based educational services, which was primarily due to a decline in net revenues from degree major course programs. We estimate that our cost of revenues and operating expenses also increased significantly during this quarter, generally in line with our revenue growth. We estimate our cost of revenues and operating expenses included approximately RMB9.3 million ($1.2 million) in share-based compensation expenses, the substantial majority of which relate to our October 2007 grant of share options to employees.

Our preliminary consolidated financial data for the quarter ended December 31, 2007 are subject to adjustment based upon, among other things, completion of our reporting processes. Actual results could differ materially from the estimates provided above. For example, total net revenues are subject to finalization of our determination of revenues to be recognized in the quarter or deferred to future periods and the amount of accrued business tax, income from operations is also subject to finalization of our

share-based compensation expenses and other operating expenses, and net income is further subject to finalization of our determination of income tax expense for the quarter. For additional information regarding the various risks and uncertainties inherent in such estimates, see "Special Note Regarding Forward-Looking Statements." Financial results for the three months ended December 31, 2007 may not be indicative of our full year results for the fiscal year ending March 31, 2008 or future quarterly periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for information regarding trends and other factors that may influence our financial results.

Our quarterly results of operations are subject to seasonal fluctuations. In particular, net revenues from testing services and test preparation solutions are typically highest in the quarter ending December 31 due to a generally higher number of tests delivered by our clients during that quarter and lowest in the quarter ending March 31. Principally due to this seasonal decline in net revenues from testing services and test preparation solutions, we expect our total net revenues, gross profit, income from operations and net income to be significantly lower during the three months ending March 31, 2008 than they were for the three months ended December 31, 2007. As a result, we currently estimate that we may incur a net loss from operations and a net loss for the three months ending March 31, 2008. In addition, we may also incur a net loss from operations and a net loss for the three months ending June 30, 2008 depending on whether certain large-scale tests, such as the banking licensure test, are scheduled in the quarter ending September 30, 2008 instead of the prior quarter.

Our Offices

Our principal executive offices are located at 8th Floor, Tower E, 6 Gongyuan West Street, Jian Guo Men Nei, Beijing 100005, the People's Republic of China. Our telephone number at this address is 86-10-6518-1122, and our fax number is 86-10-6517-9517. Our web site is www.ata.net.cn. The information contained on our web site is not part of this prospectus.

Investor inquiries should be directed to us at the address and telephone number of our principal executive offices set forth above. Our agent for service of process in the United States is CT Corporation System, located at 111 Eighth Avenue, 13th Floor, New York, New York 10011.

The Offering

ADSs offered by us:	ADSs.
The ADSs	Each ADS represents one common share, par value $0.01 per share. The ADSs will be evidenced by American depositary receipts, or ADRs. • A nominee of the depositary will be the registered holder of the common shares underlying your ADSs, and you will have rights of an ADR holder as provided in the deposit agreement among us, the depositary and the holders and beneficial owners of ADSs from time to time. • Although we do not expect to pay cash dividends in the foreseeable future, in the event we declare dividends on our common shares, the depositary will pay you the cash dividends and other distributions it receives on our common shares, after deducting its fees and expenses, and subject to any tax withholding requirements and whether the depositary can convert the currency on a reasonable basis into U.S. dollars and transfer the U.S. dollars to the United States. • You may surrender your ADSs to the depositary for cancellation in exchange for common shares underlying your

	ADSs. The depositary will charge you fees for such cancellations. • Under certain circumstances, we may amend or terminate the deposit agreement for any reason without your consent, and if you continue to hold our ADSs, you agree to be bound by the deposit agreement as amended. You should carefully read the section in this prospectus entitled "Description of American Depositary Shares" to better understand the terms of the ADSs. You should also read the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.
ADSs outstanding immediately after the offering	ADSs.
Common shares outstanding immediately after this offering	common shares.
Option to purchase additional ADSs	We have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the initial public offering price, less underwriting discounts, solely to cover over-allotments of ADSs, if any.
Depositary	Citibank, N.A.
Timing and settlement for ADSs	The ADSs are expected to be delivered against payment on or around , 2008. The ADRs evidencing the ADSs purchased in this offering will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company, or DTC, in New York, New York. In general, beneficial interests in the ADSs will be shown on, and transfers of these beneficial interests will be effected only through, records maintained by DTC and its direct and indirect participants.
Use of proceeds	Our net proceeds from this offering are expected to be approximately $ million (assuming an initial public offering price of $ per ADS, the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus, and after deducting estimated underwriting discounts and estimated offering expenses payable by us). If the underwriters exercise their over-allotment option in full, we estimate that our net proceeds will be approximately $ million. We anticipate using a portion of these net proceeds to develop and expand our test preparation solutions business, for marketing costs related to enhancing our "ATA" brand, to license course content from IT vendors to expand our test-based, career-oriented course program offerings, to fund working capital, and for other general corporate purposes, including incremental costs associated with being a public company, and for acquisitions of complementary assets, technologies and businesses. See "Use of Proceeds."
Lock-up agreements	We and our executive officers, directors and shareholders have agreed, with exceptions, not to sell or transfer any of our

	common shares or ADSs for 180 days after the date of this prospectus. See “Shares Eligible for Future Sale” and “Underwriting.”
Risk factors	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our ADSs.
Listing	We have applied to have our ADSs listed on the Nasdaq Global Market. Our common shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system.
Nasdaq Global Market symbol	

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

You should read the following information with our consolidated financial statements and related notes, "Selected Consolidated Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our consolidated financial statements are prepared in accordance with U.S. GAAP.

The following summary consolidated statements of operations data for the fiscal years ended March 31, 2006 and 2007 (other than pro forma (loss) earnings per common share and ADS data), and the summary consolidated balance sheets data as of March 31, 2006 and 2007, are derived from our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with, and are qualified in their entirety by reference to, these consolidated financial statements and related notes.

The summary consolidated statements of operations data for the six months ended September 30, 2006 and 2007 and the summary consolidated balance sheets data as of September 30, 2007 are derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. We have prepared our unaudited condensed consolidated financial statements on the same basis as our audited consolidated financial statements. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. The unaudited results for the six months ended September 30, 2007 may not be indicative of our results for the full year ending March 31, 2008.

	For the Year Ended March 31,		For the Six Months Ended September 30,		
	2006	2007	2006	2007	2007
	RMB	RMB	RMB	RMB	$
	(In thousands, except for per share and per ADS data)				
Consolidated Statements of Operations Data:					
Total net revenues	69,037	84,881	32,368	76,248	10,176
Gross profit	35,049	43,779	13,618	43,471	5,802
(Loss) income from operations(1)	(1,091)	(19,596)	(13,559)	8,736	1,166
Interest expense	(22,713)	—	—	—	—
Net (loss)income(2)	(24,809)	(16,790)	(11,857)	8,530	1,138
Accretion of Series A redeemable convertible preferred shares to redemption value	(13,889)	—	—	—	—
Foreign currency exchange translation adjustment on Series A redeemable convertible preferred shares	3,269	—	—	—	—
Net (loss) income (applicable) available to common shareholders	(35,429)	(16,790)	(11,857)	8,530	1,138
Basic (loss) earnings per common share	(2.16)	(0.82)	(0.61)	0.39	0.05
Diluted (loss) earnings per common share	(2.16)	(0.82)	(0.61)	0.23	0.03
Pro forma basic (loss) earnings per common share(3)		(0.52)		0.25	0.03
Pro forma diluted (loss) earnings per common share(3)		(0.52)		0.23	0.03
Basic (loss) earnings per ADS	(2.16)	(0.82)	(0.61)	0.39	0.05
Diluted (loss) earnings per ADS	(2.16)	(0.82)	(0.61)	0.23	0.03
Pro forma basic (loss) earnings per ADS(3)		(0.52)		0.25	0.03
Pro forma diluted (loss) earnings per ADS (3)		(0.52)		0.23	0.03

(1) Includes non-cash share-based compensation expenses of RMB4.2 million, RMB2.5 million, RMB1.2 million and RMB1.1 million ($0.1 million) for the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2006 and 2007, respectively.

(2) Our PRC subsidiaries, ATA Testing and ATA Learning, enjoy tax holidays provided by local and national PRC tax authorities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Taxation." If our PRC

subsidiaries had not enjoyed these tax holidays, they would have had a preferential enterprise income tax rate of 15%. The following table shows the effects of the tax holidays for the periods indicated:

	For the Year Ended March 31,		For the Six Months Ended September 30,		
	2006	2007	2006	2007	2007
	RMB	RMB	RMB	RMB	$
	(In thousands, except for per share data)				
Effect on net (loss) income (applicable) available to common shareholders	(544)	155	183	231	31
Effect on basic (loss) earnings per common share	(0.033)	0.008	0.009	0.011	0.001
Effect on diluted (loss) earnings per common share	(0.033)	0.008	0.009	0.006	0.001

(3) Gives effect to the full conversion of preferred shares into 11,730,554 of our common shares, as if the conversion had taken place on April 1, 2006.

	As of March 31,		As of September 30,	
	2006	2007	2007	2007
	RMB	RMB	RMB	$
	(In thousands)			
Consolidated Balance Sheets Data:				
Cash	44,624	45,019	52,567	7,016
Total current assets	67,989	76,656	97,744	13,045
Total assets	88,384	108,165	131,034	17,488
Total current liabilities	53,937	45,620	59,257	7,909
Total liabilities	62,492	53,517	66,804	8,916
Accumulated deficit	(118,292)	(135,082)	(126,552)	(16,890)
Total shareholders' equity	25,892	54,648	64,230	8,572

	For the Year Ended March 31,		For the Six Months Ended September 30,	
	2006	2007	2006	2007
Other Key Operating Data:				
Testing services:				
Number of tests delivered(1)	2,583,712	3,335,701	2,004,640	2,065,249
Test-based educational services:				
Number of degree major course programs offered	36	74	74	74
Number of schools offering degree major course programs	117	137	128	135
Degree major student-months(2)	401,415	465,856	215,650	198,178
Number of single course programs offered	58	73	58	49
Number of schools offering single course programs	129	132	119	118
Single course student-months(3)	107,891	133,562	68,740	101,603
Test preparation solutions:				
Number of copies of NTET software sold	—	11,022	—	19,514

(1) Includes tests delivered through our test delivery platform and tests using our Dynamic Simulation Technology.

(2) Degree major student-months are calculated by (i) multiplying the number of students in each degree major by the number of months of that degree major course program in the relevant period and then (ii) aggregating the number of student-months for all of our degree major course programs during the period.

(3) Single course student-months are calculated by (i) multiplying the number of students in each single course program by the number of months of that single course program in the relevant period and then (ii) aggregating the number of student-months for all of our single course programs during the period.

RISK FACTORS

An investment in our ADSs involves significant risks. You should carefully consider all of the information in this prospectus, including the risk factors described below, before making an investment in our ADSs. The following risk factors describe events, uncertainties or circumstances that create or enhance risks to our business, financial condition and results of operations or otherwise to the value of your investment in our ADSs. Any of these risks could result in a decline in the market price of our ADSs, in which case you may lose all or part of your investment.

Risks Relating to Our Business

We have only recently achieved profitability, and we may not be able to maintain or increase profitability in the future.

Although we were profitable for the six months ended September 30, 2007, we have not yet been profitable for any full fiscal year up to and including the fiscal year ended March 31, 2007. It has taken us many years to develop a revenue base strong enough to realize profitability. Although we have experienced significant growth in our revenues in recent years, we may face difficulties maintaining or increasing profitability as we seek to continue to expand our client base, sell more of our products and services to our existing clients and develop new products and services. In addition, we expect our profitability for the fiscal year ending March 31, 2008 and future fiscal years to be negatively affected by a share-based compensation charge in relation to our issuance of options to certain employees in October 2007. We expect to incur compensation expenses of RMB18.5 million ($2.5 million) over the vesting schedule of the options. Twenty-five percent (25%) of the October 2007 options granted vested on January 1, 2008, while the remaining seventy-five (75%) vest ratably at the end of each month over the following 30-month period. Failure to maintain or increase our profitability could result in a decline in the market price of our ADSs, in which case you may lose all or part of your investment in our ADSs.

We have been growing rapidly and plan to expand our operations significantly over the next few years. If we fail to address risks or meet new challenges associated with this rapid expansion, we may not meet internal and external expectations of our future performance.

We are experiencing rapid growth in our operations and technology and services development, which has placed a significant strain on our management, administrative, operational and financial infrastructure. This rapid expansion may have caused us to overlook or fail to properly address latent problems. Rapid expansion also may have led to inefficiencies in our administrative systems or business operations that have not yet been discovered or addressed.

Furthermore, we anticipate expanding the scope of our operations significantly in the coming years. Our future success will depend in part upon the ability of our senior management to manage this growth effectively. In particular, our management may face the following challenges managing this growth:

- controlling our costs and expenses and maintaining or increasing our margins and profitability;
- retaining existing clients and expanding service offerings to those clients;
- acquiring and retaining new clients, especially for our test preparation business;
- retaining our key relationships with governmental agencies, obtaining any governmental approvals required for new service offerings and responding to changes in the regulatory and policy environment;
- attracting, training and retaining qualified personnel;
- improving our operating, administrative and financial systems and internal controls and maintaining close cooperation between members of management and heads of individual departments;

- increasing the awareness of our brand name and protecting our reputation;
- keeping up with evolving industry standards, technologies and market developments; or
- integrating any acquired business into our business operations and realizing the potential benefits of our acquisition.

We rely on a handful of relatively senior managers for much of our marketing and business development, which includes, among other things, site visits with prospective clients followed by the signing of non-binding memoranda of understanding or other preliminary arrangements. Since the number of our senior managers is still small, we may not have a sufficient number of marketing and business development professionals with the experience and talent to quickly and effectively follow up with such clients and convert these memoranda of understanding and preliminary arrangements into final agreements and revenue-generating relationships. If we fail to successfully address these and other challenges as we expand our operations, we may not meet internal and external expectations of our future performance, which could result in a decline in the market price of our ADSs, in which case you may lose all or part of your investment in our ADSs.

Our financial results are subject to fluctuations and seasonality related to the revenue cycles for our products and services, our relatively long and unpredictable sales cycle and other factors beyond our control, any of which may decrease our revenues in a particular period. As a result, it is difficult for us to predict our results of operations and you should not rely on our historical operating results as an indication of our future financial performance.

Our results of operations have varied in the past from period to period, and are likely to vary in the future, due to the fact that our main sources of revenues, licensing fees from test sponsors and licensing fees from educational institutions, are seasonal. We have experienced seasonality and expect in the future to continue to experience seasonality in net revenues and accounts receivable related to our test delivery services, with the quarter ending December 31 typically having the highest net revenues from testing services and the quarter ending March 31 typically having the lowest net revenues from testing services. Under our contracts with test sponsors, we typically have the right to receive payment approximately one month after a test is delivered, and our clients typically pay us within three to six months of delivery. We therefore may experience substantial increases in our accounts receivable balance at the end of the quarter ending December 31 of each year. Also, revenues from our degree major and single course programs may experience seasonal declines during the quarter ending September 30 of each fiscal year, which includes the summer holiday months of July and August, since we do not recognize revenues in July and August for the last year of each degree major course program and for most single course programs. We also expect some seasonality in our accounts receivable related to degree major programs, because we collect from our clients typically around the months of October to November, and a large portion of our clients settle payment with us two to three months after that time.

In addition, our sales cycles are generally long and unpredictable. A client's decision to purchase our products and services often involves a lengthy evaluation process. Throughout the sales cycle, we often spend considerable time educating and providing information to prospective clients regarding the use and benefits of our products and services. Moreover, budget constraints and the need for multiple approvals within large enterprises, governmental agencies and educational institutions may also delay purchasing decisions. The inability to obtain the required approval for a course taught using one of our course programs or for procurement of our other products or services may not be known until the negotiation process has progressed for many months. As a result, the sales cycle for our computer-based testing services and career-oriented educational services may last a year or longer. Such a lengthy sales cycle, and any future increases in our sales cycle, could lead to higher sales and marketing expenses and adversely affect our cash flow from operations. In addition, the lengthy sales cycle has made, and may continue to make, our financial results prone to fluctuations or decrease our revenues in a particular period.

If our revenues for a particular quarter are lower than we expect, we may be unable to reduce our operating expenses for that quarter by a corresponding amount, which could negatively affect our operating

results for that quarter. As a result, you should not rely on our quarter-to-quarter comparisons of our operating results as indicators of likely future performance. Our operating results may be below the expectations of public market analysts and investors in one or more future quarters. If that occurs, the market price of our ADSs could decline and you could lose part or all of your investment. Fluctuations of our quarterly financial results may also lead to increased volatility in the market price of our ADSs.

The Chinese market for computer-based testing services and career-oriented educational services is still emerging and evolving rapidly. If market acceptance of our products and services declines or fails to grow, our revenue growth may slow or we may experience a decrease in revenues.

As the Chinese market for computer-based testing services and career-oriented educational services is still emerging, our success will depend to a large extent on our ability to convince our clients that our technologies and services are valuable and that it is more cost-effective for them to utilize our services than for them to develop similar services in-house. We must address the following concerns with our clients as they decide to implement computer-based testing and career-oriented educational services and to use our technologies and services:

- concern over the commitment of time, personnel and funding necessary to implement our computer-based testing services and career-oriented educational services;
- ability of clients to develop their own computer-based testing services or career-oriented educational services;
- possible perceived security and academic integrity risks associated with computer-based testing services and third-party curriculum providers;
- reluctance of the academic community to adopt computer-based learning materials and computer-based tests; and
- reluctance of educational institutions to depend on third-party providers of curricula and academic certifications.

A decline in the demand for computer-based testing and education services by test sponsors or educational institutions would negatively affect demand for our computer-based testing services and technologies, as well as our degree major and course programs, which incorporate computer-based tests. Even if test sponsors and educational institutions continue to show demand for computer-based testing services and career-oriented educational services, this demand may not grow as quickly as we anticipate.

If demand for computer-based testing services or career-oriented educational services does not grow to the extent we anticipate, our revenue growth may slow or we may experience a decrease in revenues.

If we are not successful in achieving market acceptance for our test preparation solutions, our revenues may grow more slowly or decline.

In order to increase our revenue sources, we have allocated, and intend to continue to allocate, time, effort and capital to expand our test preparation solutions offerings. For example, our NTET Tutorial Platform accounted for 11.7% and 26.3% of our net revenues in the fiscal year ended March 31, 2007 and the six months ended September 30, 2007, respectively, and we expect revenues from this and our other test preparation solutions to grow further. However, the market for these offerings is still relatively new for us and we cannot assure you that we will succeed in adapting to client needs in this market or effectively deal with risks associated with this expansion. It may be difficult for us to accurately predict demand for our test preparation solutions, the potential size of the market or the sustainability of fees for our test preparation solutions. Furthermore, as this market develops, the Chinese government may enact unforeseen regulations and policies that could limit our ability to provide or expand our test preparation solutions,

such as prohibitions on foreign-invested entities engaging in test preparation services. Additional risks which we face expanding in this market include the following:

- we may underestimate the amount of capital, personnel and other resources required to carry out our expansion plans, which may affect the success of our expansion and/or negatively impact the quality of our other product and service offerings;
- if we are unsuccessful in this market, it may negatively affect our reputation and the status of our brand in our other markets;
- we face additional regulatory risks in relation to the ATA Online's online test preparation business due to restrictions imposed by the Chinese government on Internet content services. See "— Risks Relating to Regulation of Our Business — Substantial uncertainties and restrictions exist with respect to the application and implementation of Chinese laws and regulations relating to Internet content distribution. If the Chinese government finds that the structure for our online test preparation services and other services we provide through the Internet do not comply with Chinese laws and regulations, we could be subject to penalties and may not be able to continue those businesses;" and
- we may fail to develop sufficient payment collection, technical support and other administrative capabilities necessary to successfully develop and manage our test preparation solutions on an increasingly large scale.

The success of our test preparation solutions also depends on our ability to gain and maintain licenses from test sponsors for learning materials. Obtaining and maintaining these licenses from test sponsors for which we also provide testing content creation or delivery services will require us to convince them that our test preparation solutions will not compromise the integrity of the tests that we deliver for them.

A failure to achieve market acceptance for our test preparation solutions may have an adverse impact on our revenues and results of operations.

Breaches or perceived breaches of our security measures relating to test collection, scoring and storage or unauthorized disclosure or misuse of personal data through breach of our computer systems or otherwise could cause us to receive negative publicity, and lose clients and expose us to protracted and costly litigation.

As part of our service offerings, we collect, process, transmit and store highly confidential information, including personal information and test questions, answers and scores. Maintaining the security and confidentiality of the information we handle as part of our testing services is essential to protecting the integrity and accuracy of the test taking process and retaining our client base. Any breach or perceived breach in our security measures pertaining to the collection, processing, transmission or storage of such information as a result of third-party action, employee error, malfeasance or otherwise could result in liability claims and have a negative impact on our reputation. Additionally, we could be subject to liability claims or regulatory penalties for misuses of information collected from clients or students or for the unauthorized disclosure or unauthorized or inappropriate use of such information. Any such negative publicity or liability claims could have a significant negative impact on our future business, cause us to lose clients and expose us to costly litigation.

Any failure by us to obtain new business from our existing clients or maintain our relationships with key Chinese governmental agencies may decrease our market share and revenues.

The success of our business going forward will rely in large part on our ability to continue to obtain business from our existing clients and maintain our relationships with key Chinese governmental agencies. For the fiscal year ended March 31, 2007 and the six months ended September 30, 2007, 46.9% and 20.6%, respectively, of our total net revenues were generated from licensing and service fees from Chinese governmental agencies and educational institutions controlled by the PRC government. Our

contracts for computer-based testing services generally allow for termination without cause on three months to one year's written notice. Furthermore, educational institutions offering our career-oriented educational programs are under no contractual obligation to enroll students in our programs. We must therefore market our technologies and services to new and existing clients not only to expand our operations, but also to maintain our existing client base and revenues.

The willingness of Chinese test sponsors and educational institutions to use our technologies and services is to some extent a result of our longstanding relationships with the PRC Ministries of Labor and Education, which significantly enhance our name brand and reputation among our client base. At the same time, maintaining a strong relationship with the Ministry of Education is important for marketing our career-oriented educational services, as each program requires approval by the Ministry of Education before it may be introduced into schools in China. If our relationships with these two ministries or their local branches were to deteriorate, it could significantly reduce our revenues and harm our brand and reputation.

A limited number of our clients have accounted and are expected to continue to account for a high percentage of our revenues. The loss of or significant reduction in orders from any of these clients could significantly reduce our revenues and have a material adverse effect on our results of operations.

Our largest client in the six months ended September 30, 2007, the China Banking Association, accounted for 19.5% of our net revenues for that period. In addition, Chengdu Shiguang Co. Ltd., a distributor of our test preparation solutions software products, accounted for 10.8% of our net revenues for the six months ended September 30, 2007, while the PRC Ministry of Labor accounted for 12.3% and 8.5% of our net revenues for the fiscal year ended March 31, 2007 and the six months ended September 30, 2007, respectively. Our top five clients for the six months ended September 30, 2007, which included the China Banking Association, the PRC Ministry of Labor and three distributors of our test preparation solutions software products, accounted for 52.8% of our net revenues for the six months ended September 30, 2007. Due to our dependence on a limited number of clients, any one of the following events, among others, could cause material fluctuations or declines in our revenues and have a material adverse effect on our results of operations:

- a reduction, delay or cancellation of contracts or product or service orders from one or more of our significant clients;
- a decision by one or more of our significant clients to award contracts or orders to one of our competitors; and
- a decision by one or more of our major clients to significantly reduce the price they are willing to pay for our services or products.

Any of these events could occur due to causes outside of our control, such as macro-economic conditions, changes in a client's management or the personnel with whom we interact, changes in technology, the actions of our competitors, changes in governmental regulations and policies and changes in a client's budgeting or financial prospects.

A significant portion of our revenues are dependent on market acceptance of our E-testing platform and other computer-based testing technologies, and if we are unable to anticipate and meet our client's technological needs and challenges from new technologies and industry standards, our products and services may lose market acceptance or become obsolete, and our margins and results of operations may be adversely affected.

Our advanced technologies for the creation and delivery of computer-based tests, including our E-testing platform and our performance-based testing technologies, are a key factor in growing and maintaining our relationships with test sponsors, educational institution clients and educational program content providers. Our future success depends on our ability to upgrade our systems, develop new technologies and anticipate and meet the technical needs of our clients on a regular basis. The emergence

in the market of new test creation and delivery technologies or substitute products and services could reduce the competitiveness or result in the obsolescence of our current technologies and services. Moreover, if other companies develop similar technologies offering functionality comparable to that of our technologies, pricing pressure may increase and our margins and results of operations may be adversely affected. Additionally, industry standards such as standard interfaces and data exchange protocols may be developed for testing technologies, and if these industry standards are incompatible with our technologies, demand for our technologies, products and services may decline significantly. To the extent we are unable to maintain our market leadership position in key testing technologies or anticipate and respond to technological developments and changes in industry standards in a timely and cost-effective manner, our products and services may lose market acceptance or become obsolete.

We derive a substantial portion of our revenues from course programs using materials licensed from Microsoft China and Adobe, and the loss of the right to use these course materials could materially harm our revenues and results of operations.

A substantial portion of our single course programs and the individual courses that comprise our degree major course programs use course materials licensed from IT vendors including Microsoft China and Adobe. Moreover, our degree major and single course programs are attractive to our educational institution clients and their students largely because they offer students the opportunity to obtain a professional certification, such as a Microsoft Certified Professional or Delphi certification, at the same time that they earn academic credit from their school. We expect our revenues from these sources to grow and to continue to account for a large portion of our revenues. Our contracts for providing course programs and delivering certification exams in China for Microsoft China and Adobe generally have a term of one or two years and are automatically renewable for an additional one or two years. However, our Microsoft China contract is terminable at will without cause by either party with 90 days prior written notice, while our Adobe contract is terminable upon breach or mutual agreement of the parties. We cannot assure you that these IT vendors will renew or will not terminate these contracts and licenses, as they may decide in the future to work with other testing service providers, provide the testing services themselves or license course materials to another course program developer or to the schools directly. If we were to lose the right to offer certification tests or course programs for these IT vendors, our revenues and results of operations could be materially harmed.

We do not have any control over the business activities of the independent distributors of our NTET Tutorial Platform software after our sale of the software to them, and actions by them could harm our reputation and negatively impact the image of and demand for our NTET Tutorial Platform software and other test preparation solutions.

We offer our NTET Tutorial Platform software through independent distributors. We sell all title and distribution rights to the distributors upon delivery. We do not provide upgrades or any additional post-contract services, which are the responsibility of the distributors who sell our NTET Tutorial Platform. We do not have any control over the business activities of the independent distributors after our sale of the software to them. If one or more of our distributors engages in activities that violate applicable laws and regulations or that are otherwise harmful to our business or our reputation in the market, it could expose us to negative publicity and damage our brand image. Moreover, if our distributors fail to provide adequate, satisfactory and effective after-sales support, our brand image may suffer, and our business and results of operations could be materially adversely affected.

If Microsoft exercises its contractual option to acquire the source code of our Dynamic Simulation Technology, or DST, Microsoft or a company to which Microsoft licenses or sells such technology may be able to more effectively compete with us.

Under our Simulation Technology License Agreement with Microsoft, Microsoft has the right to acquire for $3.0 million a perpetual royalty-free license to the source code of our DST, along with the right to freely sell, license or sublicense the DST source code to third parties. The contract does not

restrict which entities to which Microsoft may sell, license or sublicense the DST source code. While Microsoft's exercise of this option would generate $3.0 million in revenue to us upon exercise, it may materially adversely affect our future revenues if Microsoft or any company to which Microsoft sells or licenses the technology uses it to directly compete with us.

In addition, Microsoft has the right to obtain more limited rights to the source code in the event ATA is in continuing breach of any of its obligations regarding technical support and correction of programming errors. Upon the occurrence of a continuing breach, Microsoft would obtain the right to freely install, make, use, reproduce, copy, modify, translate, edit and otherwise create derivative works of the DST source code and to sublicense any of the foregoing rights to third parties, excluding certain of our competitors in the computer-based testing services market.

Technical errors or failures in relation to computer-based tests delivered through our test delivery platform could result in negative publicity, loss of clients, liability claims and costly and disruptive litigation.

Due to the complexity of the technologies we have developed and use to create and deliver computer-based tests for our clients, there is a risk that technical errors or failures may occur in relation to these services. These may include errors, failures or bugs in our self-developed software applications and test security technologies, breakdowns or failures of our servers and computer networks, and connectivity failures between our networks. While we have not to date experienced major problems due to errors, breakdowns, failures, bugs or defects, we cannot assure you that we will not experience such problems in the future. If such a problem were to occur, it could disrupt or compromise the integrity of the test taking process or of test content and results, which could lead to negative publicity and loss of clients and may subject us to liability claims. Although we have established a formal crisis management system to respond to technical problems, it has never been tested in a real crisis situation. Any litigation or negative publicity resulting from an error or failure, with or without merit, could result in substantial costs and divert management's attention and resources from our business and operations.

Reductions in public funding available to our clients that are governmental agencies could adversely impact demand by these agencies and institutions for our products and services.

We derived 46.9% and 20.6% of our total net revenues for the fiscal year ended March 31, 2007 and the six months ended September 30, 2007, respectively, from licensing and services fees from Chinese governmental agencies and educational institutions controlled by the Chinese government. Demand and ability to pay for our products and services by these agencies and institutions are affected by government budgetary cycles, funding availability and government policies. Funding reductions, reallocations or delays could adversely impact demand for our products and services by our clients or reduce the fees these clients are willing to pay for our products and services.

If we fail to maintain a strong brand identity, our business may not grow and our financial results may be adversely impacted.

We believe that maintaining and enhancing the value of the "ATA" brand is important to attracting clients. Our success in maintaining brand awareness will depend on our ability to consistently provide high quality, value-adding, user-friendly and secure products and services. As we develop our test preparation solutions, we plan to accelerate our efforts to establish a wider recognition of the "ATA" brand to attract students from all over China and around the world to our test preparation solutions. To establish a wider recognition of our "ATA" brand among students and test takers, we may need to spend significant resources on advertising and distribution channels. As we have limited experience with advertising and other activities required to establish a widely recognized brand, we cannot assure you that we will effectively allocate our resources for these activities or succeed in maintaining and broadening our brand recognition and appeal. If we fail to maintain a strong brand identity, our business may not grow and our financial results may be adversely impacted.

Actions by our authorized test centers could lead to damage to our brand and reputation, which could cause us to incur substantial costs and strain our relationships with our clients.

As of September 30, 2007, we had contractual relationships with 1,810 authorized test centers. We do not own these centers and their employees are not our employees. Under our contracts with these test centers, we require them to provide sufficient facilities to properly administer computer-based tests and to follow prescribed guidelines for facility maintenance and test administration. We also conduct regular reviews of their facilities and operations and provide consulting services on test administration. However, our contractual arrangements with the test centers provide us with only limited ability to oversee their activities, and most test centers engage in other activities, such as serving as classrooms, when not administering tests. If a test center were to engage in unauthorized or unlawful conduct, whether related to administering computer-based tests or otherwise, our clients, prospective clients and the general public may associate this conduct with our brand, and negative publicity associated with this conduct could harm our reputation and lessen overall demand for computer-based testing services. Furthermore, our business may also be adversely affected if our authorized test centers do not maintain their premises, administer our computer-based tests in a manner consistent with our standards and requirements, or hire qualified personnel and train them properly. In addition, a liability claim against an ATA authorized test center or any center personnel may result in unfavorable publicity for us, our products and services and our other test centers, and could damage our brand and reputation, whether or not the claim is successful. While we may terminate our contracts and relationships with our authorized test centers if any of these events were to occur, we may not be able to identify problems or take action quickly enough to prevent harm to our reputation.

We may face increasing competition from international and Chinese competitors, and may face increasing competition from domestic rivals. If we fail to successfully compete, our revenues and market share may decrease, and our results of operations may be adversely affected.

We face a number of international competitors in the Chinese and international markets for computer-based testing services, career-oriented educational services and test preparation solutions. Some of these competitors have longer operating histories, better recognized brands, larger technical staffs, stronger relationships with our existing IT industry clients and/or greater financial, technical and marketing resources than we possess. There are also a number of smaller Chinese firms that compete with us in our markets. In addition, because the markets for the services we offer are relatively new and growing rapidly, we anticipate that new entrants, both domestic and international, will try to gain market share from us, some of which may have closer relationships with Chinese educational institutions or IT vendors. These new entrants may include our current clients, such as Chinese governmental agencies and educational institutions, as well as IT vendors that provide us with course material content. In the future, competitors may introduce new technologies, products and services that have better performance, offer lower prices and gain broader acceptance than our technologies, products and services. Such new products may reduce the overall market for our products and services.

In the computer-based testing services market, Prometric and Pearson VUE are our main competitors. We compete with these and other computer-based testing services providers primarily on the basis of technology, price, management experience and established infrastructure. In the future, as more companies enter this market, we believe pricing may become increasingly competitive as well. In relation to our career-oriented educational services, we face competition from international companies, such as Aptech Limited and NIIT Limited. Aptech Limited operates in China primarily through its joint venture with BeiDa Jade Bird. Although these two companies offer IT-related courses to post-secondary educational institutions in China, based on our market experience and client communications we believe they do not directly compete with our products and services. For example, these two companies design their own course content and exams and provide passing students with their own proprietary certifications, rather than offering course content and certifications designed by well-known IT vendors, as we do. Traditional Chinese test preparation material providers, such as publishing companies, indirectly compete with our test preparation solutions. Increased competition could cause us to lose clients or make it

necessary for us to reduce our prices in order to retain our clients, which may negatively affect our revenues and results of operations.

We depend on our key personnel and our business may be severely disrupted if we lose their services and are unable to replace them.

Our future success is dependent upon the continued services of our key executives, as we rely on their industry experience and expertise in our business operations. In particular, we rely heavily on our co-founders Kevin Xiaofeng Ma, our chairman and chief executive officer, and Walter Lin Wang, our president, for their business vision, management skills, technical expertise, experience in the testing, IT and education industries and working relationships with many of our clients, shareholders and other participants in the testing, IT and education industries. If either Mr. Ma or Mr. Wang were unable or unwilling to continue in their present positions, or if they joined a competitor or formed a competing company in violation of their employment agreements, we may not be able to replace them easily and our business may be severely disrupted. We do not maintain key-man life insurance for Mr. Ma or Mr. Wang or for any of our other employees.

Because competition for highly skilled employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our planned growth.

Due to intense market competition for highly skilled workers, we have faced difficulties locating experienced and skilled personnel in certain areas, such as administration, marketing, product development, sales, finance and accounting. In particular, we have had difficulty finding personnel with experience in the relatively new computer-based testing services market. We cannot assure you that we will be able to attract or retain the key personnel that we will need to achieve our business objectives. Even if we can find qualified candidates, they may be subject to non-competition agreements with their prior employers that prevent us from hiring them. In addition, we cannot assure you that we will be able to retain our current skilled personnel. According to our contracts with our employees, all of our employees are prohibited from engaging in any activities that compete with our business during the period of their employment and for two years after termination of their employment with us. Furthermore, all employees are prohibited, for a period of two years following termination, from soliciting other employees to leave us and, for a period of five years following termination, from soliciting our existing clients. However, we may have difficulty enforcing these non-competition and non-solicitation provisions in China because the Chinese legal system, especially with respect to the enforcement of such provisions, is still developing.

Many of our contracts with governmental agencies and public educational institutions take the form of framework agreements and offer little contractual or legal protections, and it may be impractical for us to pursue or obtain legal remedies against these clients.

Many governmental agencies and other public sector entities in China require the use of simple framework agreements for the procurement of products and services from us that lack many of the detailed aspects of our business arrangement. For example, the terms of service may lack the clarity we would normally have in our contracts with commercial enterprises, or contract terms to protect our intellectual property may not be as clear and detailed as we would normally have in our contracts with commercial enterprises. Moreover, it may not be feasible or practicable under current Chinese law and practice for us to take legal action against our government and public sector clients to enforce our contractual rights. As a result, we may lack the same contractual or legal protections, or ability to enforce such protections, that we would normally have under the contracts we typically enter into with our other clients.

Unauthorized use of our intellectual property by third parties, including infringement of our "ATA" brand, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business.

Our copyrights, trademarks, trade secrets and other intellectual property are important to our success. In particular, we believe that our "ATA" brand name represents a valuable asset as we have sought to gain a reputation for high quality and secure testing services and advanced testing technologies within our markets. Unauthorized use of any of our intellectual property may adversely affect our business and reputation. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, clients, business partners and others to protect our intellectual property rights. Nevertheless, it may be possible for third parties to obtain and use our intellectual property without authorization. The unauthorized use of intellectual property is common and widespread in China and enforcement of intellectual property rights by Chinese regulatory agencies is inconsistent. Moreover, litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our management's attention and resources, and could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations. Given the relative unpredictability of China's legal system and potential difficulties enforcing a court judgment in China, there is no guarantee that we would be able to halt the unauthorized use of our intellectual property through litigation.

We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely against us, may materially disrupt our business.

We cannot assure you that our software and other technologies do not or will not infringe upon patents, valid copyrights or other intellectual property rights held by third parties. We may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives. In addition, we may incur substantial expenses, and may be forced to divert management and other resources from our business operations, to defend against these third-party infringement claims, regardless of their merit. Successful infringement or licensing claims against us may result in substantial monetary liabilities or may materially disrupt the conduct of our business by restricting or prohibiting our use of the intellectual property in question.

We may be subject to liability claims for any inaccurate or inappropriate content in our course programs, which could cause us to incur legal costs and damage our reputation.

For some IT vendors we license the content for our course programs from the IT vendor, while for others we develop the content ourselves in cooperation with IT vendors and other subject-matter experts. We generally do not require that these content development partners indemnify or otherwise compensate us for inaccurate or inappropriate materials included in the course programs. Furthermore, our agreements for delivery of our course programs do not exclude or limit our liability for inaccurate or inappropriate course content. Therefore, we may face civil, administrative or criminal liability if an individual or corporate, governmental or other entity believes that the content of any of our course programs violates any laws, regulations or governmental policies or infringes upon its legal rights. Even if such a claim were not successful, defending such a claim may cause us to incur substantial costs. Moreover, any accusation of inaccurate or inappropriate conduct could lead to significant negative publicity, which could harm our reputation and future business prospects.

Because there is limited business insurance coverage in China, any business disruption or litigation we experience might result in our incurring substantial costs and diverting significant resources to handle such disruption or litigation.

The insurance industry in China is not fully developed. Insurance companies in China offer limited business insurance products. While business disruption insurance may be available to a limited

extent in China, we have determined that the risks of disruption and the difficulties and costs associated with acquiring such insurance render it commercially impractical for us to have such insurance. As a result, we do not have any business liability, disruption or litigation insurance coverage for our operations in China. Any business disruption or litigation might result in our incurring substantial costs and the diversion of resources.

We may face difficulties implementing our acquisition strategy, including identifying suitable opportunities and integrating acquired businesses and assets with our existing operations, which could interrupt our business operations or adversely affect our results of operations.

As part of our business strategy, we may seek to broaden our service offerings, obtain additional clients and strengthen our service quality by acquiring other companies or businesses. However, our ability to implement our acquisition strategy will depend on a number of factors, including the availability of suitable acquisition candidates at an acceptable cost or at all, our ability to compete effectively to attract and reach agreement with acquisition candidates or joint venture partners on commercially reasonable terms, and the availability of financing to complete acquisitions or joint ventures as well as our ability to obtain any required government approvals or licenses. In addition, we cannot assure you that any particular acquisition or joint venture transaction will produce the intended benefits or synergies. For example, we may not be successful in integrating acquisitions with our existing operations and personnel. Moreover, the acquisitions we pursue may require us to expend significant management and other resources, which may result in interruption to our business operations.

There are other risks associated with acquisitions, including:

- unforeseen or hidden liabilities, including exposure to legal proceedings, associated with newly acquired companies;
- failure to generate sufficient revenues to offset the costs and expenses of acquisitions;
- integration of the management of the acquired business into our own;
- potential impairment losses or amortization expenses relating to goodwill and intangible assets arising from any of such acquisitions, which may materially reduce our net income or result in a net loss;
- potential conflicts with our existing employees as a result of our integration of newly acquired companies; and
- possible contravention of Chinese regulations applicable to such acquisitions.

Furthermore, raising capital to finance acquisitions could cause earnings or ownership dilution to your shareholding interests, which in turn could result in losses to you. Any one or a combination of the above risks could interrupt our business operations and adversely affect our results of operations.

We may need additional capital and any failure by us to raise additional capital on terms favorable to us, or at all, could limit our ability to grow our business and develop or enhance our product and service offerings to respond to market demand or competitive challenges.

Capital requirements are difficult to plan in our rapidly changing industry. Currently, we expect that we will need capital to fund:

- developing and expanding our test preparation solutions business;
- marketing costs related to enhancing our “ATA” brand;
- licensing course content from IT vendors in order to expand our degree major and single course program offerings; and
- incremental costs associated with being a public company.

We believe that our current cash, expected future cash flows from operations, particularly from testing services and test preparation solutions, will be sufficient to meet our anticipated working capital and capital expenditures for the next 12 months and the foreseeable future beyond that point. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our sources of liquidity are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financing covenants that would restrict our operations. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of computer-based testing and education companies;
- conditions of the U.S. and other capital markets in which we may seek to raise funds;
- our future results of operations and financial condition;
- Chinese government regulation of foreign investment in China;
- economic, political and other conditions in China; and
- Chinese government policies relating to the borrowing and remittance outside China of foreign currency.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to grow our business and develop or enhance our product and service offerings to respond to market demand or competitive challenges.

Our independent registered public accounting firm, in the course of auditing our consolidated financial statements, noted material weaknesses in our internal control over financial reporting. If we fail to establish an effective system of internal control over financial reporting, we may not be able to accurately and timely report our financial results or detect or prevent fraud. In addition, investor confidence in us and the market price of our ADSs may be adversely impacted if we find that, or our independent registered public accounting firm reports that, our internal control over financial reporting is ineffective in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

We will be subject to reporting obligations under the U.S. securities laws. The Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must report on our internal control over financial reporting. These requirements will first apply to our annual report on Form 20-F for the fiscal year ending on March 31, 2009. Our management may conclude that our internal control over our financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may report that our internal control over financial reporting is not effective.

Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future. Prior to this offering, we have been a private company with limited accounting and other resources with which to adequately address our internal controls and procedures. In connection with the audit of our prior consolidated financial statements (not included in this prospectus), our independent registered public accounting firm informed us that we lacked sufficient personnel with the appropriate level of accounting knowledge, experience and training in the application of U.S. GAAP, which deficiency amounted to a "material weakness" as defined

under the standards established by the Public Company Accounting Oversight Board. In response to this material weakness and other internal control deficiencies previously reported to us by our independent registered public accounting firm we undertook certain remedial steps to improve our internal controls. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Internal Controls Over Financial Reporting."

Despite these efforts, in connection with the audit of our consolidated financial statements for the years ended March 31, 2006 and 2007, our independent registered public accounting firm reported to us that we had two material weaknesses in our internal controls over financial reporting. One of the material weaknesses communicated to us was our inability to provide objectively verifiable evidence to apply cash collections against our accounts receivable balance following the implementation of a new operational system in December 2006. These cash collections were initially incorrectly recorded as deferred revenue, resulting in an audit adjustment to remove the overstatement of both accounts receivable and deferred revenue by RMB6.4 million as of March 31, 2007. The second material weakness communicated to us was our continuing lack of sufficient personnel with an appropriate level of accounting knowledge, experience and training in the application of U.S. GAAP. As a result of this material weakness, the following audit adjustments to our consolidated financial statements for the years ended March 31, 2006 and 2007 were required by our independent registered public accounting firm to be recorded by us: (1) adjustments to recognize additional revenue of RMB14.3 million and RMB2.2 million for the years ended March 31, 2006 and 2007, respectively, due to our initial inappropriate application of our revenue recognition policy; (2) an adjustment to charge to expense RMB9.2 million for the year ended March 31, 2007 due to the initial incorrect deferral of certain costs relating to our planned initial public offering that do not qualify for deferral; (3) adjustments to charge to expense RMB4.1 million and RMB2.5 million for the years ended March 31, 2006 and 2007, respectively, due to the initial improper recognition of share-based compensation; (4) adjustments to increase the income tax benefit by RMB0.5 million and RMB1.8 million for the years ended March 31, 2006 and 2007, respectively, due to the improper amount of valuation allowance initially recorded on deferred income tax assets; (5) an adjustment of RMB13.9 million to increase the net loss applicable to common shareholders for the year ended March 31, 2006 due to an error in the initial recording of the accretion of redeemable convertible preferred shares to redemption value; and (6) an adjustment to increase net loss for the year ended March 31, 2006 by RMB22.4 million due to an error in the initial recording of the extension of common share warrant. Certain of these errors also impacted, and required us to make adjustments to, our consolidated financial statements for periods prior to our fiscal year ended March 31, 2006.

Our independent registered public accounting firm also communicated to us other deficiencies in our internal control over financial reporting that required improvement. These deficiencies included (1) insufficient training of our newly adopted accounting system, resulting in various accounting errors; (2) lack of physical control over inventory items resulting from non-sequential numbering of goods delivery and receipt; (3) lack of performance review for obsolete inventory information; (4) insufficient management review and authorization of employee bonuses; (5) lack of accountability of recorded transactions resulting from insufficient documentation for client acceptance of goods and services received; (6) lack of sufficient reconciliation of bank account information; (7) lack of management review and authorization of classification and recording of certain expenses; (8) insufficient performance review for information on collectibility of accounts receivable; and (9) insufficient management review and authorization of applicability of value-added tax and business tax.

If we fail to timely establish and maintain internal controls, we may not be able to conclude that we have effective internal control over financial reporting. Moreover, effective internal control over financial reporting are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, our failure to achieve and maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price of our ADSs.

Compliance with rules and requirements applicable to public companies may cause us to incur increased costs, and any failure by us to comply with such rules and requirements could negatively affect investor confidence in us and cause the market price of our ADSs to decline.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and Nasdaq, have required changes in corporate governance practices of public companies. We expect these rules and regulations to increase our legal, accounting and financial compliance costs and to make certain corporate activities more time-consuming and costly. Complying with these rules and requirements may be especially difficult and costly for us because we may have difficulty locating sufficient personnel in China with experience and expertise relating to U.S. GAAP and U.S. public-company reporting requirements, and such personnel may command high salaries relative to what similarly experienced personnel would command in the United States. If we cannot employ sufficient personnel to ensure compliance with these rules and regulations, we may need to rely more on outside legal, accounting and financial experts, which may be very costly. In addition, we will incur additional costs associated with our public company reporting requirements. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

We may become a passive foreign investment company, or PFIC, which could result in adverse U.S. tax consequences to U.S. investors.

Depending upon the value of our shares and ADSs and the nature of our assets and income over time, we could be classified as a PFIC by the United States Internal Revenue Service, or IRS, for U.S. federal income tax purposes. Based on assumptions as to our projections of the value of our outstanding shares during the taxable year, which runs from January to December, and our use of the proceeds of the initial public offering of our ADSs or shares and of the other cash that we will hold and generate in the ordinary course of our business throughout taxable year 2007, we do not expect to be a PFIC for the taxable year 2007. However, we cannot assure you that we will not be a PFIC for the taxable year 2007 and/or later taxable years, as PFIC status is tested each year and depends on our assets and income in such year. Our PFIC status for the current taxable year 2007 will not be determinable until the close of the taxable year ending December 31, 2007.

We will be classified as a PFIC in any taxable year if either: (1) the average percentage value of our gross assets during the taxable year that produce passive income or are held for the production of passive income is at least 50% of the value of our total gross assets or (2) 7% or more of our gross income for the taxable year is passive income. In particular, in determining the average percentage value of our gross assets, the aggregate value of our assets will generally be deemed to be equal to our market capitalization (determined by the sum of the aggregate value of our outstanding equity) plus our liabilities. Additionally, our goodwill (determined by the sum of our market capitalization plus liabilities, less the value of known assets) should be treated as a non-passive asset. Therefore, a drop in the market price of our ADSs and associated decrease in the value of our goodwill would cause a reduction in the value of our non-passive assets for purposes of the asset test. Accordingly, we would likely become a PFIC if our market capitalization were to decrease significantly while we hold substantial cash or cash equivalents.

If we were classified as a PFIC in any taxable year in which you hold our ADSs or shares and you are a U.S. holder, you would generally be taxed at higher ordinary income rates, rather than lower capital gain rates, if you dispose of ADSs or shares for a gain in a later year, even if we are not a PFIC in that year. In addition, a portion of the tax imposed on your gain would be increased by an interest charge. Moreover, if we were classified as a PFIC in any taxable year, you would not be able to benefit from any preferential tax rate with respect to any dividend distribution that you may receive from us in that year or in the following year. Finally, you would also be subject to special U.S. tax reporting requirements. For more information on the United States federal income tax consequences to you that would result from our classification as a PFIC, please see “Taxation — United States Federal Income Taxation — U.S. Holders — Status as a PFIC.”

Risks Relating to Regulation of Our Business

Changes to Chinese government regulation of, or policies relating to, tuition fees may have a material and adverse effect on our business and results of operations.

During the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2007, 50.9%, 50.4% and 27.4%, respectively, of our total net revenues came from license fees charged to vocational schools and other educational institutions in China for our career-oriented test-based educational services. We receive license fees for our educational services on a per-student basis. If the tuition fees chargeable by our educational institution clients were to decline, we may have difficulty maintaining or raising the per-student fees we charge for our educational services. As tuition fees are heavily regulated in China, any change in policy lowering or eliminating tuition fees chargeable by vocational schools or other educational institutions may have a negative impact on our pricing power and revenues generated from the license of our educational services. The Chinese government has tightened controls on tuition and other fees collected by certain types of educational institutions in China. While this has not had a noticeable impact on tuition fees chargeable for courses taught using our educational services, in the future there may be changes to Chinese policies and regulations regarding tuition fees that will have a negative impact on our business and results of operations.

Changes to preferential policies adopted by the Chinese government related to vocational education may negatively affect our business and results of operations.

The Chinese government has adopted preferential policies for the development of vocational schools in China, including "The Decision to Enhance the Promotion of the Reform and Development of Vocational Education" and "The Decision to Enhance the Development of Vocational Education" published by the State Council in September 2002 and October 2005, respectively. These decisions require all levels of government in China to intensify their support for vocational education and to gradually increase the financial resources that local and provincial governments allocate to vocational education. We believe that these governmental policies have encouraged clients to purchase our services and increased the funding available for purchasing our course programs. If these preferential policies were to be reduced or eliminated, it may negatively affect our business and results of operations.

Substantial uncertainties and restrictions exist with respect to the application and implementation of Chinese laws and regulations relating to Internet content distribution. If the Chinese government finds that the structure for our online test preparation services and other services we provide through the Internet do not comply with Chinese laws and regulations, we could be subject to penalties and may not be able to continue those businesses.

The Chinese government regulates Internet access, the distribution of online information, the conduct of online commerce and the provision of online services through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership of Chinese companies that provide Internet content. Specifically, foreign investors are not allowed to own more than a 50% equity interest in any Chinese company engaging in Internet content provision.

Because we are a Cayman Islands company, we and our Chinese subsidiaries and their branch companies in China are treated as foreign or foreign-invested enterprises under Chinese laws and regulations. To comply with Chinese laws and regulations, we conduct our online businesses in China through a series of contractual arrangements entered into among us, ATA Learning and ATA Online, which is a domestic Chinese company incorporated in the PRC and owned by Kevin Xiaofeng Ma, our co-founder, chairman and chief executive officer and Walter Lin Wang, our co-founder, director and president. Our contractual arrangements with ATA Online include a technical support agreement and a strategic consulting service agreement. These contractual arrangements also include an equity pledge agreement entered into with each of the shareholders of ATA Online and a call option and cooperation agreement entered into with ATA Online and its shareholders. Under recently issued PRC law, a pledge of

equity interests can only be valid after such pledge is registered at the relevant agency. However, we are not aware that any application for registration of an equity pledge has been processed by the local administration for industry and commerce in Beijing due to the lack of registration procedures, and we have therefore not yet registered our equity pledge over ATA Online's equity.

ATA Online holds a Telecommunications and Information Services Operating License, or ICP license, issued by the Beijing Telecommunications Administration Bureau, a local branch of the Ministry of Information Industry, or MII, which allows ATA Online to provide Internet content distribution services. This license is essential to the operation of our online test preparation services business which accounted for 2.1% of our total net revenues for the six months ended September 30, 2007.

The relevant Chinese regulatory authorities have broad discretion in determining whether a particular contractual structure is in violation of Chinese law. On July 26, 2006, MII publicly released the Notice on Strengthening the Administration of Foreign Investment in Operating Value-added Telecom Business, dated July 13, 2006, or the MII Notice, which reiterates certain provisions under the 2002 Administrative Rules on Foreign-Invested Telecommunications Enterprises prohibiting, among other things, the renting, transferring or sale of a telecommunications license to foreign investors in any form. There is currently no official interpretation or implementation practice under the MII Notice. It remains uncertain how the MII Notice will be enforced and whether or to what extent the MII Notice may affect the legality of the corporate and contractual structures adopted by foreign-invested Internet companies that operate in China, such as ours. We have made inquiries with officials at MII but have not yet been able to obtain a definitive answer regarding implementation of the MII Notice and any implications on the legality of our corporate and contractual structures. If our ATA Online corporate and contractual structure is deemed by MII to be illegal, either in whole or in part, we may have to modify such structure to comply with regulatory requirements. However, we cannot assure you that we can achieve this without material disruption to our business. Further, if our ATA Online corporate and contractual structure is found to be in violation of any existing or future Chinese laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our business and operating licenses;
- levying fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down a portion or all of our servers or blocking a portion or all of our web site;
- discontinuing or restricting our operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to restructure our corporate and contractual structure;
- restricting or prohibiting our use of the proceeds from this offering to finance ATA Online's business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

Realization of any of these events could materially and adversely affect our business, financial condition and results of operations.

Our contractual arrangements with ATA Online may be subject to scrutiny by the Chinese tax authorities and create a potential double layer of taxation for our revenue-generating services conducted by ATA Online.

We could face material and adverse tax consequences if the Chinese tax authorities determine that our contractual arrangements with ATA Online were not priced at arm's length for purposes of determining tax liability. If the Chinese tax authorities determine that these contracts were not entered into on an arm's-length basis, they may adjust our income and expenses for Chinese tax purposes in the

form of a transfer pricing adjustment. A transfer pricing adjustment could result in a reduction, for Chinese tax purposes, of deductions recorded by ATA Online, which could adversely affect us by increasing the tax liabilities of ATA Online. This increased tax liability could further result in late payment fees and other penalties to ATA Online for underpaid taxes. Any payments we make under these arrangements or adjustments in payments under these arrangements that we may decide to make in the future will be subject to the same risk.

To date, no specific prices for the services to be performed by ATA Testing under the contractual arrangements have been set, no such services have been performed, and no payments have been invoiced or made under any of the contracts between ATA Testing and ATA Online. Prices for such services will be set prospectively and therefore we do not currently have a basis to believe that any of the payments to be made under the contracts will or will not be considered arm's length for purposes of determining tax liability. Prior to setting prices and terms under the contracts, we intend to engage a third party to review any proposed prices and terms to determine whether they would qualify as arm's-length.

Our contractual arrangements with ATA Online and its shareholders do not provide us with ownership interest in ATA Online. If ATA Online or its shareholders fail to perform their respective obligations under these contractual arrangements, we may have to legally enforce such arrangements and our business, financial condition and results of operations may be materially and adversely affected if these arrangements cannot be enforced.

We rely on contractual arrangements with ATA Online and its shareholders for operating, and for receiving the economic benefits from, our online test preparation services. However, these contractual arrangements do not provide us with ownership interest in ATA Online.

These contractual arrangements are governed by Chinese or Hong Kong law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with Chinese or Hong Kong law and any disputes would be resolved in accordance with Chinese or Hong Kong legal procedures. If ATA Online or its shareholders fail to perform their respective obligations under these contractual arrangements, we may have to (i) incur substantial costs and resources to enforce such arrangements, and (ii) rely on legal remedies under Chinese or Hong Kong law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot be sure would be effective. For example, if Kevin Xiaofeng Ma were to terminate his employment with us, he would be obligated pursuant to these contractual arrangements to transfer his share ownership in ATA Online to us or our designee. If he were to refuse to effect such a transfer, or if he were otherwise to act in bad faith toward us, then we may have to take legal action to compel him to fulfill his contractual obligations. However, the legal environment in the PRC is not as developed as in the United States and uncertainties in the Chinese legal system could limit our ability to enforce these contractual arrangements. In the event that we are unable to enforce these contractual arrangements, our business, financial condition and results of operations could be materially and adversely affected.

The shareholders of ATA Online may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The shareholders of ATA Online, Kevin Xiaofeng Ma and Walter Lin Wang, are also beneficial holders of our common shares. They are also directors of both ATA Online and our company. Conflicts of interests between their dual roles as shareholders and directors of both ATA Online and our company may arise. We cannot assure you that when conflicts of interest arise, any or all of these individuals will act in the best interests of our company or that conflicts of interests will be resolved in our favor. In addition, these individuals may breach or cause ATA Online to breach or refuse to renew the existing contractual arrangements that allow us to receive economic benefits from ATA Online. Currently, we do not have existing arrangements to address potential conflicts of interest between these individuals and our company. We rely on these individuals to abide by the laws of the Cayman Islands and China, both of which provide that directors owe a fiduciary duty to the company, which requires them to act in good faith and in the best interests of the company and not to use their positions for personal gain. If we cannot resolve any

conflicts of interest or disputes between us and the shareholders of ATA Online, we would have to rely on legal proceedings, which could result in disruption of our business and substantial uncertainty as to the outcome of any such legal proceedings.

We may lose the ability to use and enjoy assets held by ATA Online that are important to the operation of our business if ATA Online goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

To comply with PRC laws and regulations relating to foreign ownership restrictions in the Internet content distribution businesses, we currently conduct our operations in China through contractual arrangements with ATA Online. As part of these arrangements, ATA Online holds certain of the assets that are important to the operation of our online test preparation business. If ATA Online goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our online test preparation business operations, which could materially and adversely affect our business, financial condition and results of operations. If ATA Online undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our online test preparation business, which could materially and adversely affect our business, financial condition and result of operations.

If the China Securities Regulatory Commission, or CSRC, or another PRC regulatory agency determines that CSRC approval is required in connection with this offering, this offering may be delayed or cancelled, or we may become subject to penalties.

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rule, which became effective on September 8, 2006. The M&A Rule, among other things, requires that an offshore company controlled by PRC companies or individuals that has acquired a PRC domestic company for the purpose of listing the PRC domestic company's equity interest on an overseas stock exchange must obtain the approval of the CSRC prior to the listing and trading of such offshore company's securities on an overseas stock exchange. On September 21, 2006 the CSRC, pursuant to the M&A Rule, published on its official web site procedures specifying documents and materials required to be submitted to it by offshore companies seeking CSRC approval of their overseas listings.

In the opinion of our PRC counsel, Jincheng & Tongda Law Firm, CSRC approval is not required for this offering because the CSRC approval required under the M&A Rule only applies to an offshore company that has acquired a domestic PRC company for the purpose of listing the domestic PRC company's equity interest on an overseas stock exchange, while (i) we obtained our equity interest in each of our PRC subsidiaries by means of direct investment other than by acquisition of the equity or assets of a PRC domestic company and (ii) our contractual arrangements with ATA Online do not constitute the acquisition of ATA Online. However, if the CSRC or another PRC governmental agency subsequently determines that we must obtain CSRC approval prior to the completion of this offering, this offering will be delayed until we obtain CSRC approval, which may take many months. If during or following our offering it is determined that CSRC approval is required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into China, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

The M&A Rule establishes more complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The M&A Rule establishes additional procedures and requirements that could make some acquisitions of Chinese companies by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise. In the future, we may grow our business in part by acquiring complementary businesses, although we do not have any plans to do so at this time. Complying with the requirements of the M&A Rule to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Because we rely principally on dividends and other distributions on equity paid by our current and future Chinese subsidiaries for our cash requirements, restrictions under Chinese law on their ability to make such payments could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to you, and otherwise fund and conduct our businesses.

We have adopted a holding company structure, and our holding companies rely principally on dividends and other distributions on equity paid by our current and future Chinese subsidiaries for their cash requirements, including the funds necessary to service any debt we may incur or financing we may need for operations other than through our Chinese subsidiaries. Chinese legal restrictions permit payments of dividends by our Chinese subsidiaries only out of their accumulated after-tax profits, if any, determined in accordance with Chinese accounting standards and regulations. Our Chinese subsidiaries are also required under Chinese laws and regulations to allocate at least 10% of their after-tax profits determined in accordance with PRC GAAP to statutory reserves until such reserves reach 50% of the company's registered capital. Allocations to these statutory reserves and funds can only be used for specific purposes and are not transferable to us in the form of loans, advances or cash dividends. As of March 31, 2007, our Chinese subsidiaries had not allocated anything to these reserves and funds because both of our Chinese subsidiaries have cumulative deficits under PRC GAAP. The total amount of our restricted net assets was RMB39.8 million ($5.3 million) as of March 31, 2007. Any limitations on the ability of our Chinese subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

The discontinuation of any of the preferential tax treatments currently enjoyed by our subsidiaries in the PRC could materially increase our tax obligations.

Under the old PRC Enterprise Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises, effective until December 31, 2007, our Chinese subsidiaries, ATA Testing and ATA Learning, had been granted preferential tax treatment by local and national Chinese tax authorities. For example, as foreign-invested productive enterprises and new technology enterprises formed in the Zhongguancun Science Park, a high-technology zone in Beijing, ATA Testing and ATA Learning were given tax incentives that have the effect of (i) exempting them from enterprise income tax for their first three tax years following establishment; (ii) providing them a reduced enterprise income tax rate of 7.5% for the fourth through sixth tax years following establishment; and (iii) providing them a preferential enterprise income tax rate of 15% for tax years thereafter. ATA Testing, established in 1999, enjoyed a preferential enterprise income tax rate of 15% for the taxable year 2007, while ATA Learning was exempted from enterprise income tax for the tax years 2003, 2004 and 2005 and enjoyed a 7.5% enterprise income tax rate for the tax years 2006 and 2007.

In March 2007, the National People's Congress of China enacted a new Enterprise Income Tax Law, or the New EIT Law, and in December 2007, the State Council promulgated the implementing rules

of the New EIT Law, both of which became effective on January 1, 2008. The New EIT Law significantly curtails tax incentives granted to foreign-invested enterprises under the previous tax law. The New EIT Law, however, (i) reduces the top rate of enterprise income tax from 33% to 25%, (ii) permits companies to continue to enjoy their existing tax incentives, subject to certain transitional phase-out rules, and (iii) introduces new tax incentives, subject to various qualification criteria. Under the phase-out rules, ATA Testing is expected to be subject to a reduced 18% enterprise income tax rate for the taxable year 2008, a 20% rate for 2009, a 22% rate for 2010, a 24% rate for 2011, and a normal 25% rate from 2012 onwards. ATA Learning is expected to be subject to a reduced 7.5% enterprise income tax rate for the taxable year 2008, and the same tax rates as those applicable to ATA Testing from 2009 onwards. The New EIT Law and its implementing rules permit certain "high-technology enterprises" to enjoy a reduced 15% enterprise income tax rate, although they do not specify the qualification criteria. Pending promulgation of detailed qualification criteria, we cannot assure you that ATA Testing or ATA Learning will qualify as high-technology enterprises under the New EIT Law. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Taxation." In addition, national PRC tax authorities have indicated that preferential tax treatment granted to companies registered in high-technology zones, such as the Zhongguancun Science Park, should only apply if a beneficiary company's operations are located within the high-technology zone. From their inception, the main offices of ATA Testing and ATA Learning and their employees have been located outside of the Zhongguancun Science Park. However, to date, the PRC tax authorities have not indicated, through their periodic audits or otherwise, that our PRC subsidiaries are ineligible for their preferential tax treatments. In the event the preferential tax treatment for any of ATA Testing or ATA Learning is discontinued, or if ATA Online is not granted or loses preferential tax treatment, the affected entity will become subject to the standard PRC enterprise income tax rate. We cannot assure you that the local tax authorities will not, in the future, change their position and discontinue any of our preferential tax treatments, potentially with retroactive effect. The discontinuation of any of our preferential tax treatments could materially increase our tax obligations.

Under China's new EIT Law, we may be classified as a "resident enterprise" of China. Such classification would likely result in unfavorable tax consequences to us.

Under the New EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a PRC resident enterprise and will normally be subject to enterprise income tax at the rate of 25% on its global income." The implementing rules of the New EIT Law define de facto management as "substantial and overall management and control over the production and operations, personnel, accounting, and properties." Currently no further interpretation or application of the New EIT Law and its implementing rules is available, therefore it is unclear how tax authorities will determine tax residency based on the facts of each case. If Chinese tax authorities determine that our ultimate holding company is a PRC resident enterprise, we may be subject to enterprise income tax at the rate of 25% on our global income. We are actively monitoring the possibility of "resident enterprise" treatment for the 2008 tax year and are evaluating appropriate organizational changes to avoid this treatment, to the extent possible.

Chinese regulation of loans and direct investments by offshore holding companies or their Chinese subsidiaries or affiliates may restrict our ability to use the proceeds of this offering as planned and our ability to execute our business strategy.

In order to use our net proceeds from this offering in the manner as described under "Use of Proceeds," we must invest the funds in our Chinese subsidiaries, through loans or capital contributions, and in our affiliated PRC entity, ATA Online, through loans. Under applicable Chinese laws, any loan made by us to ATA Testing or ATA Learning, both of which are foreign-invested enterprises, cannot exceed statutory limits tied to each company's registered capital and total investment as approved by the Ministry of Commerce or its local counterpart, and all such loans must be registered with China's State Administration of Foreign Exchange, or SAFE, or its local counterpart. Loans by us to ATA Online, as a domestic PRC enterprise, must be approved by the relevant government authority and must also be

registered with SAFE. We may also decide to finance ATA Testing or ATA Learning by increasing their registered capital through capital contributions. The Ministry of Commerce or its local counterpart must approve any capital contributions to ATA Testing or ATA Learning.

A failure by us to obtain the necessary government approvals or complete any required registrations for a capital contribution, an increase in approved total investment or a loan on a timely basis, may restrict our ability to use the proceeds of this offering as planned and our ability to execute our business strategy.

A failure by our shareholders who are Chinese citizens or resident in China to comply with regulations issued by SAFE could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities or subject us to liability under Chinese laws, which could adversely affect our business and prospects.

In October 2005, SAFE, issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or Notice 75, which became effective as of November 1, 2005. Notice 75 states that Chinese residents must register with the relevant local SAFE branch in connection with their establishment or control of an offshore entity established for the purpose of overseas equity financing involving a round-trip investment whereby the offshore entity acquires or controls onshore assets or equity interests held by the Chinese residents.

Our shareholders who are Chinese residents did not establish our offshore companies as part of a round-trip investment to acquire or control through our offshore companies onshore assets or equity interests originally held by such Chinese resident shareholders. Nevertheless, in order to ensure that we remain in full compliance with all Chinese foreign exchange-related regulations, in 2006 our Chinese resident shareholders applied for registration with the Beijing branch of SAFE under Notice 75, but were orally informed that the application could not be accepted because Notice 75 does not apply to them. On May 29, 2007, SAFE issued the Notice of Operation Guidance for Notice 75, or Notice 106, according to which Chinese resident shareholders in an offshore company which has at least two years operating history and has made investment in China can apply for registration under Notice 75. There is no deadline for such registration. We have urged our Chinese resident shareholders to register under Notice 75 and they are preparing for such application. However, we cannot assure you that the application will be accepted by SAFE. Failure by such shareholders to comply with Notice 75 could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects. See "Risks Relating to Regulation of Our Business — Because we rely principally on dividends and other distributions on equity paid by our current and future Chinese subsidiaries for our cash requirements, restrictions under Chinese law on their ability to make such payments could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to you, and otherwise fund and conduct our businesses."

Risks Relating to the People's Republic of China

Substantially all of our operations are conducted in China. Accordingly, our business, financial condition, results of operations and prospects are subject, to a significant extent, to economic, political and legal developments in China.

Chinese economic, political and social conditions, as well as changes in any government policies, laws and regulations, could adversely affect the overall economy in China or the prospects of the industries in which we operate, which in turn could reduce our net revenues.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the Chinese economy has experienced significant growth in

the past two to three decades, growth has been uneven, both geographically and among various sectors of the economy. Demand for our products and services depends, in large part, on economic conditions in China. Any slowdown in China's economic growth may cause potential clients to delay or cancel computer-based testing and IT and vocational education projects, which in turn could reduce our net revenues.

Although the Chinese economy has been transitioning from a planned economy to a more market-oriented economy since the late 1970s, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through the allocation of resources, controlling the incurrence and payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Changes in any of these policies, laws and regulations could adversely affect the overall economy in China or the prospects of the industries in which we operate, which could harm our business.

The Chinese government has implemented various measures to encourage foreign investment and sustainable economic growth and to guide the allocation of financial and other resources, which have for the most part had a positive effect on our business and growth. However, we cannot assure you that the Chinese government will not repeal or alter these measures or introduce new measures that will have a negative effect on us.

China's social and political conditions are also not as stable as those of the United States and other developed countries. Any sudden changes to China's political system or the occurrence of widespread social unrest could have negative effects on our business and results of operations. In addition, China has contentious relations with some of its neighbors, most notably Taiwan. A significant further deterioration in such relations could have negative effects on the Chinese economy and lead to changes in governmental policies that would be adverse to our business interests.

The Chinese legal system embodies uncertainties that could limit the legal protections available to you and us.

Unlike common law systems, the Chinese legal system is based on written statutes and decided legal cases have little precedential value. In 1979, the Chinese government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has been to significantly enhance the protections afforded to various forms of foreign investment in China. Our Chinese operating subsidiaries, ATA Testing and ATA Learning, are wholly foreign-owned enterprises, which are enterprises incorporated in China and wholly owned by foreign investors, and both are subject to laws and regulations applicable to foreign investment in China in general and laws and regulations applicable to wholly foreign-owned enterprises in particular. Our affiliated entity, ATA Online, is subject to laws and regulations governing the formation and conduct of domestic PRC companies. Relevant Chinese laws, regulations and legal requirements may change frequently, and their interpretation and enforcement involve uncertainties. For example, we may have to resort to administrative and court proceedings to enforce the legal protection that we enjoy either by law or contract. However, since Chinese administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Such uncertainties, including the inability to enforce our contracts and intellectual property rights, could materially and adversely affect our business and operations. In addition, confidentiality protections in China may not be as effective as in the United States or other countries. Accordingly, we cannot predict the effect of future developments in the Chinese legal system, particularly with regard to the computer-based testing services sectors, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you.

Restrictions on currency exchange may limit our ability to utilize our revenues effectively and the ability of our Chinese subsidiaries to obtain financing.

A substantial majority of our revenues and operating expenses are denominated in Renminbi. Restrictions on currency exchange imposed by the Chinese government may limit our ability to utilize revenues generated in Renminbi to fund our business activities outside China, if any, or expenditures denominated in foreign currencies. Under current Chinese regulations, Renminbi may be freely converted into foreign currency for payments relating to "current account transactions," which include among other things dividend payments and payments for the import of goods and services, by complying with certain procedural requirements. Our Chinese subsidiaries may also retain foreign exchange in their respective current account bank accounts, subject to a cap set by SAFE or its local counterpart, for use in payment of international current account transactions. Although the Renminbi has been fully convertible for current account transactions since 1996, we cannot assure you that the relevant Chinese government authorities will not limit or eliminate our ability to purchase and retain foreign currencies for current account transactions in the future.

Conversion of Renminbi into foreign currencies, and of foreign currencies into Renminbi, for payments relating to "capital account transactions," which principally include investments and loans, generally requires the approval of SAFE and other relevant Chinese governmental authorities. Restrictions on the convertibility of the Renminbi for capital account transactions could affect the ability of our Chinese subsidiaries to make investments overseas or to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from us.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Because substantially all of our revenues and expenditures are denominated in Renminbi and the net proceeds from this offering will be denominated in U.S. dollars, fluctuations in the exchange rate between the U.S. dollar and Renminbi will affect the relative purchasing power of these proceeds and our balance sheet and earnings per share in U.S. dollars following this offering. In addition, appreciation or depreciation in the value of the Renminbi relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue after this offering that will be exchanged into U.S. dollars and earnings from and the value of any U.S. dollar-denominated investments we make in the future.

Since July 2005, the Renminbi has no longer been pegged to the U.S. dollar. Although currently the Renminbi exchange rate versus the U.S. dollar is restricted to a rise or fall of no more than 0.5% per day and the People's Bank of China regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future Chinese authorities may lift restrictions on fluctuations in the Renminbi exchange rate and lessen intervention in the foreign exchange market.

Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure at all. In addition, our currency exchange losses may be magnified by Chinese exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Any future outbreak of severe acute respiratory syndrome or avian flu in China, or similar adverse public health developments, may disrupt our business and operations.

Our business and operations could be materially and adversely affected by the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, or other similar adverse public health development. In recent years, there have been reports on the occurrences of avian influenza in various parts of China

and neighboring countries, including a few confirmed human cases. Any prolonged recurrence of an adverse public health development may result in health or other government authorities requiring the closure of our offices or the offices of our clients, or the cancellation of exams or classes to avoid students and others from congregating in closed spaces. Such occurrences would disrupt our business operations and adversely affect our results of operations. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of avian flu, SARS or any other epidemic.

Risks Relating to This Offering

An active trading market for our ADSs may not develop and the trading price for our ADSs may fluctuate significantly.

Prior to this offering, there has been no public market for our ADSs or our common shares underlying the ADSs. If an active public market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs may be adversely affected. We have applied to list our ADSs on the Nasdaq Global Market. We can provide no assurances that a liquid public market for our ADSs will develop. The initial public offering price for our ADSs will be determined by negotiation between us and the underwriters based upon several factors, and we can provide no assurance that the price at which the ADSs are traded after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a decrease in the value of their ADSs regardless of our operating performance or prospects. In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted securities class action litigation against that company. If we were involved in a class action suit, it could divert the attention of senior management, and, if adversely determined, could have a material adverse effect on our business, financial condition and results of operations.

Stock prices of companies with business operations primarily in China have fluctuated widely in recent years, and the trading prices of our ADSs are likely to be volatile, which could result in substantial losses to investors.

The trading prices of our ADSs are likely to be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other technology companies with business operations mainly in China that have listed their securities in the United States may affect the volatility in the price of and trading volumes for our ADSs. In recent years, a number of Chinese companies have listed their securities, or are in the process of preparing for listing their securities, on U.S. stock markets. Some of these companies have experienced significant volatility, including significant price declines in connection with their initial public offerings. The trading performances of these Chinese companies' securities at the time of or after their offerings may affect the overall investor sentiment towards Chinese companies listed in the United States and consequently may impact the trading performance of our ADSs. These broad market and industry factors may significantly affect the market price and volatility of our ADSs, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for specific business reasons. Factors such as variations in our revenues, earnings and cash flow, announcements of new investments, cooperation arrangements or acquisitions, and fluctuations in market prices for our services could cause the market price for our ADSs to change substantially. Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade. We cannot give any assurance that these factors will not occur in the future.

The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.

Sales of substantial amounts of our ADSs in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our future ability to raise capital through offerings of our ADSs.

There will be common shares outstanding immediately after this offering, or common shares if the underwriters exercise their option to purchase additional ADSs in full. In addition, there are outstanding options and warrants to purchase an aggregate of 5,114,411 common shares, including options and warrants to purchase an aggregate of 3,064,041 common shares immediately exercisable as of the date of this prospectus. All of the ADSs sold in this offering will be freely tradable without restriction or further registration under the U.S. Securities Act of 1933, or the Securities Act, unless held by our "affiliates" as that term is defined in Rule 144 under the Securities Act. Subject to the 180-day lock-up restrictions described below and applicable restrictions and limitations under Rule 144 of the Securities Act of 1933, all of our shares outstanding prior to this offering will be eligible for sale in the public market. In addition, the common shares subject to options and warrants for the purchase of our common shares will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements, the lock-up agreements described below and Rules 144 and 701 under the Securities Act of 1933. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our common shares could decline.

In connection with this offering, we and our directors, officers and shareholders have agreed, subject to some exceptions, not to sell any common shares or ADSs for 180 days after the date of this prospectus without the written consent of the underwriters. However, the underwriters may release these securities from these lock-up restrictions at any time. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

A significant percentage of our outstanding common shares are held by a small number of our existing shareholders, and these shareholders may have significantly greater influence on us and our corporate actions by nature of the size of their shareholdings relative to our public shareholders.

Following this offering, four of our existing shareholders, Kevin Xiaofeng Ma, Lijun Mai, Walter Lin Wang and SB Asia Investment Fund II, will beneficially own, collectively, approximately % of our outstanding common shares (assuming the conversion of all outstanding preferred shares into common shares) or % if the underwriters exercise their option to purchase additional ADSs in full. Each of these shareholders is expected to be an affiliate within the meaning of the Securities Act after this offering, due to the size of their respective shareholdings in us after the offering. Following this offering, SB Asia Investment Fund II, L.P. is expected to have one board representative on our five-director board, and will beneficially own, approximately % of our outstanding common shares (assuming the conversion of all outstanding preferred shares into common shares) or % if the underwriters exercise their option to purchase additional ADSs in full. Accordingly, these shareholders have had, and may continue to have, significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. In addition, without the consent of these shareholders, we could be prevented from entering into transactions that could be beneficial to us.

Because the initial public offering price is substantially higher than the pro forma net tangible book value per share, you will incur immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by existing shareholders for their common shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of approximately $ per ADS (assuming the conversion of all outstanding preferred shares into common shares and no exercise of outstanding options to acquire common shares), representing the difference between our pro forma net tangible book value per ADS as of September 30, 2007, after giving effect to this offering and the assumed initial public offering price of $ per ADS (the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus). In addition, you may experience further dilution to the extent that our common shares are issued upon the exercise of share options. Substantially all of the common shares

issuable upon the exercise of currently outstanding share options will be issued at a purchase price on a per ADS basis that is less than the initial public offering price per ADS in this offering.

Anti-takeover provisions in our organizational documents may discourage our acquisition by a third party, which could limit your opportunity to sell your shares at a premium.

Our amended and restated memorandum and articles of association include provisions that could limit the ability of others to acquire control of us, modify our structure or cause us to engage in change of control transactions, including, among other things, the following:

- provisions that restrict the ability of our shareholders to call meetings and to propose special matters for consideration at shareholder meetings; and
- provisions that authorize our board of directors, without action by our shareholders, to issue preferred shares and to issue additional common shares, including common shares represented by ADSs.

These provisions could have the effect of depriving you of an opportunity to sell your ADSs at a premium over prevailing market prices by discouraging third parties from seeking to acquire control of us in a tender offer or similar transactions.

We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.

We have not determined a specific use for a portion of the net proceeds of this offering. Our management will have considerable discretion in the application of these proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our profitability or increase our ADS price. The net proceeds from this offering may also be placed in investments that do not produce income or that may lose value.

The voting rights of holders of ADSs must be exercised in accordance with the terms of the deposit agreement, the ADRs, and the procedures established by the depositary. The process of voting through the depositary may involve delays that limit the time available to you to consider proposed shareholders' actions and also may restrict your ability to subsequently revise your voting instructions.

A holder of ADSs may exercise its voting rights with respect to the underlying common shares only in accordance with the provisions of the deposit agreement and the ADRs. We do not recognize holders of ADSs representing our common shares as our shareholders, and instead we recognize the ADS depositary as our shareholder.

When the depositary receives from us notice of any shareholders meeting, it will distribute the information in the meeting notice and any proxy solicitation materials to you. The depositary will determine the record date for distributing these materials, and only ADS holders registered with the depositary on that record date will, subject to applicable laws, be entitled to instruct the depositary to vote the underlying common shares. The depositary will also determine and inform you of the manner for you to give your voting instructions, including instructions to give discretionary proxies to a person designated by us. Upon receipt of voting instructions of a holder of ADSs, the depositary will endeavor to vote the underlying common shares in accordance with these instructions. You may not receive sufficient notice of a shareholders' meeting for you to withdraw your common shares and cast your vote with respect to any proposed resolution, as a holder of our common shares. In addition, the depositary and its agents may not be able to send materials relating to the meeting and voting instruction forms to you, or to carry out your voting instructions, in a timely manner. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. The additional time required for the depositary to receive from us and distribute to you meeting notices and materials, and for you to give

voting instructions to the depositary with respect to the underlying common shares, will result in your having less time to consider meeting notices and materials than holders of common shares who receive such notices and materials directly from us and who vote their common shares directly. If you have given your voting instructions to the depositary and subsequently decide to change those instructions, you may not be able to do so in time for the depositary to vote in accordance with your revised instructions. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote.

Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote our common shares underlying your ADSs if you do not vote at shareholders' meetings, which could adversely affect your interests.

Under the deposit agreement for the ADSs, the depositary will give us a discretionary proxy to vote our common shares underlying your ADSs at shareholders' meetings if you do not vote, unless we notify the depositary that:

- we do not wish to receive a discretionary proxy;
- we think there is substantial shareholder opposition to the particular question; or
- we think the subject of the particular question would have a material adverse impact on our shareholders.

The effect of this discretionary proxy is that, absent the situations described above, you cannot prevent our common shares underlying your ADSs from being voted and it may make it more difficult for shareholders to influence the management of our company. Holders of our common shares are not subject to this discretionary proxy.

You may not receive distributions on our common shares or any value for them if such distribution is illegal or if any required government approval cannot be obtained in order to make such distribution available to you.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian for our ADSs receives on our common shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of our common shares your ADSs represent. However, the depositary is not responsible to make a distribution available to any holders of ADSs if it decides that it is unlawful to make such distribution. For example, it would be unlawful to make a distribution to a holder of ADSs if it consisted of securities that required registration under the Securities Act but that were not properly registered or distributed pursuant to an applicable exemption from registration. The depositary is not responsible for making a distribution available to any holders of ADSs if any government approval or registration required for such distribution cannot be obtained after reasonable efforts made by the depositary. We have no obligation to take any other action to permit the distribution of our ADSs, common shares, rights or anything else to holders of our ADSs. This means that you may not receive the distributions we make on our common shares or any value for them if it is unlawful or unreasonable from a regulatory perspective for us to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

You may be subject to limitations on transfer of your ADSs.

Your ADSs represented by ADRs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when the books of the depositary

are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or any government or government body, or under any provision of the deposit agreement, or for any other reason.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under U.S. federal or state laws, you may have less protection of your shareholder rights than you would under U.S. federal or state laws.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Cayman Islands Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some jurisdictions, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a U.S. company.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands company and substantially all of our assets are located outside of the United States. Nearly all of our current operations are conducted in China. In addition, most of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in U.S. court judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, none of whom is resident in the United States and the substantial majority of whose assets is located outside of the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or China would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, there is uncertainty as to whether such Cayman Islands or Chinese courts would be competent to hear original actions brought in the Cayman Islands or China against us or such persons predicated upon the securities laws of the United States or any state. See “Enforceability of Civil Liabilities.”

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and in particular the sections entitled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “Recent Developments,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Industry,” “Business” and “Regulation” contain forward-looking statements. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about us and our industry. In some cases, these forward-looking statements can be identified by words and phrases such as “may, “should,” “intend,” “predict,” “potential,” “continue,” “will,” “expect,” “anticipate,” “estimate,” “plan,” “believe,” “is /are likely to” or the negative form of these words and phrases or other comparable expressions. The forward-looking statements included in this prospectus relate to, among others:

- our goals and strategies;
- our future prospects and market acceptance of our technologies, products and services;
- our future business development and results of operations;
- projected revenues, profits, earnings and other estimated financial information;
- our plans to expand and enhance our other existing products and services;
- competition in the computer-based testing, educational services and test preparation markets; and
- Chinese laws, regulations and policies, including those applicable to the education industry, Internet content providers, Internet content and foreign exchange.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, we cannot assure you that our expectations will turn out to be correct. Our actual results could be materially different from or worse than our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are set forth in the “Risk Factors,” “Recent Developments,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and elsewhere in this prospectus.

This prospectus also contains data relating to the testing and education markets in China and internationally that includes projections based on a number of assumptions. These markets may not grow at the rates projected by market data, or at all. The failure of these markets to grow at the projected rates may have a material adverse effect on our business prospects, results of operations and the market price of our ADSs. In addition, the relatively new and rapidly changing nature of these markets subjects any projections or estimates relating to the growth prospects or future condition of these markets to significant uncertainties. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. We undertake no obligation to update or revise any forward-looking statements after the date of this prospectus.

OUR CORPORATE STRUCTURE

Corporate History

Our predecessor company, American Testing Authority, Inc., a New York company, began operations in 1999, and in that same year established ATA Testing Authority (Beijing) Limited, or ATA Testing, as a wholly owned subsidiary in China. In November 2001 our founders established ATA Testing Authority (Holdings) Limited, or ATA BVI, in the British Virgin Islands. The following year American Testing Authority, Inc. merged into ATA BVI and ATA BVI became our holding company.

In June 2003, we established a Chinese joint venture company, ATA Learning (Beijing) Inc., or ATA Learning, with Yinchuan Holding. Initially, we held a 40% equity interest in ATA Learning. We also had a call option to acquire Yinchuan Holding's 60% equity interest for RMB30 million, and Yinchuan Holding had a put option that would have obligated us, if exercised, to purchase Yinchuan Holding's 60% equity interest for RMB30 million. In May 2005, we exercised our call option and converted ATA Learning into a wholly owned subsidiary of ATA BVI. As the primary beneficiary of ATA Learning, we have consolidated ATA Learning's results of operations in our U.S. GAAP consolidated financial statements since ATA Learning's establishment.

We incorporated ATA Inc. in the Cayman Islands in September 2006 as our listing vehicle. ATA Inc. became our ultimate holding company in November 2006 when it issued shares to the existing shareholders of ATA BVI in exchange for all of the outstanding shares of ATA BVI.

We and our subsidiaries also previously held equity interests in the following entities:

- In December 2001, ATA Testing established and held a 50% interest in a Chinese joint venture company, Beijing Sai Er Xingyuan Leadership Ability Testing Technologies Development Co. Ltd., or Sai Er Testing, with one other joint venture partner. In October 2005, ATA Testing sold its 50% equity interest in Sai Er Testing.
- In April 2002, ATA Testing established a Chinese joint venture company, Jiangsu ATA Software Co. Ltd., or ATA Jiangsu, with two other joint venture partners, with ATA Testing holding 30% of the equity interest in ATA Jiangsu. In May 2006, ATA Jiangsu completed a voluntary winding up.
- In April 2005, ATA Learning established Xiamen Wendu Software Education Investment Co. Ltd., or Wendu Education, with two other partners. ATA Learning is in the process of disposing its 40% equity interest holding in Wendu Education, which we expect to be completed in the fiscal year ending March 31, 2008.

We disposed or are in the process of disposing of these interests to eliminate these entities from our corporate structure and streamline our operations.

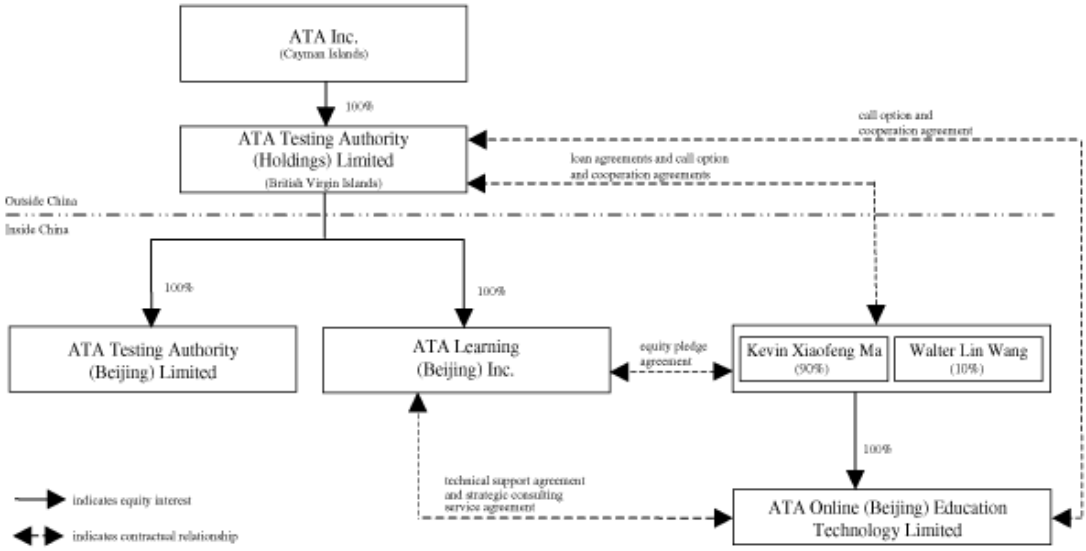
Corporate Structure and Arrangements with Our Affiliated PRC Entity

In connection with the launch of our test preparation solutions in November 2006, we have, for the first time, become a distributor of Internet content, which subjects us to significant restrictions on foreign investment in this sector under current PRC laws and regulations. See "Regulation." To comply with PRC laws and regulations, our online test preparation business in China is conducted through a series of contractual arrangements entered into among ATA BVI, ATA Learning and ATA Online (Beijing) Education Technology Limited, ATA Online, a PRC entity incorporated in the PRC and owned by Kevin Xiaofeng Ma, our co-founder, chairman and chief executive officer and Walter Lin Wang, our co-founder, director and president, in the percentages described in the diagram below. ATA Online holds the license required to operate the online portion of our test preparation solutions business.

Our contractual arrangements with ATA Online include a technical support agreement and a strategic consulting service agreement pursuant to which ATA Learning is entitled to receive service and license fees from ATA Online. In addition, we have entered into an equity pledge agreement with each of

the shareholders of ATA Online pursuant to which each of the shareholders has pledged all of his or her interest in ATA Online to ATA Learning as security for the performance of ATA Online's obligations under the technical support agreement and the strategic consulting service agreement. Pursuant to a call option and cooperation agreement with ATA Online and its shareholders, ATA BVI or any third party designated by ATA BVI has the right to acquire, in whole or in part, the equity interest of ATA Online or ATA Online's assets, when permitted by applicable PRC laws and regulations. We do not have any direct ownership interest or direct shareholding rights in ATA Online and as a result do not have direct control or direct oversight over ATA Online. For a detailed description of these contractual arrangements, see "Related Party Transactions." As a result of these contractual arrangements, under U.S. GAAP, we are considered the primary beneficiary of ATA Online. Accordingly, we consolidate ATA Online's results in our consolidated financial statements.

The following diagram illustrates our corporate and share ownership structure. Except for ATA BVI, all of our subsidiaries and our affiliated PRC entity are incorporated in the PRC.



Our subsidiaries or ATA Online enter into commercial contracts with third party customers and clients based upon a judgment we make as to which entity is the appropriate entity for the provision of the type of service being offered. We primarily sell our testing services and the non-online portion of our test preparation solutions business through ATA Testing, our education services through ATA Learning and our online test preparation services through ATA Online.

For risks associated with our contractual arrangements with ATA Online and its shareholders, see "Risk Factors — Risks Relating to Regulation of Our Business — Substantial uncertainties and restrictions exist with respect to the application and implementation of Chinese laws and regulations relating to Internet content distribution. If the Chinese government finds that the structure for our online test preparation services and other services we provide through the Internet do not comply with Chinese laws and regulations, we could be subject to penalties and may not be able to continue those businesses." and "— Our contractual arrangements with ATA Online and its shareholders do not provide us with ownership interest in ATA Online. If ATA Online or its shareholders fail to perform their respective obligations under these contractual arrangements, we may have to legally enforce such arrangements and our business, financial condition and results of operations may be materially and adversely affected if these arrangements cannot be enforced."

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and other estimated offering expenses payable by us and assuming an initial public offering price of $ per ADS, the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus.

As of the date of this prospectus, we anticipate using the net proceeds from this offering as follows:

- approximately $ million to develop and expand our test preparation solutions business;
- approximately $ million for marketing costs related to enhancing our "ATA" brand;
- approximately $ million to license course content from IT vendors in order to expand our degree major and single course program offerings; and
- the balance to fund working capital and for other general corporate purposes, including incremental costs associated with being a public company, and for acquisitions of or investments in other businesses, products or technologies that we believe are complementary to our own business or that otherwise extend our business or brand. We do not currently have any agreements or understandings to make any material acquisitions of, or investments in, other businesses.

The industries in which we operate are evolving rapidly which could cause significant and rapid changes to our strategies and business plans. The foregoing represents our current intentions with respect to the use and allocation of the net proceeds from this offering based upon our present plans and business conditions, but our management will have broad flexibility and discretion in applying the net proceeds from this offering. The occurrence of new business opportunities, unforeseen events or changed business conditions may result in application of the proceeds from this offering in a manner other than as described in this prospectus.

To the extent that a certain portion or all of the net proceeds we receive from this offering are not immediately applied for the above purposes, we intend to invest our net proceeds in short-term, investment grade, debt securities or to deposit the proceeds into interest-bearing bank accounts. These investments may have a material adverse effect on the U.S. federal income tax consequences of your investment in our ADSs. It is possible that we may become a PFIC for U.S. federal income taxpayers, which could result in negative tax consequences to you. See "Taxation — United States Federal Income Taxation — U.S. Holders — Status as a PFIC."

DIVIDEND POLICY

In March 2005, our board of directors approved the issuance of 3,584,680 treasury shares to our shareholders. The estimated fair value of the issuance was RMB26.4 million. Out of the total number of shares issued, 2,730,739 shares were allocated and distributed on a pro rata basis to all shareholders and were accounted for as a share split-up effected in the form of a share dividend. The remaining 853,941 shares were distributed to one shareholder and were accounted for as a share-based compensation expense. See “Related Party Transactions — Share Repurchases and Private Placement.” We have never declared cash dividends on our common shares. We currently intend to retain all available funds and any future earnings to finance our business and to fund the growth and expansion of our business, and, therefore, do not expect to pay any cash dividends on our common shares, including those represented by ADSs, in the foreseeable future. Any future determination to pay dividends will be made at the discretion of our board of directors and will be based upon our future operations and earnings, capital requirements and surplus, general financial condition, shareholders’ interests, contractual restrictions and other factors our board of directors may deem relevant.

Holders of our ADSs will be entitled to receive dividends, if any, subject to the terms of the deposit agreement, to the same extent as the holders of our common shares. Cash dividends will be paid to the depositary in U.S. dollars, which will distribute them to the holders of ADSs according to the terms of the deposit agreement. Other distributions, if any, will be paid by the depositary to the holders of ADSs in any means it deems legal, fair and practical. See “Description of American Depositary Shares — Other Distributions.”

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2007 presented on:

- an actual basis;
- a pro forma basis to reflect the automatic conversion of all of our Series A and Series A-1 convertible preferred shares into an aggregate of 11,730,554 of our common shares; and
- a pro forma as adjusted basis to give effect to (1) the issuance and sale of ADSs in this offering, assuming an initial public offering price of $ per ADS, the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus, and assuming the underwriters do not exercise their over-allotment option, and after deducting estimated underwriting discounts and estimated offering expenses payable by us; and (2) the automatic conversion of all of our Series A and Series A-1 convertible preferred shares into an aggregate of 11,730,554 of our common shares.

There has been no material change in our consolidated capitalization since September 30, 2007.

You should read this section in conjunction with "Selected Consolidated Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and corresponding notes thereto included elsewhere in this prospectus.

	As of September 30, 2007					
	Actual		Pro forma		Pro forma as adjusted[1]	
	RMB	$	RMB	$	RMB	$
	(In thousands except for share and per share data)					
Shareholder's equity:						
Convertible preferred shares, $0.01 par value; 10,000,000 shares authorized, including:						
Series A convertible preferred shares; 6,628,369 shares issued and outstanding on an actual basis and nil shares issued and outstanding on a pro forma and pro forma as adjusted basis	533	71	—	—		
Series A-1 convertible preferred shares; 883,783 shares issued and outstanding on an actual basis and nil shares issued and outstanding on a pro forma and pro forma as adjusted basis	71	10	—	—		
Common shares, $0.01 par value; 40,000,000 shares authorized, 25,479,452, 37,210,006 and shares issued and outstanding on an actual, proforma and pro forma as adjusted basis	2,094	279	2,967	396		
Treasury shares — 3,579,320 common shares, at cost	(16,107)	(2,150)	(16,107)	(2,150)		
Additional paid-in capital	204,191	27,252	203,922	27,216		
Accumulated deficit	(126,552)	(16,890)	(126,552)	(16,890)		
Total shareholders' equity[2]	64,230	8,572	64,230	8,572		
Total capitalization	64,230	8,572	64,230	8,572		

(1) Assumes that the underwriters do not exercise their option to purchase additional ADSs.
(2) Excludes 3,118,875 common shares issuable upon the exercise of options under our share option plans and 516,576 common shares issuable upon the exercise of warrants.

DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and the pro forma net tangible book value per ADS after this offering. Our net tangible book value as of September 30, 2007 was approximately $7.7 million, or $0.3 per common share outstanding on that date. Net tangible book value represents total consolidated tangible assets minus the amount of our total consolidated liabilities. Our pro forma net tangible book value as of March 31, 2007 was approximately $ per common share outstanding on that date. Pro forma net tangible book value adjusts net tangible book value to give effect to the conversion of all of our outstanding preferred shares into our common shares. See "Capitalization." Assuming we had sold the ADSs offered in this offering at an assumed initial public offering price of $ per ADS, and after deducting underwriting discounts and estimated expenses of this offering payable by us, our pro forma net tangible book value as of March 31, 2007 would have been $, or $ per common share or ADS. This represents an immediate increase in pro forma net tangible book value of $ per common share or ADS to existing shareholders and an immediate dilution in net tangible book value of $ per common share or ADS to new investors purchasing ADSs at the initial public offering price.

The following table illustrates such per ADS dilution. The assumed initial public offering price per share set forth below of $ is based on the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus.

Assumed initial public offering price per common share	$	
Net tangible book value per common share as of September 30, 2007	$	0.3
Increase in pro forma net tangible book value per common share attributable to existing shareholders	$	
Pro forma net tangible book value per common share after this offering	$	
Dilution in pro forma net tangible book value per common share to new investors	$	
Dilution in pro forma net tangible book value per ADS to new investors	$	

The following table summarizes, on a pro forma basis as of September 30, 2007, the differences between our existing shareholders and the new investors with respect to the number of common shares purchased from us, the total consideration paid to us and the average price per common share paid by our existing shareholders and by the new investors purchasing common shares evidenced by ADS in this offering at the initial public offering price of $ per ADS and without giving effect to underwriting discounts and estimated offering expenses payable by us.

	Common Shares Purchased		Total Consideration		Average Price Per Ordinary Share Equivalent	Average Price Per ADS Equivalent
	Number	Percent	Amount	Percent		
	(In thousands)		(In thousands)			
Existing shareholders			$		$	$
New investors						
Total			$			

The foregoing discussion and tables assume no exercise of any outstanding options or warrants to purchase our common shares. As of September 30, 2007, there were options and warrants outstanding to purchase an aggregate of 4,595,808 common shares at a weighted average exercise price of $1.94 per share. If all of these options and warrants had been exercised on September 30, 2007, after giving effect to this offering, our pro forma net tangible book value would have been approximately $, or $ per common share or ADS, the increase in pro forma net tangible book value attributable to existing shareholders would have been $ per common share or ADS, and the dilution in pro forma net tangible book value to new investors would have been $ per common share or ADS. In addition, the dilution would have been $ per common share or ADS, if the underwriters exercise their option to purchase additional ADSs in full.

ENFORCEABILITY OF CIVIL LIABILITIES

Our ultimate holding company, ATA Inc., is incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We incorporated ATA Inc. in the Cayman Islands because of certain benefits associated with being a Cayman Islands corporation, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, the Cayman Islands has a less developed body of securities laws as compared to the United States and provides protections for investors to a significantly lesser extent. In addition, Cayman Islands companies do not have standing to sue before the federal courts of the United States.

Substantially all of our assets are located outside the United States. In addition, most of our directors and officers may be nationals or residents of jurisdictions other than the United States and a substantial portion of their assets may be located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed CT Corporation System as ATA Inc.'s agent to receive service of process with respect to any action brought against ATA Inc. in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against ATA Inc. in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Conyers, Dill & Pearman, Cayman, our counsel as to Cayman Islands law, and Jincheng & Tongda Law Firm, our counsel as to Chinese law, have advised us that there is uncertainty as to whether the courts of the Cayman Islands or China would, respectively, (i) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought in the Cayman Islands or China against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Conyers, Dill & Pearman has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation, provided that (a) such federal or state courts of the United States had proper jurisdiction over the parties subject to such judgment; (b) such federal or state courts of the United States did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

Jincheng & Tongda Law Firm has advised us further that the recognition and enforcement of foreign judgments are provided for under the Chinese Civil Procedure Law. Chinese courts may recognize and enforce foreign judgments in accordance with the requirements of the Chinese Civil Procedure Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions.

EXCHANGE RATE INFORMATION

Our business is primarily conducted in China and a substantial majority of our revenues and expenses are denominated in Renminbi. For your convenience, this prospectus contains translations of Renminbi amounts into U.S. dollars at specified rates. Unless otherwise noted, all translations from Renminbi to U.S. dollar amounts were made at the noon buying rate in the City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York, as of September 28, 2007, which was RMB7.4928 to $1.00. On January 4, 2008, the noon buying rate was RMB7.2695 to $1.00. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The Chinese government restricts or prohibits the conversion of Renminbi into foreign currency and foreign currency into Renminbi for certain types of transactions.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you.

	Renminbi per U.S. Dollar Noon Buying Rate			
	Average[1]	High	Low	Period-end
Fiscal year ended March 31, 2003	8.2773	8.2800	8.2700	8.2774
Fiscal year ended March 31, 2004	8.2770	8.2798	8.2765	8.2770
Fiscal year ended March 31, 2005	8.2767	8.2773	8.2764	8.2765
Fiscal year ended March 31, 2006	8.1234	8.2765	8.0167	8.0167
Fiscal year ended March 31, 2007	7.8843	8.0300	7.7232	7.7232
Most recent six months:				
July 2007	7.5757	7.6055	7.5580	7.5720
August 2007	7.5734	7.6181	7.5420	7.5462
September 2007	7.5196	7.5540	7.4928	7.4928
October 2007	7.5016	7.5158	7.4682	7.4682
November 2007	7.4212	7.4582	7.3800	7.3850
December 2007	7.3682	7.4120	7.2946	7.2946
January 2008 (period through January 4)	7.2799	7.2946	7.2695	7.2695

Source: Federal Reserve Bank of New York

(1) Annual averages are calculated using the exchange rates for the last day of each month during the calendar year. Monthly averages are calculated using daily exchange rates during the month.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

You should read the following information with our consolidated financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our consolidated financial statements are prepared in accordance with U.S. GAAP.

The following selected consolidated statements of operations data for the fiscal years ended March 31, 2006 and 2007 (other than pro forma (loss) earnings per common share and ADS data), and the selected consolidated balance sheets data as of March 31, 2006 and 2007, are derived from our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with, and are qualified in their entirety by reference to, these consolidated financial statements and related notes. Our selected consolidated statements of operations data for the years ended December 31, 2002, 2003 and 2004 (other than ADS data) and the selected consolidated balance sheets data as of December 31, 2002, 2003 and 2004 are derived from our audited consolidated financial statements, which are not included in this prospectus. Our previously issued consolidated financial statements for the years ended and as of December 31, 2003 and 2004 have been restated. Our selected consolidated statements of operations data for the three months ended March 31, 2005 (other than ADS data) and the selected consolidated balance sheets data as of March 31, 2005 are derived from our unaudited consolidated financial statements, which are not included in this prospectus.

The selected consolidated statements of operations data for the six months ended September 30, 2006 and 2007 and the selected consolidated balance sheets data as of September 30, 2007 are derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. We have prepared our unaudited condensed consolidated financial statements on the same basis as our audited consolidated financial statements. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. The unaudited results for the six months ended September 30, 2007 may not be indicative of our results for the full year ending March 31, 2008.

	For the Year Ended December 31,			For the Three Months Ended March 31,	For the Year Ended March 31,		For the Six Months Ended September 30,		
	2002	2003	2004	2005	2006	2007	2006	2007	2007
	RMB	RMB (Restated)(1)	RMB (Restated)(1)	RMB	RMB	RMB	RMB	RMB	$
	(In thousands, except for per share and per ADS data)								
Selected Consolidated Statements of Operations Data:									
Net Revenues									
Testing services	7,746	9,975	17,351	1,977	18,170	24,628	10,622	29,472	3,933
Test-based educational services	354	5,489	18,369	6,684	35,138	42,804	18,749	20,891	2,788
Test preparation solutions	134	82	407	17	340	10,076	5	21,632	2,887
Other(2)	5,260	7,073	8,394	1,780	15,389	7,373	2,992	4,253	568
Total net revenues	13,494	22,619	44,521	10,458	69,037	84,881	32,368	76,248	10,176
Gross profit	1,717	8,829	21,388	3,527	35,049	43,779	13,618	43,471	5,802
Total operating expenses	21,023	26,762	24,967	13,266	36,140	63,375	27,177	34,735	4,636
(Loss) income from operations(3)	(19,306)	(17,933)	(3,579)	(9,739)	(1,091)	(19,596)	(13,559)	8,736	1,166
Interest expense(4)	(2,729)	(9,093)	(9,690)	(1,143)	(22,713)	—	—	—	—
Foreign currency exchange losses, net	(1)	(2)	(2)	(66)	(1,050)	(909)	(519)	(186)	(25)
Net (loss) income	(25,681)	(26,874)	(12,198)	(8,683)	(24,809)	(16,790)	(11,857)	8,530	1,138

	For the Year Ended December 31,			For the Three Months Ended March 31,	For the Year Ended March 31,		For the Six Months Ended September 30,		
	2002	2003	2004	2005	2006	2007	2006	2007	2007
	RMB	RMB (Restated)(1)	RMB (Restated)(1)	RMB	RMB	RMB	RMB	RMB	$
	(In thousands, except for per share and per ADS data)								
Accretion of Series A redeemable convertible preferred shares to redemption value	—	—	—	—	(13,889)	—	—	—	—
Foreign currency exchange translation adjustment on Series A redeemable convertible preferred shares	—	—	—	—	3,269	—	—	—	—
Net (loss) income (applicable) available to common shareholders(5)	(25,681)	(26,874)	(12,198)	(8,683)	(35,429)	(16,790)	(11,857)	8,530	1,138
Basic (loss) earnings per common share(5)	(1.28)	(1.34)	(0.61)	(0.50)	(2.16)	(0.82)	(0.61)	0.39	0.05
Diluted (loss) earnings per common share(5)	(1.28)	(1.34)	(0.61)	(0.50)	(2.16)	(0.82)	(0.61)	0.23	0.03
Pro forma basic (loss) earnings per common share (6)	—	—	—	—	—	(0.52)	—	0.25	0.03
Pro forma diluted (loss) earnings per common share (6)	—	—	—	—	—	(0.52)	—	0.23	0.03
Basic (loss) earnings per ADS	(1.28)	(1.34)	(0.61)	(0.50)	(2.16)	(0.82)	(0.61)	0.39	0.05
Diluted (loss) earnings per ADS	(1.28)	(1.34)	(0.61)	(0.50)	(2.16)	(0.82)	(0.61)	0.23	0.03
Pro forma basic (loss) earnings per ADS(6)	—	—	—	—	—	(0.52)	—	0.25	0.03
Pro forma diluted (loss) earnings per ADS(6)	—	—	—	—	—	(0.52)	—	0.23	0.03

	As of December 31,			As of March 31,			As of September 30,	
	2002	2003	2004	2005	2006	2007	2007	2007
	RMB	RMB (Restated)(1)	RMB (Restated)(1)	RMB	RMB	RMB	RMB	$
				(In thousands)				
Consolidated Balance Sheet Data:								
Cash	3,344	12,852	11,827	93,030	44,624	45,019	52,567	7,016
Accounts receivable, net	1,482	5,142	10,967	4,354	12,984	16,978	29,612	3,952
Due from related parties	295	323	21,381	23,798	4,368	20	—	—
Total current assets	6,631	21,614	50,189	125,881	67,989	76,656	97,744	13,045
Total assets	16,768	53,924	63,986	139,260	88,384	108,165	131,034	17,488
Note payable, current(7)	—	—	17,940	18,666	19,000	—	—	—
Due to related parties	9,033	50,804	54,576	46,277	1,644	—	—	—
Deferred revenues, current	9,109	10,640	23,288	20,564	22,340	26,341	27,177	3,627
Total current liabilities	25,013	74,185	113,575	112,453	53,937	45,620	59,257	7,909
Note payable, non-current(7)	18,570	15,384	—	—	—	—	—	—
Deferred revenues, non-current	7,426	14,377	10,442	8,585	8,555	7,897	7,547	1,007
Total liabilities	51,009	103,946	124,017	121,038	62,492	53,517	66,804	8,916
Accumulated deficit	(45,728)	(72,602)	(84,800)	(93,483)	(118,292)	(135,082)	(126,552)	(16,890)
Total shareholders' (deficit) equity	(34,241)	(50,022)	(60,031)	(94,444)	25,892	54,648	64,230	8,572

(1) During the course of preparing our consolidated financial statements for the years ended March 31, 2006 and 2007, we discovered that in certain cases prior to December 31, 2005, we recognized revenue prior to obtaining signed contracts from our customers. Consequently, because we did not have proper evidence of an arrangement at the time we recognized such revenue, our previously-issued consolidated financial statements for the years ended December 31, 2003 and 2004 have been restated to correct the errors in revenue recognition and, depending on the billing and customer payment status, corresponding corrections were made to accounts receivable, prepaid business tax (included in total current assets), deferred revenues and current taxes payable (included in total current liabilities). The following table summarizes the effects of the restatements on our selected consolidated operations data and consolidated balance sheet data as of and for the years ended December 31, 2003 and 2004.

	For the Year Ended December 31,					
	2003			2004		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	RMB	RMB	RMB	RMB	RMB	RMB
Consolidated statements of operations data						
Net revenues						
Test-based educational services	5,849	(360)	5,489	18,000	369	18,369
Total net revenue	22,979	(360)	22,619	44,152	369	44,521
Gross profit	9,190	(360)	8,829	21,019	369	21,388
Loss from operations	(17,573)	(360)	(17,933)	(3,948)	369	(3,579)
Net loss	(26,514)	(360)	(26,874)	(12,567)	369	(12,198)
Net loss applicable to to common Shareholders	(26,514)	(360)	(26,874)	(12,567)	369	(12,198)
Basic loss per common share	(1.32)	(0.02)	(1.34)	(0.63)	0.02	(0.61)
Diluted loss per common share	(1.32)	(0.02)	(1.34)	(0.63)	0.02	(0.61)

	As of December 31,					
	2003			2004		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	RMB	RMB	RMB	RMB	RMB	RMB
Consolidated balance sheet data						
Accounts receivable, net	5,282	(140)	5,142	12,022	(1,055)	10,967
Total current assets	21,725	(110)	21,614	51,197	(1,008)	50,189
Total assets	54,034	(110)	53,924	64,994	(1,008)	63,986
Deferred revenue, current	10,394	246	10,640	24,399	(1,111)	23,288
Total current liabilities	73,915	270	74,185	114,573	(997)	113,575
Total liabilities	103,676	270	103,946	125,014	(997)	124,017
Accumulated deficit	(72,222)	(380)	(72,602)	(84,789)	(11)	(84,800)
Total shareholders' deficit	(49,642)	(380)	(50,022)	(60,020)	(11)	(60,031)

As a result of the correction of the error, accumulated deficit as of January 1, 2003 decreased from RMB45,708,000 to RMB45,728,000.

(2) In March 2002, our subsidiary ATA Testing entered into an agreement with ATA Jiangsu to assign ATA Testing's rights and interests in a number of test delivery service contracts to ATA Jiangsu. ATA Testing collected a RMB6.5 million payment under this agreement in the year ended December 31, 2002. We initially anticipated that the test delivery service contracts would generate revenues and ATA Testing would provide ancillary services under the agreement for a period of ten years. We therefore deferred the recognition of revenue upon receipt of the payment, and began to recognize the payment into income over a ten year period for the years ended December 31, 2002, 2003 and 2004. However, on December 27, 2005, the board of directors of ATA Jiangsu resolved to commence a voluntary winding up of ATA Jiangsu. As a result, we recognized the remaining deferred revenue of RMB3.9 million into income in December 2005.

(3) Includes non-cash share-based compensation expenses of nil, RMB1.3 million, RMB1.1 million, RMB6.4 million, RMB4.2 million, RMB2.5 million, RMB1.2 million and RMB1.1 million ($0.1 million) for the years ended December 31, 2002, 2003 and 2004, the three months ended March 31, 2005, the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2006 and 2007, respectively. Our non-cash share-based compensation expense for the three months ended March 31, 2005 includes an expense of RMB6.3 million resulting from the issuance of 853,941 of our common shares to Kevin Xiaofeng Ma, our co-founder, chairman and chief executive officer, to reward his past performance.

(4) Includes interest expense and loan discount charged for the years ended December 31, 2002, 2003 and 2004, the three months ended March 31, 2005 and the fiscal year ended March 31, 2006 of RMB2.7 million, RMB3.0 million, RMB2.6 million, RMB0.7 million and RMB22.7 million, respectively, in connection with a RMB19.0 million loan from a third party that was repaid in full on May 19, 2006. Also includes earnings attributable and payable to an investor of ATA Learning of RMB6.1 million and RMB7.1 million for the years ended December 31, 2003 and 2004, respectively.

(5) Our PRC subsidiaries, ATA Testing and ATA Learning, enjoy tax holidays provided by local and national PRC tax authorities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Taxation." If our PRC subsidiaries had not enjoyed these tax holidays they would have had a preferential enterprise income tax rate of 15%. The following table shows the effects of the tax holidays for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	For the Year Ended March 31,		For the Six Months Ended September 30,		
	2002	2003	2004	2005	2006	2007	2006	2007	2007
	RMB	RMB (Restated)	RMB (Restated)	RMB	RMB	RMB	RMB	RMB	$
	(In thousands, except for per share)								
Effect on net (loss) income (applicable) available to common shareholders	1.260	399	(19)	90	(544)	155	183	231	31
Effect on basic (loss) earnings per common share	0.063	0.020	(0.001)	0.005	(0.033)	0.008	0.009	0.011	0.001
Effect on diluted (loss) earnings per common share	0.063	0.020	(0.001)	0.005	(0.033)	0.008	0.009	0.006	0.001

(6) Gives effect to the full conversion of preferred shares into 11,730,554 of our common shares, as if the conversion had taken place on April 1, 2006.

(7) Note payable to a third party was repaid in full on May 19, 2006

	For the Year Ended December 31,			For the Three Months Ended March 31,	For the Year Ended March 31,		For the Six Months Ended September 30,	
	2002	2003	2004	2005	2006	2007	2006	2007
		(Restated)	(Restated)					
Key Operating Data:								
Testing services:								
Number of tests delivered(1)	848,840	1,399,170	1,851,476	245,012	2,583,712	3,335,701	2,004,640	2,065,249
Test-based educational services:								
Number of degree major course programs offered	6	13	25	23	36	74	74	74
Number of schools offering degree major course programs	4	41	85	82	117	137	128	135
Degree major student-months(2)	4,520	52,348	181,072	75,978	401,415	465,856	215,650	198,178
Number of single course programs offered	19	24	43	42	58	73	58	49
Number of schools offering single course programs	30	89	136	86	129	132	119	118
Single course student-months(3)	846	34,005	71,355	29,371	107,891	133,562	68,740	101,603
Test preparation solutions:								
Number of copies of NTET software sold	—	—	—	—	—	11,022	—	19,514

(1) Includes tests delivered through our test delivery platform and tests using our Dynamic Simulation Technology.

(2) Degree major student-months are calculated by (i) multiplying the number of students in each degree major by the number of months of that degree major course program in the relevant period and then (ii) aggregating the number of student-months for all of our degree major course programs during the period.

(3) Single course student-months are calculated by (i) multiplying the number of students in each single course program by the number of months of that single course program in the relevant period and then (ii) aggregating the number of student-months for all of our single course programs during the period.

RECENT DEVELOPMENTS

The following is an estimate of certain unaudited selected consolidated financial data for the three months ended December 31, 2007. Because our financial statements for the three months ended December 31, 2007 have not been finalized and are subject to completion of our normal quarter-end closing procedures, the unaudited selected consolidated financial data for the three months ended December 31, 2007 set forth below may be subject to change.

We estimate:

- total net revenues were between RMB63.0 million ($8.4 million) and RMB67.5 million ($9.0 million), compared to RMB36.3 million for the three months ended December 31, 2006;
- gross profit was between RMB42.8 million ($5.7 million) and RMB46.0 million ($6.1 million), compared to RMB25.9 million for the three months ended December 31, 2006;
- income from operations was between RMB14.8 million ($2.0 million) and RMB16.0 million ($2.1 million), compared to RMB6.6 million for the three months ended December 31, 2006; and
- net income was between RMB10.6 million ($1.4 million) and RMB12.0 million ($1.6 million), compared to RMB6.9 million for the three months ended December 31, 2006.

We estimate that our total net revenues, gross profit, income from operations and net income for the three months ended December 31, 2007 reached their highest quarterly levels in our operating history, primarily due to a large increase in net revenues from testing services, which we estimate were between RMB34.8 million ($4.6 million) and RMB37.3 million ($5.0 million), compared to RMB10.9 million for the three months ended December 31, 2006. This increase in testing services net revenues was driven to a large degree by significant increases in the number of finance industry-related tests, principally banking and securities licensure tests, that we delivered during the three months ended December 31, 2007. The large increase in testing services net revenues was partially offset by slower growth in net revenues from test-based educational services, which was primarily due to a decline in net revenues from degree major course programs. We estimate that our cost of revenues and operating expenses also increased significantly during this quarter, generally in line with our revenue growth. We estimate our cost of revenues and operating expenses included approximately RMB9.3 million ($1.2 million) in share-based compensation expenses, the substantial majority of which relate to our October 2007 grant of share options to employees.

Our preliminary consolidated financial data for the quarter ended December 31, 2007 are subject to adjustment based upon, among other things, completion of our reporting processes. Actual results could differ materially from the estimates provided above. For example, total net revenues are subject to finalization of our determination of revenues to be recognized in the quarter or deferred to future periods and the amount of accrued business tax, income from operations is also subject to finalization of our share-based compensation expenses and other operating expenses, and net income is further subject to finalization of our determination of income tax expense for the quarter. For additional information regarding the various risks and uncertainties inherent in such estimates, see “Special Note Regarding Forward-Looking Statements.” Financial results for the three months ended December 31, 2007 may not be indicative of our full year results for the fiscal year ending March 31, 2008 or future quarterly periods. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for information regarding trends and other factors that may influence our financial results.

Our quarterly results of operations are subject to seasonal fluctuations. In particular, net revenues from testing services and test preparation solutions are typically highest in the quarter ending December 31 due to a generally higher number of tests delivered by our clients during that quarter and lowest in the quarter ending March 31. Principally due to this seasonal decline in net revenues from testing

services and test preparation solutions, we expect our total net revenues, gross profit, income from operations and net income to be significantly lower during the three months ending March 31, 2008 than they were for the three months ended December 31, 2007. As a result, we currently estimate that we may incur a net loss from operations and a net loss for the three months ending March 31, 2008. In addition, we may also incur a net loss from operations and a net loss for the three months ending June 30, 2008 depending on whether certain large-scale tests, such as the banking licensure test, are scheduled in the quarter ending September 30, 2008 instead of the prior quarter.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial and Operating Data" and our consolidated financial statements and the related notes for the fiscal years ended March 31, 2006 and 2007 included elsewhere in this prospectus. Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The discussion in this section contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

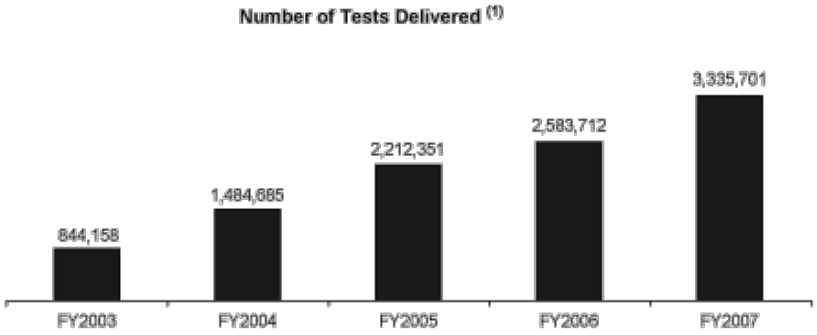
Overview

Our Business

We are the leading provider of computer-based testing services in China, with the largest market share, 30.9%, in terms of revenue in 2006, according to IDC. We also provide career-oriented test-based educational programs and test preparation solutions. To comply with PRC law, we operate the online portion of our test preparation solutions business through a series of contractual arrangements with ATA Online (Beijing) Education Technology Limited, or ATA Online, a PRC entity owned by two of our founders and over which we do not have direct control or direct oversight. We have experienced significant growth in our business during the fiscal year ended March 31, 2007. Our total net revenues have increased from RMB69.0 million for the fiscal year ended March 31, 2006 to RMB84.9 million ($11.3 million) for the fiscal year ended March 31, 2007, and from RMB32.4 million for the six months ended September 30, 2006 to RMB76.2 million ($10.2 million) for the six months ended September 30, 2007. We had net losses of RMB24.8 million and RMB16.8 million for the fiscal years ended March 31, 2006 and 2007, respectively, and net income of RMB8.5 million ($1.1 million) for the six months ended September 30, 2007.

We started our business in 1999 focusing on providing computer-based testing services to test sponsors. Our revenues from the licensing of testing services, which we provide to test sponsors, have grown primarily as a result of increases in the number of test takers who take tests created and delivered using our testing technologies as well as our ability to secure increasing numbers of new contracts from test sponsors for the creation and delivery of new computer-based test titles. Testing services revenues accounted for 32.8% and 38.7% of our total net revenues for the six months ended September 30, 2006 and 2007, respectively. In the near term, we expect our testing services revenues to continue to be the largest source of our total net revenues as a result of new contracts with test sponsors in the banking, securities and insurance sectors. Our testing services are also important for reasons other than the revenues they generate. The expertise we have developed in the creation and delivery of large scale tests covering a wide variety of test topics and industries contributes to our ability to create and offer career-oriented course programs and test preparation solutions.

The following graph shows the growth in the number of tests delivered using our testing technologies for the twelve months ended March 31, 2003, 2004, 2005, 2006 and 2007.



(1) Includes tests delivered through our E-testing platform and tests using our Dynamic Simulation Technology.

Leveraging our testing expertise, in 2002 we began offering our career-oriented course programs, which we market to Chinese educational institutions. We develop our course programs by integrating our testing technologies and services with IT learning content authorized by major IT vendors. Many of our course programs allow students to earn an IT vendor certificate upon completion of the program and the successful passage of related tests in addition to earning credits toward graduation. In March 2006, we began to offer pre-occupational training programs, which are programs with trained instructors that allow students to obtain practical skills through exercises designed to more closely align their skills with specific job requirements. Licensing fees from test-based educational services accounted for 57.9% and 27.4% of our total net revenues for the six months ended September 30, 2006 and 2007, respectively.

By integrating our testing technologies with targeted test preparation content for certain professional licensure and certification tests, in 2006 we began offering test preparation solutions for the securities, insurance and teaching industries. ATA Online, our affiliated PRC entity, launched online test preparation Internet web sites in coordination with the Securities Association of China, the China Futures Association and the China Banking Association to help candidates across China practice and prepare for these organizations' professional licensure and certification tests, which tests are delivered by us through our test delivery platform. We also offer our NTET Tutorial Platform software, which comprises a comprehensive set of training materials to prepare teachers for certification under the National Teachers' Skill Test of Applied Educational Technology in Secondary and Elementary Schools, or NTET test, which is delivered nationwide through our test delivery platform. Revenues from our test preparation solutions increased as a percentage of our total net revenues from 0.5% for the fiscal year ended March 31, 2006 to 28.4% for the six months ended September 30, 2007.

On October 15, 2007, we entered into definitive agreements to purchase the entire equity interests of Beijing Jindixin Software Technology Company Limited and JDX Holdings Limited, which are related companies incorporated in China and the British Virgin Islands, respectively, engaged in the development and marketing of software for computer-based tests. The aggregate cash consideration for the acquisition is RMB10.0 million. On October 15, 2007, we made a deposit of RMB2.0 million in the aggregate to the sellers with the remainder of the consideration due upon closing. The transaction is expected to close in February 2008, subject to satisfaction of customary closing conditions. In conjunction with the acquisition, we also issued to certain of the sellers warrants for the purchase of an aggregate of 126,803 of our common shares at a strike price of $5.25 per share, which warrants are exercisable upon the closing of the transaction and expire on January 13, 2008. On the date of issuance, the estimated intrinsic value of the warrants granted to certain of the sellers approximated RMB4.1 million ($0.5 million) based on the

estimated fair market value of underlying shares of $9.52 (the mid-point of the estimated range of the initial public offering price of this offering after a discount of 9.16% to account for inherent business risk and lack of marketability). On January 5, 2008, the expiration date of the warrants was extended to April 30, 2008.

Factors Affecting Our Results of Operations

Some of the key factors affecting our results of operations are:

- growth in China's professional services sector resulting in increasing demand for qualified and certified talent in China;
- overall economic growth and rising income levels in China contributing to increased spending on education, testing and test preparation;
- government and industry initiatives to standardize and license professionals in industries such as securities, futures, banking, law and accounting;
- growth in the use of computer-based tests and performance-based tests and willingness of test sponsors and educational program providers to outsource test content development and delivery for sophisticated computer-based and performance-based tests;
- emphasis on, and government encouragement for, career-oriented and IT-related educational programs in China;
- the increasing importance of identifying qualified talent contributing to increasing demand for testing and certification programs that can confirm the qualifications of the applicant or job seeker;
- acceptance by educational institutions of our career-oriented and IT-related educational programs; and
- our introduction of new services, such as our pre-occupational training programs launched in March 2006 and our test preparation solutions launched in November 2006.

Although we anticipate the above factors will continue to increase demand for our products and services in China, a slowing or reversal of any of the above factors could cause our revenue growth to slow or stop, or to not grow as fast as we might expect.

In addition, our results of operations for the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2007 have been significantly affected by the following factors:

- share-based compensation;
- the impact of certain preferential tax rates and tax holidays;
- valuation of tax loss carryforwards;
- foreign currency exchange losses;
- accretion of, and foreign currency exchange translation adjustment on, our Series A redeemable convertible preferred shares, or preferred shares, to redemption value;
- interest expense relating to extension of a warrant to a third-party lender;
- recognition into income in the fiscal year ended March 31, 2006 of previously deferred revenue of RMB3.9 million from ATA Jiangsu as a result of its voluntary winding up;
- gain on disposal of Xiamen Wendu Software Education Investment Co. Ltd., or Wendu Education, in the amount of RMB2.8 million, which was consummated during the six months ended September 30, 2007; and

- the relative proportion of our net revenues derived from higher-gross margin and lower-gross margin product and service offerings.

Going forward, we expect our results of operations to be affected by the following:

- share-based compensation;
- the impact of certain preferential tax rates and tax holidays;
- valuation of tax loss carryforwards;
- foreign currency exchange losses; and
- the relative proportion of our net revenues derived from higher-gross margin and lower-gross margin product and service offerings.

Net Revenues

We derive revenues from licensing of fees for computer-based testing services, licensing fees for test-based educational services, sales of test preparation solutions, and other products and services. Our net revenues are presented net of PRC business taxes. The following table sets forth a breakdown of our total net revenues for the periods indicated:

	For the Fiscal Year Ended March 31,				For the Six Months Ended September 30,				
	2006		2007		2006		2007		
	RMB	%	RMB	%	RMB	%	RMB	$	%
	(In thousands, except for percentages)								
Net revenues:									
Testing services	18,170	26.3%	24,628	29.0%	10,622	32.8%	29,472	3,933	38.6%
Test-based educational services	35,138	50.9%	42,804	50.4%	18,749	57.9%	20,891	2,788	27.4%
Test preparation solutions	340	0.5%	10,076	11.9%	5	0.1%	21,632	2,887	28.4%
Other	15,389	22.3%	7,373	8.7%	2,992	9.2%	4,253	568	5.6%
Total net revenues	69,037	100.0%	84,881	100.0%	32,368	100.0%	76,248	10,176	100.0%

Testing Services

We derive testing services revenues from licensing fees charged to test sponsors for our test delivery services and from simulation testing technology licensing. Revenues from testing services accounted for 26.3%, 29.0%, 32.8% and 38.7% of our total net revenues for the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2006 and 2007, respectively.

Test delivery services. We generate test delivery services revenues through licensing fees charged for providing computer-based testing services to test sponsors such as governmental agencies, IT vendors and other sponsors of licensure and certification tests. We offer our clients a comprehensive set of services for the compilation, delivery and analysis of computer-based tests using our E-testing platform, as well as logistical services such as test registration and fee collection. Tests delivered through our E-testing platform may be conducted at our ATA authorized test centers or at other locations at the test sponsor's discretion. We generate revenues from our test delivery services through technology licensing fees charged to test sponsors based on the total number of test takers taking a requested test. Our clients typically pay us within three to six months of delivery of the test. We recognize revenue for test delivery services upon completion of the relevant test.

We have experienced seasonality and expect in the future to continue to experience seasonality in revenues and accounts receivable related to our test delivery services. We typically have higher net

revenues from test delivery services in the quarter ending December 31 than in other quarters due to a generally higher number of tests delivered by our clients during that quarter. Net revenues from test delivery services are typically lowest in the quarter ending March 31. Our second largest quarter in terms of number of tests delivered may vary between the quarters ending June 30 and September 30 depending on whether certain large-scale tests, such as the banking licensure test, are scheduled in one or the other quarter. Depending on when we receive payment from our test sponsor clients, we may experience substantial increases in our accounts receivable balance at the end of the quarter ending December 31 of each fiscal year.

Simulation testing technology licensing. We license our Dynamic Simulation Technology and other simulation testing technologies to IT certification sponsors, such as Microsoft, and international test preparation service providers. Our technology licensing arrangements include annual license fees and royalty fees. Annual license fees are prepaid at the end of the quarter ending June 30 of each year, while royalty fees are payable quarterly. We recognise revenue from royalty fees in the quarter in which our simulation testing technology licenses are delivered, which is evidenced by the quarterly usage reports received from the licensees. Annual license fee revenues are recognized over the year on a straight-line basis. We have not experienced significant seasonality in revenues or accounts receivable in relation to our simulation testing technology licensing.

Significant Factors Affecting Testing Services

The most significant factor directly affecting our revenues from licensing fees charged for our testing services are the number of test takers. The number of test takers for a test is driven by our ability to secure contracts with test sponsors for the creation and delivery of computer-based test titles popular with test takers. The volume of tests we offer is determined by the willingness of test sponsors to use our services. We believe test sponsors choose our services because (i) for all test sponsors, our testing services provide a proven and technologically advanced computer-based and performance-based testing format that is stable, cost-effective, secure, accurate and better able to assess the real-world, practical skills of test takers, (ii) for government test sponsors, our testing services allow governmental agencies to outsource the burden and difficulty of administering large-scale tests to a third-party service provider better equipped to handle the testing process, and (iii) for IT vendors, our testing services help perpetuate the market prevalence of their products and technologies and help identify technical talent from across China. Our revenues from licensing fees charged for our testing services revenues are also affected by the price we can charge per test, which generally remains fairly stable once we are engaged by a test sponsor to help deliver a particular test.

Demand and pricing for a test is affected by whether a certain profession, career or job position for which the certification, licensure or qualification test is being given is considered desirable by potential test takers. Some industries may experience fluctuations in the numbers of people attempting to become qualified to participate in the industry, depending on the overall health of the relevant industry, changes in average salary levels in the relevant industry, the popularity of certain types of careers and employers, governmental policies that impact the relevant industry, or other factors. Tests that test proficiency in specific IT-related skill sets are particularly sensitive to changes in or the obsolescence of the relevant technologies.

In addition, obtaining contracts from test sponsors for new test titles and for upgrading existing test titles often requires us to expend considerable time and resources. Many of our clients administer tests to a large number of people on a regular basis, and maintaining consistency and stability from year to year in the test delivery format is important to them. The decision process involved in adopting a new type of test or a new test delivery format can be difficult and complex. These factors often result in significant delays in our ability to secure contracts, which can make it difficult for us to predict our revenues from licensing fees from test sponsors in any given year. On the other hand, for test sponsors that administer many tests on a regular basis, our ability to secure an initial contract and to effectively meet their test delivery requirements under the contract can help us obtain future test title contracts from that test sponsor, which enables us to increase and diversify our revenues and to hinder the ability of competitors to

secure contracts with the test sponsor. In addition, our ability to license our simulation technology to leading IT vendors and other clients that require cutting-edge computer-based simulation testing technologies depends largely on our ability to maintain and extend our technology leadership in this area. In this regard, our revenues from licensing fees from test sponsors may be negatively affected if Microsoft exercises its contractual option to purchase the source code of our Dynamic Simulation Technology. See "Risk Factors — Risks Relating to Our Business — If Microsoft exercises its contractual option to acquire the source code of our Dynamic Simulation Technology, or DST, Microsoft or a company to which Microsoft licenses or sells such technology may be able to more effectively compete with us." We have not received any indication from Microsoft that it intends to exercise this purchase option.

Finally, our ability to roll out the delivery of new tests, particularly large-scale tests delivered nationwide through our network of ATA authorized test centers, can be complicated and time consuming, which may delay our ability to generate revenues under some of our contracts for delivery of tests that have not been delivered previously.

Test-Based Educational Services

We receive licensing fees from test-based educational services charged to educational institutions for our degree major course programs, single course programs and pre-occupational training programs. Revenues from these licensing fees accounted for 50.9%, 50.4%, 57.9% and 27.4% of our total net revenues for the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2006 and 2007, respectively.

Degree major course programs. Our degree major course programs are comprised of a series of individual course programs designed to help students acquire a cluster of skill sets that can best prepare them for specific job types and careers, and, in some cases, allow them to acquire certifications from well-known IT vendors. Our degree major course programs are designed to be completed within one to five years, with the majority being completed in two to three years. Our course content and related tests for each course in the degree major course program integrate our computer-based simulation and other testing technologies with IT learning content and certifications authorized by the IT vendors. Revenues from our degree major course program offerings accounted for 49.2% and 20.3%, respectively, of our total net revenues, and 84.9% and 73.9%, respectively, of our test-based educational services net revenues, in the six months ended September 30, 2006 and 2007. We expect our degree major course programs to continue to contribute a substantial majority of our revenues from licensing fees from test-based educational services as these programs become more popular with educational institutions across China.

We generate revenues from our degree major course programs through licensing fees charged to educational institutions. Our licensing fees are charged per student per year and are agreed upon prior to delivery of any course or test materials. Our fee is payable shortly after confirmation by the educational institution of the number of students enrolled in each degree major course program near the beginning of each school year. For first-year courses, confirmation of the number of students enrolled in each degree major course program usually occurs one to two months into the school year because a small percentage of first-year students change their degree major in the first couple months after commencement of the school year. Therefore, billing and payment collection for our first-year courses often does not occur until later in the school year. The fees are not refundable if the student fails to complete one or more of the courses or the entire degree major course program or fails any of the tests. We charge schools based on our perceived market value of both the individual certifications to be awarded at the completion of each course and the overall degree to be awarded to the student at the completion of the degree major course program.

Revenues from our degree major course programs may fluctuate because revenues from the final year of the degree major course program are recognized over a ten-month period (generally September through June) while revenues from the first through the next-to-last years of the program are recognized over a 12-month period (generally September through August). In the fiscal year ended March 31, 2007, we experienced lower revenues from these programs in the quarter ended September 30, 2006 as final year students comprise a material amount of the revenue contributing student population and we do not

recognize revenues in July and August for these students. We expect this seasonal fluctuation to continue while the magnitude of the fluctuation depends on the proportion of students in early years of the programs as compared to students in the latter years of the program.

We also expect some seasonality in our billing and accounts receivable related to degree major course programs. Our contractual right to collect from our clients typically falls around the months of October to November when the number of enrolled students is confirmed. A large portion of our clients settle payment with us two to three months after that time, around the months of December and January. Depending on the mix of clients that pay us in December or January each year, we may experience fluctuations in our accounts receivable balance and cash booked. As a result, our accounts receivable have historically been highest at the end of the quarter ending December 31 of each fiscal year.

Single course programs. Our single course programs typically center around a specific type of computer software application or other technology that requires significant training and practice to master and for which certification is offered. Our single course programs integrate our testing technologies and services with IT learning content and certifications authorized by well-known IT vendors. Chinese universities, vocational colleges and other educational institutions offer these course programs to non-IT major students as elective courses. In order to receive certification from IT vendors, students must pass a computer-based test administered at the end of the single course program. Revenues from our single course program offerings accounted for 7.7% and 5.3%, respectively, of our total net revenues, and 13.2% and 19.5%, respectively, of our test-based educational services net revenues, for the six months ended September 30, 2006 and 2007.

We generate revenues from our single course programs through licensing fees charged to educational institutions. We charge licensing fees for our single course programs based on a pre-agreed fee per student taking each course. A portion of the per-student fee, generally 30% to 50% of the total, is due prior to delivery of the course materials at the beginning of the course period based on the number of students who enroll in the course. The remainder of the per-student fee is due prior to delivery of the final test and is based on the number of students taking the final test. We charge schools based on our perceived market value of the certification to be awarded to the student at the completion of the course.

Our contracts for single course programs entered into prior to January 2006 were silent as to the term or period that we are required to provide services. Beginning in January 2006, we have revised the standard terms of our single course program contracts to stipulate that we have no obligations to provide future services after a definitive term even if the course has not been completed. We are also in the process of amending or replacing our single course program contracts entered into prior to January 2006 to stipulate that we have no obligations to provide future services after six or 12 months from the commencement of our services. As of September 30, 2007, approximately 20% of our effective single course program contracts entered into prior to January 2006 have been amended to include the contractual term of service period. Upon commencement of a single course program that does not have a definitive term, we estimate, based on our historical experience, the percentage of contracts that will be completed within 12 months, and recognize revenue for such contracts on a straight-line basis over a period of five months, which is the expected service period based on historical averages. For the percentage of contracts that are not expected to be completed within 12 months, we do not recognize revenue until the course is completed or we otherwise obtain confirmation from the educational institution that we no longer have any future obligations.

For all single course programs that have a definitive term of service period, we recognize revenue on a straight-line basis over the service period or the contractual period, whichever is longer.

At the end of each reporting period upon the closing of our financial records, we compare the revenue recognized at the onset of the contracts to the actual completion status of each contract, on a contract by contract basis, and make any revenue adjustments to reflect the actual completion status of the contracts. Given that substantially all course programs are delivered during a school year, which spans from September of each year to June of the following year, we will experience a substantial decrease in single course program revenues for the months of July and August each year. We do not expect significant

accounts receivable from our single course program clients due to the fact that we bill and receive cash prior to delivery of a large portion of the relevant services.

Pre-occupational training programs. Our pre-occupational training programs provide trained instructors to teach students practical skills through exercises designed to more closely align their skills with specific job requirements. We generate revenues by licensing our pre-occupational training programs to educational institutions and from fees charged to educational institutions for arranging deployment of training instructors.

We currently run two models for our pre-occupational training programs: the co-operated model and the self-operated model. Under the co-operated model, we provide pre-occupational training personnel and programs, while the educational institutions provide the facilities, equipment and operational staff and are responsible for student in-take. We charge either on a consumption basis by referencing the number of enrolled students or by course hours consumed over the typical training period of two to three months or on a license basis by referencing the number of licenses purchased per year, which is determined by the number of courses that comprise the training program and working units in the training center. Alternatively, we also receive instructor deployment revenue based on the length of the program if a client requires us to deploy training instructors. Under the self-operated model, the training center is invested and operated by us. Participating schools send students to our training facilities and we collect fees based on the number of class units taken over the typical training period of two to three months.

We recognize revenue from licensing our pre-occupational training programs over the service delivery period on a straight-line basis, either over the typical training period of two to three months, or if the license fee charged is on a per-year basis, over the 12-month period from the commencement date. We typically collect cash either in full prior to delivery of the service, or 50% at the time when the service is first delivered and 50% just prior to completion of services. Instructor deployment revenue is collected prior to instructor deployment, and is recognized on straight-line basis over the service delivery period. Revenues from our pre-occupational training program offerings accounted for 1.1% and 1.8%, respectively, of our total net revenues, and 1.9% and 6.6%, respectively, of our test-based educational services net revenues, in the six months ended September 30, 2006 and 2007.

Significant Factors Affecting Test-Based Educational Services

We use the concept of “student-months” to track growth in our test-based educational services revenues from licensing fees charged to educational institutions for our degree major course programs, single course programs and pre-occupational training programs. Degree major student-months are calculated by first multiplying the number of students in each degree major by the number of months of that degree major course program in the relevant period and then adding the resulting numbers for all of our degree major course programs together to reach an aggregate degree major student-months figure for the period. Single course student-months are calculated by first multiplying the number of students in each single course program by the number of months of that single course program in the relevant period and then adding the resulting numbers for all of our single course programs together to reach an aggregate single course student-months figure for the period.

A number of factors affect our degree major, single course and pre-occupational training student-months, as follows:

Our ability to add schools that offer our course programs. Our ability to increase student-months and grow revenues from licensing fees from test-based educational services depends on our ability to continue to add new educational institutions to our client list, expand our program offerings from existing and new IT vendors, expand program offerings to subjects outside of the IT sector and maintain our relationships with our existing educational institution clients. As schools continue to offer our programs to enable students to obtain vocational skills, our number of student-months and our revenues from licensing fees from educational institutions will increase. Schools in China are required by national policy initiatives to provide more career-oriented courses and practical skills training to assist students entering the IT industry. In addition, we believe employers and industry associations in China are increasingly requiring

job applicants and industry participants to obtain professional certifications and licenses to qualify for increasing numbers of positions in various industries.

Our experience has been that schools typically take a conservative and incremental approach to new technologies and teaching methods, preferring to start small with the adoption of two or three degree major course programs to allow teachers to be properly trained to administer the courses and to test the receptiveness of students to the courses. In addition, educational institutions generally make purchasing decisions for our course programs during the latter part of the school year, typically from April to July of each year, to allow sufficient time for integration of the course programs into their school curriculum, training of teachers, and marketing of the new course program offerings to returning and incoming new students, prior to the beginning of the new school year each fall. If there is a significant delay by a school in making the decision to integrate our course programs, and such decision is not made by August, our course program revenues from that school will likely be delayed for a year or more, which can make it difficult for us to predict these revenues in any given year.

Once a school decides to adopt one or more of our course programs, our revenues are further affected by our ability to roll out these programs in the school in a timely manner. Each roll-out involves several important steps, including assessing and improving the educational institution's infrastructure to ensure that it can support our computer-based testing and course materials and training a sufficient number of teachers to be able to offer the course programs. For our most basic single course programs, this process can usually be completed in a matter of days, but for more complicated course programs and for degree major course programs, it can take several months or more before the programs will be ready for introduction into the school's curriculum.

Our ability to add new course programs to existing educational institution clients. Because of the nature of school enrollment generally, we often generate revenues quickly in the first several years following introduction of our single course and degree major course programs in a particular educational institution. For example, if we offer a three-year degree program, we may experience fast initial growth in the number of students in the first year, second year and third year the educational institution offers the program as we move from offering the program to one class year to offering it to students in all three class years. However, starting in the fourth year after the initial introduction of the program in the school's curriculum, we may experience a leveling off, or decline, in the number of students enrolled in the course as new first-year student enrollments will be offset by graduated students. Thus, our ability to continue introducing new course programs to existing educational institution clients is a significant factor in driving revenue growth from each individual educational institution.

Our ability to secure rights from IT vendors. Our degree major and single course programs are more attractive if they offer skills or certifications from well-known international and domestic IT vendors. We believe that such IT vendors typically offer certification programs for skills that are readily marketable, which provides students that acquire such skills and certifications with advantages in the job market. As a result, we are able to charge educational institutions higher licensing fees per student for course content and certifications provided by well-known IT vendors.

Test Preparation Solutions

We derive test preparation solutions revenues from the sale of teacher training software products and online test preparation services. We historically also generated some revenues from sales of software to schools to conduct computer-based exercises and tests. Test preparation solutions accounted for 0.5%, 11.9%, 0.1% and 28.4% of our total net revenues for the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2006 and 2007, respectively.

NTET Tutorial Platform. We offer, through independent sales agents, our NTET Tutorial Platform software, which comprises a comprehensive set of training materials for preparing teachers for certification under the NTET test. We began offering our NTET Tutorial Platform in November 2006. We sell all title and distribution rights to the distributor upon delivery. We do not provide upgrades or any additional post-contract services, which are the responsibility of the sales agents who sell or otherwise

dispose of our NTET Tutorial Platform. We recognize this revenue upon delivery of the software and once collectibility is reasonably assured. We expect seasonal fluctuations in the sales of these software products because we typically negotiate with our independent sales agents the right to distribute our software on a provincial basis in the quarters ending March 31 and June 30 of each fiscal year. Sales of our NTET Tutorial Platform accounted for 92.5% of our test preparation solutions revenues in the six months ended September 30, 2007.

Online test preparation services. ATA Online provides online test preparation for professional licensure and certification tests delivered through our testing platform for the Securities Association of China, the China Futures Association and the China Banking Association. Revenues from online test preparation services are generated by selling online point cards to end users directly or through distributors on a consignment basis. The online point cards entitle end users to unlimited use of online mock testing during a specified service period, which normally ranges from 90 to 180 days from the activation of the online point cards. Sales proceeds from the online point cards, net of the discounts granted to distributors, are recognized on a straight-line basis ratably over the service period commencing at the point of time the card is activated as online test preparation service fees. If the cards sold to end users are not activated before the expiration date, all online service fees received will be recognized on the expiration date. ATA Online is not contractually obligated to accept, nor has it historically accepted, returns from end users.

Significant Factors Affecting Test Preparation Solutions

A number of factors affect our revenues from test preparation solutions. One of the most important of these is our ability to grow the number of test titles we deliver through our test delivery platform. Because we only offer test preparation solutions for tests that are delivered through our test delivery platform, the number of test titles we deliver through our test delivery platform directly impacts the potential number of tests for which we can offer test preparation solutions. However, the demand for test preparation solutions is not the same for all tests. Demand for test preparation solutions for a particular test depends on the relative level of importance or difficulty of the test, with greater demand for test preparation solutions for more important and more difficult tests. Therefore, our ability to secure test delivery services contracts for more important and more difficult tests may affect our test preparation solutions business. Our ability to grow our test preparation solutions business is also affected by the willingness of our test sponsor clients to permit us to provide test preparation solutions for their tests. Some test sponsor clients may not permit us to provide test preparation solutions in relation to tests for which we provide test delivery and other services due to a perceived conflict of interest. In addition, because we generally do not develop the learning content used in our test preparation solutions, our ability to license test preparation learning content and materials from the relevant test sponsor or third party content provider is critical to the expansion of the number of tests for which we offer test preparation solutions.

In addition, our revenues from existing test preparation solutions depend on the number of users of our test preparation solutions and the price we can charge for them. These in turn depend on a number of factors, including whether test takers are aware of our test preparation solutions and the timing of the test being delivered. We market our current test preparation solutions through either distributors or the test sponsor and the number of test preparation solutions users depends on the effectiveness of these marketing channels.

Other Revenue

We derive other revenues from licensing fees paid to us by operators of our ATA authorized test centers, issuance of certificates delivered to passing candidates, test content creation services, teacher training, sales of educational compact discs and textbooks, sales of testing peripherals, and other fees and services. Our other revenues accounted for 22.3%, 8.7%, 9.2% and 5.6% of our total net revenues for the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2006 and 2007, respectively.

Licensing fees from ATA authorized test centers. We have established our nationwide network of ATA authorized test centers by contracting with qualified independent operators that act as ATA authorized test centers for us. Under our contracts with test center operators, we license our ATA name and ATA E-testing platform technology and provide ongoing technical support, upgrades and training during the contract period in exchange for license fees. Each test center is obligated to provide testing venues, computers with Internet access for use as testing terminals, other testing equipment and test monitoring services as specified by us. We have ongoing obligations to provide technical support and system upgrades during the licensing period. Although we generate a small but steady stream of licensing revenue from test center operators, we view our network of ATA authorized test centers primarily as a channel for the nationwide delivery of our tests, which is an important consideration for many of our test sponsor clients, as well as a means to build our brand by placing ATA signage in our numerous test centers across China. We do not provide loan guarantees, asset pledges or any other financial support to the ATA authorized test centers.

We receive license fees from our test center operators in the form of either a single initial license fee or a combination of initial license fee and annual continuing license fees. Under either fee arrangement, our licensees can extend their licensing agreement with us indefinitely. We recognize revenue from initial license fees on a straight-line basis over the expected licensing period, which currently is ten years. We recognize revenue from annual license fees once collectibility is reasonably assured, which has generally been once we receive cash payment, over the remaining months of the year to which the annual license fees relate.

Certificates. Many of our testing services clients, including well-known test sponsors, charge passing candidates a separate fee to receive a certificate for a test passed. We produce and deliver these certificates to these candidates upon request. We charge a per-certificate price for the certificates and recognize revenues from certificate issuances upon delivery of the certificate.

Test content creation services. Our test content creation services include the installation of our technology on client testing platforms, the conversion of paper-based tests into computer-based tests, and other related services. We build test items for computer-based tests using our advanced testing technologies and we license our testing technologies to clients to enable them to create and administer their own tests. We have also developed other advanced testing technologies for creating sophisticated computer-based tests. We generate revenues from our test content creation services through service fees charged to governmental agencies, IT vendors and other sponsors of licensure, certification and qualification tests. We recognize revenue from our test content creation services upon the acceptance of the services by the client.

Teacher training services. Through our teacher training services, we organize training events for teachers to improve their understanding of our course program content and our E-testing platform as used in the context of our degree major and single course programs. We charge schools a fixed price per teacher attending our training sessions, which typically take one week to complete. For course content training, we generally outsource the training presentation to the IT vendors that provided the content for the specific course program, or to college professors or other instructors or trainers with expertise in the course program subject matter. We recognize revenue from teacher training services upon completion of the services, which usually occurs within several weeks.

Educational compact discs and textbooks. We do not market our educational materials, such as compact discs and textbooks, separately from the course programs to which they relate. However, our clients, mainly educational institutions, may request additional copies of course program compact discs and textbooks to replace those lost by students or to provide additional copies for instructors. We recognize revenue from sales of educational compact discs and textbooks upon receiving cash payment at delivery.

Other fees and services. From time to time and as requested by our clients, we may perform certain IT consulting or system integration work for our test sponsor clients. These are typically short one-time contracts from which we recognize revenue upon completion of the services, which usually occurs within a short period of time. We also, from time to time, receive revenue from content providers for our

test-based educational services course programs in the form of marketing fees charged to these content providers to host conferences and events to promote the course programs. We recognize revenue from these marketing fees upon receiving cash payment.

Cost of Revenues

Our cost of revenues consists primarily of royalty fees, payroll compensation, the cost of inventory sold and test delivery monitoring costs, all of which are directly attributable to the provision of our testing services, test-based educational services, test preparation solutions and our other products and services. The following table shows our cost of revenues and gross profit for the periods indicated:

	For the Fiscal Year Ended March 31,				For the Six Months Ended September 30,				
	2006		2007		2006		2007		
	RMB	%	RMB	%	RMB	%	RMB	$	%
	(In thousands, except for percentages)								
Net revenues	69,037	100.0%	84,881	100.0%	32,368	100.0%	76,248	10,176	100.0%
Cost of revenues	33,988	49.2%	41,102	48.4%	18,750	57.9%	32,777	4,374	43.0%
Gross profit	35,049	50.8%	43,779	51.6%	13,618	42.1%	43,471	5,802	57.0%

Royalty Fees

The largest component of our cost of revenues is attributable to royalty fees paid to IT vendors for the use of their proprietary content in our course programs and our computer-based tests. We pay substantially all of these royalty fees under an enrollment model, whereby royalty fees are determined based on the number of students who enroll in the course. Under limited circumstances, an IT vendor may also charge an annual royalty cost regardless of the number of students enrolled in, or that take the final test for, the course.

Payroll Compensation

The second largest component of our cost of revenues relates to payroll compensation. Payroll consists of base salary and related welfare benefits paid to staff in our services implementation and customer support departments.

Cost of Inventory Sold

Our cost of inventory sold is comprised of printed learning material that are pre-printed by third parties and that we record as inventory. When a school contracts with us for degree major and single course programs, we deliver the related compact discs and textbooks and other course materials prior to the start of the course programs. Cost of inventory is recognized on a first-in-first-out basis.

Test Delivery Monitoring Costs

Our test delivery monitoring costs consist of fees paid to hire test proctors, rental of testing facilities and peripheral items used for the provision of our testing services, such as USB flash drives used for security control keys, computer cameras used during testing for communication and identification, compact discs used to store and deliver our testing software, and signage used to identify and brand our ATA authorized test centers.

Factors Affecting Gross Margin

Our gross margin is affected by changes in our net revenues and cost of revenues. Our net revenues are determined by the number of schools or IT vendors to which we provide services, the number of test sponsors we provide testing services to and the number of test takers per test title, the amount of software products we sell and the number of test preparation users that purchase our online point cards, as

well as by the amounts we can charge for our services. Our cost of revenues are affected by the size of, and increases or decreases in, royalty payments to IT vendors and other content providers for our course programs. Degree major and single course program licensing fees are subject to mutual negotiation between us and the content providers. While we may be able to negotiate better royalty fees with some content providers as our business grows larger, we may also experience cases where content provider licensing fees may increase. For example, we may need to pay larger-than-average license fees for the right to create new, or update existing, course program titles for more popular IT career paths and technologies. These licensing fees may also increase over time, but we may feel compelled to continue providing these course programs to schools, despite increasing costs, in order to support existing degree major course programs and course offerings at various schools.

Our gross margin is also affected by the mix of our service offerings. For example, the introduction of test preparation solutions such as our NTET Tutorial Platform and ATA Online's online test preparation services in November 2006, which both involve relatively low direct costs of service, contributed to our higher gross margin in the fiscal year ended March 31, 2007 and the six months ended September 30, 2007. Our gross margin will, in part, be affected by how successful we are in increasing the proportion of our revenues derived from services that have a lower direct cost of service.

In addition, our cost of revenues is recognized as incurred, typically at the beginning of the revenue recognition period. Therefore, a significant amount of our degree major course program revenues is recognized ratably over the course period or school year while related costs are generally incurred up front. We expect our gross margin to fluctuate from quarter to quarter due to this cost recognition policy. We expect gross margin to be lower in the quarters ending September 30 and March 31 of each fiscal year as these are times when school starts, educational materials are distributed to the schools and we recognize the majority of our course program costs.

Operating Expenses

Our operating expenses consist of research and development expenses, sales and marketing expenses and general and administrative expenses.

Research and Development Expenses

Our research and development expenses consist primarily of costs of equipment used in our research and development activities, salaries and benefits for our research and development personnel, cost of outsourcing services and other costs relating to the design, development, testing and enhancement of our products and services.

Sales and Marketing Expenses

Our sales and marketing expenses consist primarily of sales commissions paid to our sales personnel, cost of hosting conferences, advertising expense, travel and entertainment expenses, salaries and benefits for our sales and marketing personnel, and other sales and marketing expenses.

General and Administrative Expenses

Our general and administrative expenses consist primarily of salaries and benefits for our administrative and finance personnel, professional fees, office expenses, rental costs, provisions for uncollectible accounts receivable, travel and entertainment expenses, and share-based compensation expense.

Taxation

Under the current laws of the Cayman Islands and the British Virgin Islands, neither we nor ATA BVI is subject to tax on its income or capital gains. In addition, payment of dividends by either company is not subject to withholding tax in those jurisdictions.

Until December 31, 2007, our subsidiaries incorporated in China, ATA Testing and ATA Learning, were governed by the PRC Enterprise Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises. Our affiliated PRC entity, ATA Online, was subject to the PRC Enterprise Income Tax Provisional Regulations. Under those laws and regulations, foreign-invested enterprises, such as ATA Testing and ATA Learning, and domestic Chinese companies, such as ATA Online, were generally subject to enterprise income tax at a statutory rate of 33% (30% national income tax plus 3% local income tax). However, ATA Testing and ATA Learning have enjoyed preferential tax treatments provided by local and national Chinese tax authorities. In addition, under the PRC Enterprise Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises, dividends paid to us by ATA Testing and ATA Learning were exempt from withholding tax. As foreign-invested productive enterprises and new technology enterprises located in Beijing, ATA Testing and ATA Learning were given tax incentives that have the effect of (i) exempting the company from enterprise income tax for their first three tax years following establishment; (ii) providing the company a reduced enterprise income tax rate of 7.5% for the fourth through sixth tax years following establishment; and (iii) providing the company a preferential enterprise income tax rate of 15% for tax years thereafter. ATA Testing, established in 1999, enjoyed a preferential enterprise income tax rate of 15% for the taxable year 2007, while ATA Learning was exempted from enterprise income tax for the tax years 2003, 2004 and 2005 and enjoyed a 7.5% enterprise income tax rate for the years 2006 and 2007.

On March 16, 2007, the National People's Congress of China enacted a new Enterprise Income Tax Law, or New EIT Law, and in December 2007, the State Council promulgated the implementing rules of the New EIT Law, both of which became effective on January 1, 2008. Unlike the Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises, the New EIT Law does not specifically exempt withholding tax on dividends paid by foreign-invested enterprises to foreign investors. The implementing rules of the New EIT Law set the rate of such withholding tax at 10%. The ultimate withholding tax rate on dividends is subject to reduction by applicable tax treaty between the PRC and the tax residence of the foreign investor. We are actively monitoring the withholding tax on dividends and are evaluating appropriate organizational changes to minimize any unfavorable tax consequences, to the extent practicable.

In addition, the New EIT Law imposes a unified enterprise income tax rate of 25% on all domestic enterprises and foreign-invested enterprises unless they qualify for certain tax incentives. Under the New EIT Law, enterprises that were established and already enjoyed preferential tax treatments before March 16, 2007 will continue to enjoy them (1) in the case of reduced tax rates, for a period of five years from January 1, 2008, or (ii) in the case of fixed-term tax holidays, until the expiration of such term, subject to certain phase-out rules. Under the phase-out rules, ATA Testing is expected to be subject to a reduced 18% enterprise income tax rate for the taxable year 2008, a 20% rate for 2009, a 22% rate for 2010, a 24% rate for 2011, and a normal 25% rate from 2012 onwards. ATA Learning is expected to be subject to a reduced 7.5% enterprise income tax rate for the taxable year 2008, and the same tax rates as those applicable to ATA Testing from 2009 onwards. The New EIT Law permits certain "high-technology enterprises" to enjoy a reduced 15% enterprise tax rate. If ATA Testing and ATA Learning qualify as high-technology enterprises and are eligible for preferential tax treatments under the New EIT Law during the phase-out period of their current tax preferential treatment, they may be allowed to choose the more favorable treatment between the phase-out treatment and the 15% reduced-rate treatment under the New EIT Law. Neither the New EIT Law not its implementing rules specify the qualification criteria. Pending promulgation of the qualification criteria, which are to be formulated by the finance and tax authorities of the State Council, we cannot assure you that ATA Testing or ATA Learning will qualify as high-technology enterprises under the New EIT Law.

Under applicable Chinese tax laws, foreign-invested enterprises and domestic chinese companies may carry forward losses up to five years. As a result of accumulated operating losses by our PRC subsidiaries, and our affiliated PRC entity, as of March 31, 2007, we had RMB15.6 million ($2.1 million), respectively, in gross operating loss carryforwards that could be used to offset taxable income in future tax years.

ATA Testing, ATA Learning and ATA Online are also subject to Chinese business tax. We pay business tax on gross revenues generated from service and license fees in China at a rate of 5%. This business tax is included as a reduction of revenue in our consolidated statements of operations.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities, disclosure of contingent assets and liabilities on the date of each set of consolidated financial statements and the reported amounts of revenues and expenses during each financial reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates as a result of changes in our estimates or changes in the facts or circumstances underlying our estimates and assumptions.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. Some of our accounting policies require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application places the most significant demands on our management's judgment. When reviewing our consolidated financial statements, you should take into account:

- our critical accounting policies discussed below;
- the related judgments made by us and other uncertainties affecting the application of these policies;
- the sensitivity of our reported results to changes in prevailing facts and circumstances and our related estimates and assumptions; and
- the risks and uncertainties described under "Risk Factors."

See note 2 to our audited consolidated financial statements for additional information regarding our significant accounting policies.

Revenue Recognition

Critical determinations made in connection with our revenue recognition policies are set forth below.

Determination of applicability of VSOE. In determining our revenue recognition model for license fees from educational institutions, we have concluded, based on our past experience with our educational institution clients and our anticipated service model, that vendor specific objective evidence, or VSOE, does not exist for the post-contract services, or PCS, and other services provided in the degree major and single course programs, which are the only undelivered elements subsequent to the beginning of the programs. If the licensing and service arrangements with schools change from our current model to such where significant evidence for VSOE does exist for the PCS and services provided then we may no longer recognize revenue from educational institutions ratably over the service period on a straight-line basis. In such a case, we may instead recognize revenue on a relative fair value basis.

Determination of single course program service period. Some of our current single course program contracts do not have a fixed contract term. Upon commencement of a single course program that does not have a definitive term, we estimate, based on our historical experience, the percentage of contracts that will be completed within 12 months, and recognize revenue for such contracts on a straight-line basis over a period of five months, which is the expected service period, based on our historical

experience of the average length of the course period and our regular evaluation of such estimate. Such estimate is consistent with our understanding of educational institutions' course schedules. If the course program service period for revenue recognition increased or decreased by one month, our net revenues from course programs in the fiscal year ended March 31, 2007 would not have been significantly impacted.

Determination of single course program deferred revenue. For the percentage of single course program contracts that are not expected to be completed within 12 months, we do not recognize revenue until the course is completed or we otherwise obtain confirmation from the school that we no longer have any future obligation. Based on historical trend analysis and our expectation that in the future the number of courses that are not completed within 12 months will gradually decrease, each year we estimate a certain percentage of all new courses started during that year but were not expected to be completed within 12 months. If the actual number of courses that have a delivery period of greater than 12 months is materially higher than our estimate, we may need to revise our revenue deferral policy for future periods. If the percentage of estimated deferred revenue for new courses started during the fiscal year ended March 31, 2007 and not completed within 12 months changed by 10%, our net revenues in the fiscal year ended March 31, 2007 would not have been significantly impacted.

Income Taxes

We assess the likelihood that our net deferred income tax assets will be realized from future taxable income. To the extent that we believe that it is more likely than not that some portion or the entire amount of deferred income tax assets will not be realized, we establish a valuation allowance. In assessing the need for a valuation allowance, we consider all available evidence, including projected future taxable income, tax planning strategies, historical taxable income (losses), and the expiration period of the operating loss carryforwards.

In assessing the realizability of deferred income tax assets, we consider whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or tax carryforwards are utilized. We consider projected future taxable income and tax planning strategies in making this assessment. The largest component of deferred income tax assets is the net operating loss carryforwards generated by ATA Testing. ATA Testing incurred operating losses through 2004. ATA Testing utilized tax loss carryforwards, which were previously provided for, amounting to RMB1.2 million and RMB1.0 million, respectively, in the years ended March 31, 2006 and 2007. We believe that ATA Testing's cumulative operating losses for the three-year period ended March 31, 2006 constituted significant evidence that deferred income tax assets would not be realizable and this evidence outweighed our expectations that ATA Testing would generate future taxable income. Therefore, a valuation allowance of RMB2.3 million has been provided against ATA Testing's deferred income tax assets as of March 31, 2006. The deferred income tax assets of RMB0.4 million recognized on net operating loss generated during the three months ended March 31, 2006 was expected to be recovered within the tax year of 2006, thus no valuation allowance was provided. For the year ended March 31, 2007, we considered the continuous realization of tax loss carryforwards, the marginal cumulative operating losses for the three-year period ended March 31, 2007, the level of non-deductible permanent differences and our expectations of ATA Testing's generation of future taxable income, and concluded that ATA Testing's deferred income tax assets as of March 31, 2007 are more likely than not realizable. Therefore, we released the valuation allowance of RMB1.4 million attributable to ATA Testing's tax loss carryforwards and recognized an income tax benefit in the consolidated statements of operations. The valuation allowance of RMB0.1 million as of March 31, 2007 was provided for the net operating loss carryforwards of ATA Online. Due to the short operating history of ATA Online, we do not believe that its deferred income tax assets are more likely than not realizable and therefore, a full valuation allowance was provided against ATA Online's deferred income tax assets as of March 31, 2007. The amount of the net deferred income tax assets considered realizable as of March 31, 2007 could be reduced in the near term if estimates of future taxable income are reduced.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. We review the accounts receivable on a periodic basis and make specific allowances when there is doubt as to the collectibility of individual balances. In evaluating the collectibility of individual receivable balances, we consider many factors, including the age of the balance, the customer's past payment history and current credit-worthiness and current economic trends. To date, we have not written-off any customer receivable, although we have recognized provisions for doubtful accounts of RMB0.9 million and RMB0.5 million during the years ended March 31, 2006 and 2007, respectively.

If our assumptions regarding the financial condition of our customers and their ability and willingness to pay us are incorrect, our actual bad debt provisions may be higher than estimated, which could result in a charge against our income and a higher level of allowance for doubtful accounts in the future, either of which could have a material adverse effect on our financial condition and results of operations.

Share-Based Compensation to Employees

As further described in Note 12 to our Consolidated Financial Statements, we have elected to adopt the Statement of Financial Accounting Standards No. 123-R, "Share-Based Payment," or SFAS 123R. Under SFAS 123R, the cost of all share-based payment transactions are recognized in our consolidated financial statements based on their grant-date fair value over the required period, which is generally the period from the date of grant to the date when the share compensation is no longer contingent upon additional service from the employee, or the vesting period. When no future services are required to be performed by the employee in exchange for an award of equity instruments, and if such award does not contain a performance or market condition, the cost of the award (as measured based on the grant-date fair value of the equity instrument) is expensed on the grant date.

The determination of fair value of equity awards such as options requires making complex and subjective judgments about the projected financial and operating results of the subject company. It also requires making certain assumptions relating to cost of capital, general market and macroeconomic conditions, industry trends, comparable companies, share price volatility of the subject company, expected lives of options and discount rates. These assumptions are inherently uncertain. Changes in these assumptions could significantly affect the amount of employee share-based compensation expense we recognize in our consolidated financial statements.

We determined the estimated fair value of our employees' share options granted in April 2005, December 2005, May 2006, December 2006 and October 2007 based on retrospective valuations conducted by Sallmanns (Far East) Limited, an independent third-party valuation firm. In determining the per share value of our common shares for purposes of determining the fair value of the options, we considered the guidance prescribed by the AICPA Audit and Accounting Practice Aid "Valuation of Privately-Held-Company Equity Securities Issued as Compensation," or Practice Aid. Specifically, paragraph 16 of the Practice Aid sets forth the preferred types of valuation that should be used. The fair value of our common shares was determined in a two-step process. In the first step, the equity value of our company was determined based on a valuation performed by Sallmanns (Far East) Limited. Sallmanns (Far East) Limited considered both the market approach and income approach to arrive at the fair value of our equity value. Sallmanns (Far East) Limited considered the market approach in the form of guideline company method and in the context of an equity transaction with unrelated third parties in exchange for cash consideration. Due to lack of general consistency in the guideline companies' valuation ratios, Sallmanns (Far East) Limited did not apply any weight to the guideline company to arrive at the fair value of our equity. In accordance with the Practice Aid, because we had an equity transaction in March 2005 with an unrelated party in consideration for cash, we believed this equity transaction established a reference to determine a fair value of our equity value for option grants proximate to this transaction. Therefore, for the valuation of options granted in April 2005, December 2005 and May 2006, which were in the 12-month

proximity with the March 2005 transaction, income approach (discounted cash flow method) was used with the discount rate referencing the recent equity transaction to arrive at the value of our equity value for these respective grants. For option grants after May 2006, without available reference of an equity transaction, income approach served as the method to determine our equity value. For the October 2007 grant, the fair value of the 391,800 stock options granted was determined by using the binomial option-pricing model with an estimated fair market value of underlying shares of $9.52 (the mid-point of the estimated range of the initial public offering price of this offering after a discount of 9.16% to account for inherent business risk and lack of marketability).

For the income approach, Sallmanns (Far East) Limited utilized a discounted cash flow method based on our projected cash flows from 2006 through 2011, including the following factors:

- analysis of our industry and comparable listed companies;
- our business and future development plan which includes estimated revenue volume and average unit price;
- our historical financial results;
- our projections of gross margins, earnings before income tax margin, capital expenditures and working capital changes from 2006 through 2011; and
- appropriate discount rate to bring the projected future net cash flows available for payment of shareholders' interest to their present worth.

Sallmanns (Far East) Limited used a weighted average cost of capital, or WACC, of 11.68% as the discount rate to determine the enterprise value in May 2006, which was near a 12-month proximity to an equity transaction with unrelated third parties in exchange for cash consideration. The near-term equity transaction established a fair value basis for us and an implied discount rate of 11.68% in the transaction was resolved to reflect expectations of free cash flows at that point of time. We believe that such discount rate represented the fair value risk perception of the unrelated investors. Our operations had not undergone major changes from the near-term equity transaction to May 2006 and therefore the same discount rate was applied in the May 2006 valuation. Sallmanns (Far East) Limited used a discount rate of 16% to determine the enterprise value of our company in December 2006. There were no equity transactions objectively establishing our discount rate near a 12-month proximity of this issuance and the discount rate was derived using the WACC formula.

In the second step, since our capital structure comprised a warrant, preferred shares and common shares at the grant date, Sallmanns (Far East) Limited allocated our equity value between each class of equity securities using the option pricing method. The option pricing method treats the warrant, common shares and preferred shares as call options on our company's equity value, with exercise prices based on the warrant's exercise price and liquidation preference of the preferred shares. We determined the fair value of the options on the date of grant by using the binomial option pricing method under the following assumptions.

	May 2006 options	December 2006 options	October 2007 options
Expected volatility of future common share price	57%	56%	43%
Expected dividend rate	—	—	—
Expected term of the options	9.3 years	8.9 years	1.8 years
Risk-free interest rate (per annum)	5.06%	4.66%	4.56%
Estimated fair value of each common share at grant date	$1.14	$1.66	$9.52

We estimate the expected volatility of our future common share price based on the price volatility of the publicly traded common shares of comparable companies in the United States over the most recent period to be equal to the expected option life of our employees' share options. The maturity of the option is estimated based on the contractual terms of our employees' share options. To determine the estimated

fair value of our share options, we believe that the expected volatility and the fair value of our common shares are the most subjective assumptions, as we are a private company prior to the completion of this offering. The fair value of the 330,400, 250,000 and 391,800 options granted as of May 26, 2006, December 27, 2006 and October 1, 2007 was $140,800, $171,500 and $2,473,437 respectively.

We believe that the increase in the fair value of our common shares between the May 2006 and December 2006 grant date was attributable to the following significant factors and events. We experienced strong growth in testing services and test-based educational services in the fiscal quarter ended December 31, 2006. In addition, we launched our NTET test preparation software and our online service platform in the same quarter. Further, in the same quarter, we hired a new vice president responsible for product and service development. However, the valuation did not increase more significantly because we incurred negative operating cashflows during the period from May to December 2006 and we expected our operating cash flow to remain negative in the fiscal quarter ended March 31, 2007. Finally, new revenue contributors such as test preparation were still in the relatively early stages of development and subject to significant uncertainty which is also reflected in the increased discount rate applied as discussed in the preceding paragraphs.

We believe that the increase in the fair value of our common shares between December 2006 and the present is attributable to the following significant factors and events:

- In January 2007, we underwent an organizational restructuring to realign resources to focus on development of testing services and test-based preparation solutions. In addition, operating resources were realigned to minimize duplicate sales and marketing, research and development and administrative efforts.
- Since June 2007, our test preparation business model has become more mature, developing an established distribution channel, clear pricing structure, stable product and service offerings and support from test sponsors in marketing and distribution.
- Since June 2007, we have experienced and we expect to continue to experience rapid and substantial growth in test volume due to significant new contracts from the China Banking Association, Securities Association of China and Ministry of Culture to test and certify professionals working in their respective industries.

We had 4,052,863 employee share options outstanding, including 2,694,026 immediately exercisable employee share options, as of March 31, 2007. The following table sets out information regarding our outstanding employee share options as of March 31, 2007:

Options Outstanding as of March 31, 2007			Options Exercisable as of March 31, 2007		
Number of Shares	Exercise Price per Share	Remaining Contractual Life	Number of Shares	Exercise Price per Share	Remaining Contractual Life
	($)			($)	
1,369,863	0.545	6.1 years	1,369,863	0.545	6.1 years
1,312,600	2.263	8.0 years	1,077,288	2.263	8.0 years
790,000	3.600	8.7 years	246,875	3.600	8.7 years
330,400	3.600	9.2 years			
250,000	3.600	9.7 years			
4,052,863	2.134	7.7 years	2,694,026	1.512	7.1 years

For our share options issued in 2005 and 2006, we used an expected volatility that ranged from 56% to 64% and estimated fair values for our common shares that ranged from $0.89 to $1.66 per share, resulting in estimated weighted average fair values of $0.378 and $0.538 per option, respectively. We recorded non-cash share-based compensation expenses of RMB4.2 million and RMB2.5 ($0.3 million) million in the fiscal years ended March 31, 2006 and 2007, respectively. As of March 31, 2007, there were

RMB2.6 million of total unrecognized compensation costs related to non-vested share options. These costs are expected to be recognized over the next four years. Further, in connection with the October 2007 grant of 391,800 options, an additional RMB18.5 million in unrecognized compensation costs are expected to be recognized as compensation expense over the vesting period. Twenty-five percent (25%) of the October 2007 options granted vested on January 1, 2008, while the remaining seventy-five percent (75%) vest ratably at the end of each month over the following 30-month period.

Changes in our estimates and assumptions regarding the expected volatility and valuation of our common shares could significantly impact the estimated fair values of our share options determined under the binomial valuation model and, as a result, our net loss and the net loss applicable to our common shareholders.

Fair Value of Equity Instruments Issued to Third Parties

On May 23, 2005, as a result of a modification of a note payable and extension of a warrant's maturity, we re-determined the fair value of the warrant to be RMB22.4 million, based on an independent valuation by Sallmanns (Far East) Limited using the Black-Scholes option pricing model. The assumptions used in determining the fair value of the warrant were: expected dividend yield of 0%, risk-free interest rate of 3.35%, maturity life of one year, volatility of 64% and fair value of underlying common shares of $0.89. We believe that the use of the Black-Scholes option pricing model for the issuance of the warrants in May 2005, in the absence of an exchange of certain rights or privileges which could be valued in direct relation to monetary amounts, was the most appropriate valuation technique. The model was considered to be appropriate to value the issuance of the warrants in May 2005 because of the development of our business model between 2003 and 2005, which provided a more reliable basis upon which to estimate certain key assumptions used, in particular, the long-term growth rate and discount rate. In addition, the existence of unrelated share issuances in March 2005 to third parties in exchange for cash consideration provided a basis to correlate the enterprise value underlying the Black-Scholes model to that implicit in the issuance of warrants for cash. The warrant was exercised in full in June 2006.

Changes in our estimates and assumptions regarding the expected volatility and valuation of our common shares could have significantly impacted the estimated fair values of the warrant determined under the Black-Scholes option pricing model and, as a result, our net loss and the net loss applicable to our common shareholders for the fiscal years ended March 31, 2006.

Results of Operations

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations and each item expressed as a percentage of our total net revenues. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Fiscal Year Ended March 31,				For the Six Months Ended September 30,				
	2006		2007		2006		2007		
	RMB	%	RMB	%	RMB	%	RMB	$	%
	(In thousands, except for percentages and per share data)								
Net revenues:									
Testing services	18,170	26.3%	24,628	29.0%	10,622	32.8%	29,472	3,933	38.6%
Test-based educational services	35,138	50.9%	42,804	50.4%	18,749	57.9%	20,891	2,788	27.4%
Test preparation solutions	340	0.5%	10,076	11.9%	5	0.1%	21,632	2,887	28.4%
Other	15,389	22.3%	7,373	8.7%	2,992	9.2%	4,253	568	5.6%
Total net revenues	**69,037**	**100.0%**	**84,881**	**100.0%**	**32,368**	**100.0%**	**76,248**	**10,176**	**100.0%**
Cost of revenues	33,988	49.2%	41,102	48.4%	18,750	57.9%	32,777	4,374	43.0%
Gross profit	**35,049**	**50.8%**	**43,779**	**51.6%**	**13,618**	**42.1%**	**43,471**	**5,802**	**57.0%**

	For the Fiscal Year Ended March 31,				For the Six Months Ended September 30,				
	2006		2007		2006		2007		
	RMB	%	RMB	%	RMB	%	RMB	$	%
	(In thousands, except for percentages and per share data)								
Operating expenses:									
Research and development	4,854	7.0%	9,322	11.0%	4,018	12.4%	5,286	706	6.9%
Sales and marketing	12,263	17.8%	22,029	26.0%	10,843	33.5%	12,094	1,614	15.8%
General and administrative	19,023	27.6%	32,024	37.7%	12,316	38.1%	17,355	2,316	22.8%
Total operating expenses	36,140	52.4%	63,375	74.7%	27,177	84.0%	34,735	4,636	45.5%
(Loss) income from operations	**(1,091)**	**(1.6%)**	**(19,596)**	**(23.1%)**	**(13,559)**	**(41.9%)**	**8,736**	**1,166**	**11.5%**
Equity in net losses of affiliates	(561)	(0.8%)	(187)	(0.2%)	(320)	(1.0%)	—	—	—
Gain from sale of an affiliate	—	—	—	—	—	—	2,837	379	3.7%
Gain from liquidation of an affiliate	—	—	1,509	1.8%	1,509	4.7%	988	132	1.3%
Interest income	332	0.5%	600	0.7%	349	1.1%	270	36	0.3%
Interest expense	(22,713)	(32.9%)	—	—	—	—	—	—	—
Loss from revaluation of preferred share warrant	(211)	(0.3%)	—	—	—	—	—	—	—
Foreign currency exchange losses, net	(1,050)	(1.5%)	(909)	(1.1%)	(519)	(1.6%)	(186)	(25)	(0.2%)
(Loss) income before income tax	(25,294)	(36.6%)	(18,583)	(21.9%)	(12,540)	(38.7%)	12,645	1,688	16.6%
Income tax benefit (expense)	485	0.7%	1,793	2.1%	683	2.1%	(4,115)	(550)	(5.4%)
Net (loss) income	**(24,809)**	**(35.9%)**	**(16,790)**	**(19.8%)**	**(11,857)**	**(36.6%)**	**8,530**	**1,138**	**11.2%**
Accretion of Series A redeemable convertible preferred shares to redemption value	(13,889)		—		—		—	—	
Foreign currency exchange translation adjustment on Series A redeemable convertible preferred shares	3,269		—		—		—	—	
Net (loss) income (applicable) available to common shareholders	**(35,429)**		**(16,790)**		**(11,857)**		**8,530**	**1,138**	

	For the Fiscal Year Ended March 31,				For the Six Months Ended September 30,				
	2006		2007		2006		2007		
	RMB	%	RMB	%	RMB	%	RMB	$	%
	(In thousands, except for percentages and per share data)								
Basic (loss) earnings per common share	(2.16)		(0.82)		(0.61)		0.39	0.05	
Diluted (loss) earnings per common share	(2.16)		(0.82)		(0.61)		0.23	0.03	

Six Months Ended September 30, 2007 Compared to Six Months Ended September 30, 2006

Net Revenues

Our total net revenues increased by RMB43.9 million, or 135.6%, to RMB76.2 million ($10.2 million) in the six months ended September 30, 2007 from RMB32.4 million in the six months ended September 30, 2006, primarily as a result of increases in revenues from our testing services and significant sales of our NTET Tutorial Platform, which was launched in November 2006. Our test preparation solutions revenue increased to RMB21.6 million ($2.9 million) in the six months ended September 30, 2007 from RMB5,000 in the six months ended September 30, 2006.

Testing services. Testing services revenues increased by RMB18.9 million, or 177.5%, to RMB29.5 million ($3.9 million) in the six months ended September 30, 2007 from RMB10.6 million in the six months ended September 30, 2006. This increase was primarily driven by test delivery revenue, which increased by RMB18.8 million, or 188.9%, to RMB28.7 million ($3.8 million) in the six months ended September 30, 2007 from RMB9.9 million in the six months ended September 30, 2006. The total number of tests delivered increased to 2,065,249 in the six months ended September 30, 2007 from 2,004,640 in the six months ended September 30, 2006. Our average revenue per test delivered also increased to RMB14.3 ($1.9) in the six months ended September 30, 2007 from RMB5.3 in the six months ended September 30, 2006. This increase in both the average revenue per test and the number of tests delivered was due, in part, to a significant increase in the number of finance industry-related tests delivered, which tests also have a higher than average revenue per test. Our net revenues from the China Banking Association, the Securities Association of China and the China Futures Association grew to an aggregate of RMB19.5 million ($2.6 million) in the six months ended September 30, 2007 from RMB1.2 million in the six months ended September 30, 2006. The number of tests delivered for these three clients increased to 334,869 in the six months ended September 30, 2007 from 32,333 tests in the six months ended September 30, 2006. We expect growth from testing services revenues to continue to increase, driven significantly by increases in the volume of finance industry-related tests and the introduction of new test titles for the finance industry and other clients.

Test-based educational services. Revenues from test-based educational services increased by RMB2.1 million, or 11.4%, to RMB20.9 million ($2.8 million) in the six months ended September 30, 2007 from RMB18.7 million in the six months ended September 30, 2006. This increase was driven by increases in revenues from single course programs and pre-occupational training programs. Single course program revenue increased RMB1.6 million, or 64.0%, to RMB4.1 million ($0.5 million) in the six months ended September 30, 2007 from RMB2.5 million in the six months ended September 30, 2006. We experienced an increase of 47.8% in the number of student-months for single course programs to 101,603 in the six months ended September 30, 2007 from 68,740 in the six months ended September 30, 2006, while the effective average price of our single course programs increased by 11.1% to RMB40.1 ($5.4) in the six months ended September 30, 2007 from RMB36.1 in the six months ended September 30, 2006 due to a higher contribution to revenues from higher-priced single course programs in the six months ended September 30, 2007. Pre-occupational training program revenues increased to RMB1.4 million ($0.2 million) in the six months ended September 30, 2007 from RMB0.4 million in the six months ended September 30, 2006 as a result of an increase in the number of students participating in these programs. Increases in revenues from our single course programs and pre-occupational programs were partially offset

by a decrease of RMB0.5 million, or 3.1%, in revenues from our degree major course program to RMB15.4 million ($2.1 million) in the six months ended September 30, 2007 from RMB15.9 million in the six months ended September 30, 2006. The number of degree major student-months decreased 8.1% to 198,178 in the six months ended September 30, 2007 from 215,650 in the six months ended September 30, 2006, while the average price per student-month of our degree major course programs increased by 5.6% to RMB77.9 from RMB73.8 during the same periods. The decrease in the degree major student-months was due primarily to an increasing number of students graduating from our existing degree major course programs not being fully offset by new student intake into the programs. We anticipate stable growth from our test-based education services as we offer more degree major course programs with licensed content from Tsinghua University and as pre-occupational training programs become more popular, as partially offset by an increase in the number of students that graduate from our current degree major course programs.

Test preparation solutions. Our revenues from test preparation solutions increased to RMB21.6 million ($2.9 million) in the six months ended September 30, 2007 from RMB5,000 in the six months ended September 30, 2006, primarily as a result of rapid increases in the sales of our NTET Tutorial Platform and our online test preparation services. Sales of our NTET Tutorial Platform contributed RMB20.0 million, or 92.5%, of our test preparation solutions revenues in the six months ended September 30, 2007. We believe that sales of our NTET Tutorial Platform will continue to accelerate as more teachers plan to complete their qualification tests in the coming years and as more schools purchase our NTET Tutorial Platform to help teachers prepare for the test. Revenues from our online test preparation services for finance industry-related tests accounted for the remainder of our test preparation solutions revenue in the six months ended September 30, 2007. We expect our online test preparation services revenues to increase as increasing numbers of banking and securities industry professionals and test takers use our online services to prepare for their licensure tests or to satisfy their continuous professional training requirements as required by industry rules.

Other revenue increased by RMB1.3 million, or 42.1%, to RMB4.3 million ($0.6 million) in the six months ended September 30, 2007 from RMB3.0 million in the six months ended September 30, 2006, primarily due to a significant increase in revenues from test content creation services. We expect other revenue to continue to grow in the future as growth in testing services and test-based educational services continues to drive demand for our ancillary services for which we charge service fees.

Gross Profit

Our gross profit increased by RMB29.9 million to RMB43.5 million ($5.8 million) in the six months ended September 30, 2007 from RMB13.6 million in the six months ended September 30, 2006. Our gross margin increased to 57.0% in the six months ended September 30, 2007 from 42.1% in the six months ended September 30, 2006. This increase in our gross margin was principally due to the significantly higher gross margins of our NTET Tutorial Platform and ATA Online's online test preparation services, both of which were introduced in November 2006 and have a much lower cost structure relative to our testing services and test-based educational services. These test preparation services contain a much lower relative cost structure because they do not require us to pay royalty fees to content providers and the operation of an Internet-based delivery platform does not require high marginal operating costs. Offsetting this was an increase in our test monitoring costs, due principally to higher monitoring costs related to the initial national banker licensure tests that we delivered. We expect that our cost of revenues related to our revenues from test sponsors, educational institutions and test preparation customers will remain stable or increase slightly, but at a slower rate than the overall growth of our revenues as we increase our test preparation revenues and enjoy the operating economies of scale from test delivery services.

Operating Expenses

Our operating expenses increased by RMB7.5 million, or 27.8%, to RMB34.7 million ($4.6 million) in the six months ended September 30, 2007 from RMB27.2 million in the six months

ended September 30, 2006, primarily resulting from a substantial increase in our general and administrative expenses. In connection with our grant of share options to certain employees in October 2007, we expect to incur operating expenses of RMB17.6 million ($2.3 million) over the vesting schedule of the options. Twenty-five percent (25%) of the October 2007 options granted vested on January 1, 2008, while the remaining seventy-five percent (75%) vest ratably at the end of each month over the following 30-month period.

Research and development expenses. Our research and development expenses increased by RMB1.3 million, or 31.6%, to RMB5.3 million ($0.7 million) in the six months ended September 30, 2007 from RMB4.0 million in the six months ended September 30, 2006. This increase was due primarily to increases in salaries and other compensation expenses relating to our research and development professionals. Research and development expenses as a percentage of our total net revenues decreased significantly during this period. We expect our research and development expenses in future periods to rise steadily but to continue to decrease as a percentage of our total revenues, as we do not expect to utilize outsourced development of new course content for test-based educational services to the same extent as we have in the past.

Sales and marketing expenses. Our sales and marketing expenses increased by RMB1.3 million, or 11.5%, to RMB12.1 million ($1.6 million) in the six months ended September 30, 2007 from RMB10.8 million in the six months ended September 30, 2006. Sales and marketing expenses as a percentage of our total net revenues decreased to 15.9% in the six months ended September 30, 2007 from 33.5% in the six months ended September 30, 2006. This percentage decrease was primarily related to our increase in revenues from testing services and test preparation solutions, as business development activities for testing services and test preparation solutions require less sales and marketing outlays compared to business development activities for test-based educational services. We expect that our sales and marketing expenses will increase in the near term as we increase our incentive pay to our sales team, increase our sales efforts, hire additional sales personnel, target new educational institution clients and initiate additional marketing programs to build our “ATA” brand. However, we expect that the rate of growth in our overall revenues will continue to outpace the rate of growth in our sales and marketing expenses.

General and administrative expenses. Our general and administrative expenses increased by RMB5.0 million, or 40.9%, to RMB17.3 million ($2.3 million) in the six months ended September 30, 2007 from RMB12.3 million in the six months ended September 30, 2006. This increase was primarily due to an increase of RMB2.4 million in certain professional fees which we incurred in connection with our preparation for operating as a publicly listed company and an increase of RMB1.3 million related to the hiring of new management staff. Although our general and administrative expenses increased significantly over this period, general and administrative expenses as a percentage of our total net revenues decreased to 22.8% in the six months ended September 30, 2007 from 38.0% in the six months ended September 30, 2006. We expect our general and administrative expenses to continue to increase as we hire additional personnel and incur expenses to support our operations as a U.S. publicly traded company, including compliance-related costs. However, we also expect our general and administrative expenses to continue to decrease as a percentage of revenues as we achieve greater efficiency in our operations.

Equity in Net Loss of an Affiliate

Our equity in income of affiliates was nil in the six months ended September 30, 2007, compared with loss in affiliates of RMB0.3 million in the six months ended September 30, 2006, all of which derived from our 40% equity interest in Wendu Education, which was sold during the six months ended September 30, 2007.

Gain from Sale of an Affiliate

We sold 100% of our equity interest in Wendu Education during the six months ended September 30, 2007 and recognized RMB2.8 million ($0.4 million) in income in relation to the sale.

Gain from Liquidation of an Affiliate

We recognized a gain in relation to proceeds received upon completion of the liquidation of ATA Jiangsu of RMB1.5 million and RMB1.0 million ($0.1 million) for the six months ended September 30, 2006 and 2007, respectively.

Interest Income

Our interest income was RMB0.3 million ($36,048) in the six months ended September 30, 2007 and RMB0.3 million in the six months ended September 30, 2006. Our interest income was slightly lower in the six months ended September 30, 2007 largely as a result of a decrease in cash balance in higher interest earning U.S. dollar bank accounts offset by an overall higher cash balance.

Foreign Currency Exchange Losses, Net

Our net foreign currency exchange losses decreased to RMB0.2 million ($24,864) in the six months ended September 30, 2007 from RMB0.5 million in the six months ended September 30, 2006 primarily due to a decrease in our U.S. dollar assets offset by the effect of the appreciation of the Renminbi versus the U.S. dollar during 2006 and 2007.

Income Tax Benefit (Expense)

We had an income tax expense of RMB4.1 million ($0.5 million) in the six months ended September 30, 2007, compared with an income tax benefit of RMB0.7 million in the six months ended September 30, 2006. Our effective tax rate increased from 5.4% in the six months ended September 30, 2006 to 32.5% in the six months ended September 30, 2007. This increase was mainly due to the fact that we turned from a loss before income tax in the six months ended September 30, 2006 to a profit before income tax in the six months ended September 30, 2007 and the impact from non-tax-deductible expenses, which decrease the income tax benefit in loss-making periods and increase the income tax expenses in profit-making periods.

The tax holiday increased the actual income tax benefit by RMB0.2 million and decreased the actual income tax expense by RMB0.2 million for the six months ended September 30, 2006 and 2007, respectively. The effect of the tax holiday on basic earnings per common share for the six months ended September 30, 2006 and 2007 were RMB0.009 and RMB0.011, respectively. The effect on diluted earnings per common share of the tax holiday for the six months ended September 30, 2006 and 2007 were RMB0.009 and RMB0.006, respectively.

Net (Loss) Income

As a result of the above factors, we had net income of RMB8.5 million ($1.1 million) in the six months ended September 30, 2007 as compared to a net loss of RMB11.9 million in the six months ended September 30, 2006.

The basic (loss) earnings per common share were RMB(0.61) and RMB0.39 for the six months ended September 30, 2006 and 2007, respectively. The diluted (loss) earnings per common share were RMB(0.61) and RMB0.23 for the six months ended September 30, 2006 and 2007, respectively. The Company's dilutive common equivalent shares for the six months ended September 30, 2006 and 2007 consisted of 920,119 and 3,118,875 common shares issuable upon exercise of outstanding share options, respectively (using the treasury stock method); 2,294,549 and 516,576 common shares issuable upon exercise of warrants, respectively (using the treasury stock method), and 11,593,077 and 11,730,554 common shares issuable upon the conversion of the convertible preferred shares, respectively (using the as-converted method). These potentially dilutive securities were not included in the calculation of dilutive loss per share for the period ended September 30, 2006 due to their anti-dilutive effect.

Fiscal Year Ended March 31, 2007 Compared to Fiscal Year Ended March 31, 2006

Net Revenues

Our total net revenues increased by RMB15.9 million, or 22.9%, to RMB84.9 million ($11.3 million) in the fiscal year ended March 31, 2007 from RMB69.0 million in the fiscal year ended March 31, 2006, largely as a result of significant sales of our NTET Tutorial Platform, which was launched in November 2006. Our test preparation solutions revenue increased to RMB10.1 million ($1.3 million) in the fiscal year ended March 31, 2007 from RMB0.3 million in the fiscal year ended March 31, 2006, making this our fastest growing source of revenue. Offsetting this increase was a decrease in other revenue from ATA Jiangsu in the fiscal year ended March 31, 2006. We recognized RMB4.4 million from ATA Jiangsu in the fiscal year ended March 31, 2006 and nil in the fiscal year ended March 31, 2007.

Testing services. Testing services revenues increased by RMB6.4 million, or 35.5%, to RMB24.6 million ($3.3 million) in the fiscal year ended March 31, 2007 from RMB18.2 million in the fiscal year ended March 31, 2006. This increase was primarily driven by test delivery revenue that increased by RMB6.4 million, or 37.5%, to RMB23.4 million ($3.1 million) in the fiscal year ended March 31, 2007 from RMB17.0 million in the fiscal year ended March 31, 2006. The total number of tests delivered increased from 2,583,712 in the fiscal year ended March 31, 2006 to 3,335,701 in the fiscal year ended March 31, 2007. Our average revenue per test delivered also increased to RMB7.0 ($0.9) in the fiscal year ended March 31, 2007 from RMB6.57 in the fiscal year ended March 31, 2006. This increase in both the average revenue per test and the number of tests delivered was due, in part, to an increase in the number of finance industry-related tests delivered, which tests also have a higher than average per test revenue. In addition, with the recent growth in trading activity in China's securities markets, an increasing number of people took tests to obtain the necessary securities professional licenses. We experienced an increase of 66.6% in volume to 185,156 finance industry-related tests, most of which were related to the securities industry, delivered in the fiscal year ended March 31, 2007, which tests are mainly comprised of securities industry-related tests, which increased to 134,907 test takers in the fiscal year ended March 31, 2007 from 94,359 test takers in the fiscal year ended March 31, 2006. In addition, new tests, such as the NTET test, contributed an additional 93,073 test takers in the fiscal year ended March 31, 2007.

Test-based educational services. Revenues from test-based educational services increased by RMB7.7 million, or 21.8%, to RMB42.8 million ($5.7 million) in the fiscal year ended March 31, 2007 from RMB35.1 million in the fiscal year ended March 31, 2006. This increase was mainly due to an increase in degree major course program revenue. Degree major course program revenue increased RMB6.2 million, or 20.7%, to RMB36.0 million ($4.8 million) in the fiscal year ended March 31, 2007 from RMB29.8 million in the fiscal year ended March 31, 2006. The number of major student-months increased 16.1% to 465,856 in the fiscal year ended March 31, 2007 from 401,415 in the fiscal year ended March 31, 2006. This growth was a result of an increase in the number of schools offering our degree major course programs to 137 in the fiscal year ended March 31, 2007 from 117 in the fiscal year ended March 31, 2006. Single course program revenue increased RMB0.4 million, or 8.1%, to RMB5.7 million ($0.8 million) in the fiscal year ended March 31, 2007 from RMB5.3 million in the fiscal year ended March 31, 2006. Although we experienced a 23.8% increase in student-months to 133,562 in the fiscal year ended March 31, 2007 from 107,891 in the fiscal year ended March 31, 2006, the average price of our single course programs declined from RMB49 in the fiscal year ended March 31, 2006 to RMB43 ($5.7) in the fiscal year ended March 31, 2007. This decrease in the average selling price for our single course programs was due to the launch of a new course program in April 2006 that has a RMB37.0 ($4.9) fee per student-month. This course program had a lower fee per student-month principally because we did not license third-party course content for this course program. Pre-occupational training program revenues increased to RMB1.1 million ($0.1 million) in the fiscal year ended March 31, 2007 from RMB7,283 in the fiscal year ended March 31, 2006, as a result of increased marketing of this program in key cities and provinces such as Beijing, Henan and Anhui.

Test preparation solutions. The significant increase in our revenues from test preparation solutions to RMB10.1 million ($1.3 million) in the fiscal year ended March 31, 2007 from RMB0.3 million in the fiscal year ended March 31, 2006 was mainly a result of the successful launch and sales of over 11,000 copies of our NTET Tutorial Platform in the fiscal quarter ended December 31, 2006. Sales of our NTET Tutorial Platform contributed 98.6% of our test preparation solutions revenues in the fiscal year ended March 31, 2007. This software test preparation product was popular among schools across China as teachers in these schools sought to prepare for the National Teachers' Skill Test of Applied Educational Technology in Secondary and Elementary School qualification test. In November 2006, ATA Online launched online test preparation services, generating revenue of RMB0.1 million ($17,842) from sales of 4,019 online point cards during the fiscal year ended March 31, 2007.

Other. Other revenue declined by RMB8.0 million, or 52.1%, to RMB7.4 million ($1.0 million) in the fiscal year ended March 31, 2007 from RMB15.4 million in the fiscal year ended March 31, 2006. This was largely due to the ending of recognition of licensing fee revenue from ATA Jiangsu in the fiscal year ended March 31, 2006. Licensing fees from ATA Jiangsu were RMB4.4 million in the fiscal year ended March 31, 2006 as a result of recognition of all remaining deferred revenue resulting from an upfront payment of RMB6.5 million made to ATA Testing in 2002 by ATA Jiangsu. In 2002, ATA Jiangsu made a RMB6.5 million payment to ATA Testing in exchange for assigning ATA Testing's rights and interests in a number of test delivery service contracts to ATA Jiangsu. We initially anticipated that the service contracts would generate revenues and that ATA Testing would provide ancillary services under the contract with ATA Jiangsu for a period of ten years. We therefore deferred revenue recognition of the initial RMB6.5 million payment upon receipt in 2002, and began to recognize the amount into income over a ten-year period on a straight-line basis. However, in 2005, the board of directors of ATA Jiangsu resolved to commence a voluntary winding up of ATA Jiangsu. Therefore, we recognized the remaining deferred revenue into income as ATA Testing had no further obligations to ATA Jiangsu as a result of their voluntary wind-up. In addition, test content creation revenue declined by RMB1.9 million, or 52.8% to RMB1.7 million ($0.2 million) in the fiscal year ended March 31, 2007 from RMB3.6 million in the fiscal year ended March 31, 2006. This was because a higher percentage of our test content was up to date and did not require any new chargeable test content to be created. Other service fees also decreased by RMB0.5 million to RMB0.3 million ($39,388) in the fiscal year ended March 31, 2007 from RMB0.8 million in the fiscal year ended March 31, 2006 as the content providers for our test-based educational course programs required less promotional activities during the fiscal year ended March 31, 2007.

Gross Profit

Our gross profit increased by RMB8.8 million, or 24.9%, to RMB43.8 million ($5.8 million) in the fiscal year ended March 31, 2007 from RMB35.0 million, which included RMB4.4 million in revenue from ATA Jiangsu, in the fiscal year ended March 31, 2006. Our gross margin increased to 51.6% in the fiscal year ended March 31, 2007 from 50.8% in the fiscal year ended March 31, 2006. This increase in our gross margin was primarily due to a decline in the marginal costs required to generate additional revenue. The test preparation services we launched in the fiscal year ended March 31, 2007, including our NTET Tutorial Platform and online test preparation services, contain a much lower cost structure relative to our testing services and test-based educational services because they do not require us to pay royalty fees to content providers and the operation of an Internet-based delivery platform does not require high marginal operating costs. In addition, the decline in our marginal costs was a result of our being able to deliver larger numbers of tests to greater numbers of test takers without significantly increasing our personnel or peripheral costs related to our test delivery services.

Operating Expenses

Our operating expenses increased by RMB27.3 million, or 75.3%, to RMB63.4 million ($8.5 million) in the fiscal year ended March 31, 2007 from RMB36.1 million in the fiscal year ended March 31, 2006 as a result of substantial increase in our research and development expenses sales and

marketing expenses and, as well as a less pronounced increase in general and administrative expenses. We believe that our substantial increase in spending on research and development and sales and marketing in the fiscal year ended March 31, 2007 was important to building the foundation for accelerating our future revenue growth, and to achieving and increasing profitability in the future. We also substantially increased our general and administrative spending to enhance the quality of our management team in anticipation of the rapid growth of our business and to prepare to become a U.S. publicly listed company. In connection with our grant of share options to certain employees in October 2007, we expect to incur operating expenses of RMB17.6 million ($2.3 million) over the vesting schedule of the options. Twenty-five percent (25%) of the October 2007 options granted vested on January 1, 2008, while the remaining seventy-five percent (75%) vest ratably at the end of each month over the following 30-month period.

Research and development expenses. Our research and development expenses increased by RMB4.4 million, or 92.1%, to RMB9.3 million ($1.2 million) in the fiscal year ended March 31, 2007 from RMB4.9 million in the fiscal year ended March 31, 2006. Research and development expenses as a percentage of our total net revenues increased to 11.0% in the fiscal year ended March 31, 2007 from 7.0% in the fiscal year ended March 31, 2006. This increase resulted, in part, from increased average salaries for our research and development personnel, which was offset by a decrease in the number of our in-house research and development personnel from 56 as of March 31, 2006 to 53 as of March 31, 2007. In addition, we incurred additional expenses in connection with the substantial increase in the use of outside technical consultants to develop new content for our test-based educational services in the fiscal year ended March 31, 2007.

Sales and marketing expenses. Our sales and marketing expenses increased by RMB9.7 million, or 79.6%, to RMB22.0 million ($2.9 million) in the fiscal year ended March 31, 2007 from RMB12.3 million in the fiscal year ended March 31, 2006. Sales and marketing expenses as a percentage of our total net revenues increased to 26.0% in the fiscal year ended March 31, 2007 from 17.8% in the fiscal year ended March 31, 2006. This increase resulted primarily from increases in sales commission, entertainment, conferences and travel expenses as we continued to expand our sales and marketing efforts in the fiscal year ended March 31, 2007. In addition, we increased our sales and marketing staff from 70 as of March 31, 2006 to 96 as of March 31, 2007 to intensify our efforts to acquire new clients and contracts in test-based educational services.

General and administrative expenses. Our general and administrative expenses increased by RMB13.0 million, or 68.3%, to RMB32.0 million ($4.3 million) in the fiscal year ended March 31, 2007 from RMB19.0 million in the fiscal year ended March 31, 2006. General and administrative expenses as a percentage of our total net revenues increased to 37.7% in the fiscal year ended March 31, 2007 from 27.6% in the fiscal year ended March 31, 2006. This increase was due to an increase from 44 administrative staff as of March 31, 2006 to 62 administrative staff as of March 31, 2007, including staff increases in our finance and legal departments, and our senior management in product development. This increase also resulted from an increase in IPO-related professional fees from RMB1.2 million in the fiscal year ended March 31, 2006 to RMB9.2 million ($1.2 million) in the fiscal year ended March 31, 2007.

Gain from Liquidation of an Affiliate

Our gain from liquidation of an affiliate was RMB1.5 million ($0.2 million) in the fiscal year ended March 31, 2007 primarily due to a forgiveness of a liability upon the completion of ATA Jiangsu's liquidation on May 10, 2006.

Interest Income

Our interest income was RMB0.6 million ($80,060) in the fiscal year ended March 31, 2007, compared with RMB0.3 million in the fiscal year ended March 31, 2006. Our higher interest income in the fiscal year ended March 31, 2007 was attributable to interest earned on higher cash balance deposited with financial institutions.

Interest Expenses

Our interest expense was nil in the fiscal year ended March 31, 2007. We incurred RMB22.7 million of interest expense in the fiscal year ended March 31, 2006 due to RMB22.7 million of the loan discount on the RMB19 million note payable to a third party. Under the original loan agreement, the note payable was due, with interest, on April 11, 2004. However, in March 2003, the third-party lender agreed to extend the maturity of the loan to May 2005 and forgive all previously accrued interest on the loan and to waive all future interest on the loan through the date of maturity. In exchange, we issued a warrant to the third party to purchase up to 20% of our common shares. In May 2005, the note payable and warrant were each extended, and the number of common shares the third party was entitled to purchase under the loan was determined to be 5,479,452 shares. In May 2006, ATA Testing repaid the loan in its entirety, and the third-party lender exercised its warrant in full in June 2006. We recognized RMB22.7 million in loan discount in relation to this loan in the fiscal year ended March 31, 2006.

Foreign Currency Exchange Losses, Net

Our foreign currency exchange losses, net, decreased to RMB0.9 million ($0.1 million) in the fiscal year ended March 31, 2007 from RMB1.1 million in the fiscal year ended March 31, 2006 primarily due a decrease in our U.S. dollar assets offset by the effect of the appreciation of the Renminbi versus the U.S. dollar during 2006. We had significant U.S. dollar assets due to the proceeds from our March 2005 sale of our preferred shares. See "— Quantitative and Qualitative Disclosures About Market Risk — Foreign Currency Risk."

Income Tax Benefit

We incurred current income tax expenses of nil in the fiscal year ended March 31, 2006 and incurred RMB26,187 ($3,495) current income tax expenses in the fiscal year ended March 31, 2007. One of our PRC subsidiaries, ATA Learning, was enjoying a tax holiday during the tax year ended December 31, 2005 and a reduced enterprise income tax rate of 7.5% during the tax years ended or ending December 31, 2006 and 2007. The current income tax expense of RMB26,187 was attributable to our PRC operations during the year ended March 31, 2007. Our other PRC subsidiary, ATA Testing, and affiliated PRC entity, ATA Online, had accumulated losses prior to and as of March 31, 2007. ATA Testing utilized tax loss carryforwards, which were previously provided for, amounting to RMB1,185,570 and RMB957,566, respectively, in the years ended March 31, 2006 and 2007. We believe that ATA Testing's cumulative operating losses for the three-year period ended March 31, 2006 constituted significant evidence that deferred income tax assets would not be realizable and this evidence outweighed our expectations that ATA Testing would generate future taxable income. Therefore, a full valuation allowance has been provided against ATA Testing's deferred income tax assets as of March 31, 2006. In the fiscal year ended March 31, 2007, we considered the continuous realization of tax loss carryforwards, the marginal cumulative operating losses for the three-year period ended March 31, 2007, the level of non-deductible permanent differences and our expectations of ATA Testing's generation of future taxable income, and concluded that ATA Testing's deferred income tax assets as of March 31, 2007 are more likely than not realizable. Therefore, we released the valuation allowance of RMB1,391,220 attributable to ATA Testing's tax loss carryforwards and recognized an income tax benefit in the consolidated statements of operations. Without the income tax holiday, the total income tax expense in the fiscal year ended March 31, 2006 would have been RMB58,857.

Net Loss

As a result of the above factors, our net loss decreased to RMB16.8 million ($2.2 million) in the fiscal year ended March 31, 2007 from a net loss of RMB24.8 million in the fiscal year ended March 31, 2006.

Accretion of Preferred Shares

We recorded an accretion to the redemption value of our preferred shares in the amount of RMB13.9 million as a reduction to earnings to arrive at net loss applicable to common shareholders in our consolidated statements of operations for the fiscal year ended March 31, 2006. Upon the elimination of the redemption feature on our preferred shares on March 9, 2006, our preferred shares were reclassified to permanent equity and as a result we ceased recording such accretion.

Foreign Currency Exchange Translation Adjustment on Preferred Shares

Prior to March 9, 2006, we re-measured the effects of currency exchange rate movements on the carrying value of our preferred shares, which were classified outside of permanent equity since issuance and we recorded a foreign currency exchange loss of RMB3.3 million as a reduction to earnings to arrive at net loss applicable to common shareholders in our consolidated statements of operations for the fiscal year ended March 31, 2006. Upon the elimination of the redemption feature on March 9, 2006, our preferred shares were reclassified to permanent equity and as a result we ceased recording such re-measurement.

Net Loss Applicable to Common Shareholders

As a result of the above factors, our net loss applicable to common shareholders decreased to a net loss of RMB16.8 million ($2.2 million) in the fiscal year ended March 31, 2007 from RMB35.4 million in the fiscal year ended March 31, 2006. Without the income tax holiday, our net loss applicable to common shareholders in the fiscal year ended March 31, 2006 would have further increased to RMB36.0 million.

Basic and Diluted Loss Per Share Applicable to Common Shareholders

As a result of the above factors, our basic and diluted loss applicable to common shareholders decreased to RMB0.82 ($0.11) in the fiscal year ended March 31, 2007 from RMB2.16 in the fiscal year ended March 31, 2006. Without the income tax holiday, our basic and diluted loss per share applicable to common shareholders in the fiscal year ended March 31, 2006 would have further increased to RMB2.19.

Quarterly Financial Information

The following table sets forth condensed consolidated results of operations data, each derived from our unaudited condensed consolidated financial statements for the three-month periods ended on the dates indicated. You should read the following table in conjunction with the audited consolidated financial statements and related notes contained elsewhere in this prospectus.

	For the Three Months Ended							
	December 31, 2006		March 31, 2007		June 30, 2007		September 30, 2007	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Net revenues:								
Testing services	10,875	30.0	3,131	19.3	8,088	30.6	21,384	43.0
Test-based educational services	11,964	33.0	12,091	74.5	10,690	40.4	10,201	20.5
Test preparation solutions	10,022	27.6	49	0.3	5,675	21.4	15,957	32.0
Other	3,427	9.4	954	5.9	2,016	7.6	2,237	4.5
Total net revenues	**36,288**	**100.0**	**16,225**	**100.0**	**26,469**	**100.0**	**49,779**	**100.0**
Cost of revenues	10,418	28.7	11,934	73.6	12,717	48.0	20,060	40.3
Gross profit	**25,870**	**71.3**	**4,291**	**26.4**	**13,752**	**52.0**	**29,719**	**59.7**
Operating expenses:								
Research and development	2,742	7.6	2,562	15.8	2,551	9.6	2,735	5.5
Sales and marketing	5,597	15.4	5,589	34.4	5,927	22.4	6,167	12.4
General and administrative	10,968	30.2	8,740	53.9	6,539	24.7	10,816	21.7
Total operating expenses	19,307	53.2	16,891	104.1	15,017	56.7	19,718	39.6
Income (loss) from operations	**6,563**	**18.1**	**(12,600)**	**(77.7)**	**(1,265)**	**(4.7)**	**10,001**	**20.1**
Equity in income (loss) of an affiliate	170	0.5	(37)	(0.2)	—	—	—	—
Gain from sale of an affiliate	—	—	—	—	—	—	2,837	5.7
Gain from liquidation of an affiliate	—	—	—	—	988	3.7	—	—
Interest income	133	0.3	118	0.7	121	0.4	149	0.3
Foreign currency exchange losses, net	(279)	(0.8)	(111)	(0.6)	(92)	(0.3)	(94)	(0.2)
Income (loss) before income tax	6,587	18.1	(12,630)	(77.8)	(248)	(0.9)	12,893	25.9
Income tax benefit (expense)	316	0.9	794	4.9	(523)	(2.0)	(3,592)	(7.2)
Net income (loss)	**6,903**	**19.0%**	**(11,836)**	**(72.9%)**	**(771)**	**(2.9%)**	**9,301**	**18.7%**

	For the Three Months Ended							
	December 31, 2005		March 31, 2006		June 30, 2006		September 30, 2006	
	RMB	%	RMB	%	RMB	%	RMB	%
	(In thousands, except for percentages)							
Net revenues:								
Testing services	8,152	33.5	2,417	15.5	8,171	38.8	2,451	21.7
Test-based educational services	10,035	41.3	10,196	65.2	11,442	54.4	7,307	64.5
Test preparation solutions	147	0.6	—	—	5	—	—	—
Other	5,988	24.6	3,011	19.3	1,431	6.8	1,561	13.8
Total net revenues	**24,322**	**100.0**	**15,624**	**100.0**	**21,049**	**100.0**	**11,319**	**100.0**
Cost of revenues	6,640	27.3	11,183	71.6	8,683	41.3	10,067	88.9
Gross profit	**17,682**	**72.7**	**4,441**	**28.4**	**12,366**	**58.7**	**1,252**	**11.1**
Operating expenses:								
Research and development	1,077	4.4	1,767	11.3	1,943	9.2	2,075	18.3
Sales and marketing	3,303	13.6	3,266	20.9	5,195	24.7	5,648	50.0
General and administrative	4,981	20.5	3,567	22.8	5,885	27.9	6,431	56.8
Total operating expenses	9,361	38.5	8,600	55.0	13,023	61.8	14,154	125.1
Income (loss) from operations	**8,321**	**34.2**	**(4,159)**	**(26.6)**	**(657)**	**(3.1)**	**(12,902)**	**(114.0)**
Equity in income (losses) of affiliates	108	0.4	(650)	(4.1)	(133)	(0.6)	(187)	(1.6)
Gain from liquidation of an affiliate	—	—	—	—	1,509	7.1	—	—
Interest income	111	0.5	81	0.5	135	0.6	214	1.9
(Loss) gain from revaluation of preferred share warrant	(697)	(2.8)	502	3.2	—	—	—	—
Foreign currency exchange losses, net	(171)	(0.7)	(29)	(0.2)	(111)	(0.5)	(408)	(3.6)
Income (loss) before income tax	7,672	31.6	(4,255)	(27.2)	743	3.5	(13,283)	(117.3)
Income tax (expense) benefit	(478)	(2.0)	391	2.5	(258)	(1.2)	941	8.3
Net income (loss)	**7,194**	**29.6%**	**(3,864)**	**(24.7%)**	**485**	**2.3%**	**(12,342)**	**(109.0%)**

Liquidity and Capital Resources

Historically, we have financed our working capital and capital expenditure requirements primarily through debt financing and more recently through the sale of our preferred shares. As of September 30, 2007, we had RMB52.6 million ($7.0 million) in cash. Our cash was primarily deposited with banks in China and Hong Kong. We intend to finance our future additional working capital and capital expenditure needs from cash flow provided by operations.

The following table summarizes our net cash flows with respect to operating activities, investing activities and financing activities in the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2007:

	For the Fiscal Year Ended March 31,		For the Six Months Ended September 30,	
	2006	2007	2007	2007
	RMB	RMB	RMB	$
		(In thousands)		
Net cash (used in) provided by operating activities	(16,548)	(16,524)	6,057	808
Net cash provided by investing activities	12,158	1,052	2,483	331
Net cash (used in) provided by financing activities	(43,942)	16,030	(829)	(111)
Effect of foreign exchange rate changes on cash	(74)	(163)	(163)	(21)
Net (decrease) increase in cash	(48,406)	395	7,548	1,007
Cash at beginning of year/period	93,030	44,624	45,019	6,008
Cash at end of year/period	44,624	45,019	52,567	7,015

Net cash used in operating activities was RMB16.5 million ($2.2 million) in the fiscal year ended March 31, 2007 compared to net cash used in operating activities of RMB16.5 million in the fiscal year ended March 31, 2006. In the fiscal year ended March 31, 2006, we paid RMB7.6 million to a related party, Yinchuan Holding, in connection with our exercise of a call option to purchase Yinchuan Holding's 60% equity interest in ATA Learning. We did not incur a similar interest payment in the fiscal year ended March 31, 2007. Without taking into account the effect of interest payment, our cash used in operating activities in the fiscal year ended March 31, 2007 was RMB7.6 million higher than that in the fiscal year ended March 31, 2006 primarily because we paid RMB8.0 million professional service fees in connection with our initial public offering process and we increased our pre-payments under our license from Microsoft China, paying a substantially higher prepaid royalty in anticipation of growth in the number of students participating in test-based educational programs involving Microsoft content. Our pre-payment to Microsoft China was RMB4.5 million as of March 31, 2007 as compared to nil as of March 31, 2006. Net cash provided by operating activities in the six months ended September 30, 2007 turned positive, at RMB6.1 million ($0.8 million), primarily due to a significant increase in cash collected from our testing services and test preparation solutions, including RMB31.5 million cash collected from test takers in relation to tests delivered for the China Banking Association. Our current testing services and test preparation solutions clients generally have a shorter accounts receivable cycle than our test-based educational services clients. Offsetting this cash inflow were cash expenditures on test monitoring costs, license fees paid to IT vendors and other operating expenses.

Net cash provided by investing activities was RMB1.1 million ($0.1 million) in the fiscal year ended March 31, 2007 and was affected principally by the deposit of RMB2.0 million received from the sale of Wendu Education, and RMB5.1 million received from the collection of loans and advances to shareholders and management in connection with a new policy implemented by us to eliminate personal loans and minimize operations-related loans and advances available to shareholders and management. Offsetting these cash increases was a capital expenditure of RMB4.7 million mainly used to purchase computers and servers to support our new business initiatives such as online test preparation services. Net cash provided by investing activities in the fiscal year ended March 31, 2006 was RMB12.2 million, principally due to RMB20.0 million loan collected from Yinchuan Holding, which was partially offset by a RMB4.0 million investment in Wendu Education and RMB2.7 million used in capital expenditures on computer equipment and servers. Net cash provided by investing activities in the six months ended September 30, 2007 of RMB2.5 million ($0.3 million) was primarily attributable to the proceeds from disposal of our interest in Wendu Education and from the liquidation of ATA Jiangsu, offset by RMB2.5 million spent on capital equipment, including computers and servers.

Net cash provided by financing activities was RMB16.0 million ($2.1 million) in the fiscal year ended March 31, 2007. This was primarily attributable to the cash proceeds from the exercise of a warrant held by SB Asia Investment Fund II, L.P. to purchase preferred shares for RMB24.0 million. Offsetting these proceeds was RMB8.0 million paid in connection with preparations for our initial public offering incurred in the fiscal year ended March 31, 2007. Net cash used by financing activities was RMB43.9 million in the fiscal year ended March 31, 2006. This was primarily attributable to repayment of a financial arrangement to acquire the remaining equity ownership interest in ATA Learning for RMB30.0 million. We also paid RMB9.9 million to repay advances and loans from both related and third parties, and RMB4.1 million in connection with the issuance of our preferred shares and preferred share related warrants and in preparation of our initial public offering. Net cash used in financing activities in the six months ended September 30, 2007 was RMB0.8 million ($0.1 million), attributable to cash paid in connection with preparations for our initial public offering.

We believe that, without giving effect to this offering, our current cash and expected future cash flows from operations, particularly from testing services and test preparation solutions, will be sufficient to meet our anticipated working capital and capital expenditures through the fiscal year ending March 31, 2009, and that giving effect to this offering, our cash flows will also be sufficient to carry out the activities described in “Use of Proceeds.” Our current expansion plans do not require significant capital commitments. Obtaining and performing new computer-based testing contracts does not involve significant new costs or capital outlays and are generally handled by our existing facilities, resources and systems. Our expansion into test preparation solutions is also not cash-intensive as these solutions may be implemented to a large extent using our existing technologies and service know-how. We do, however, expect to spend money on the development of our “ATA” brand and the licensing of new course content for our test-based educational programs. We do not expect our short-term and long-term cash requirements to be materially different.

Nevertheless, we may require additional sources of liquidity in the event of changes in business conditions or other future developments. Factors affecting our sources of liquidity include our sales performance and changes in working capital. Any changes in the significant factors affecting our revenues from testing services, test-based educational services and test preparation solutions may cause material fluctuations in our cash generated from operations. See “— Net Revenues” for a description of these significant factors. Changes in working capital, including any significant shortening or lengthening of our accounts receivable cycle or client prepayment cycles, may also cause fluctuations in our cash generated from operations. If our sources of liquidity are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities to meet our cash needs. The sale of convertible debt securities or additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financial covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

From time to time, we evaluate possible investments, acquisitions or divestments and may, if a suitable opportunity arises, make an investment or acquisition or conduct a divestment. We generally deposit our excess cash in interest-bearing bank accounts located at banks in China and Hong Kong.

Contractual Obligations and Commercial Commitments

The following table sets forth our contractual obligations as of fiscal year ended March 31, 2007:

	Payment Due by Period				
	Total	Within 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(In thousands of RMB)				
Operating lease obligations	14,745	4,110	10,635	—	—

Our operating lease obligations are comprised of our office lease obligations for our offices in China, including an increase in lease payments for the lease of an additional floor at our current principal

office location to cope with growth in our business and headcount. These office leases expire at different times over the period from the date of this prospectus through April 2011, and will become subject to renewal. We will evaluate the need to renew each office lease on a case-by-case basis prior to its expiration.

Under our cooperation agreement with Tsinghua University, entered into in August 2007, for the development and delivery of course programs using course content provided by Tsinghua University, we are obligated to pay Tsinghua University at least RMB15.0 million in license fees for Tsinghua University course content by the end the third anniversary of the date of the contract, of which RMB5.0 million was payable prior to October 31, 2007. The license fees are paid to Tsinghua University quarterly based on actual usage.

On October 15, 2007, we entered into definitive agreements to purchase the entire equity interests of Beijing Jindixin Software Technology Company Limited and JDX Holdings Limited for an aggregate consideration of RMB10.0 million. On October 15, 2007, we made a deposit of RMB2.0 million in the aggregate to the sellers with the remainder of the consideration due upon closing. The transaction is expected to close in February 2008, subject to satisfaction of customary closing conditions.

Indebtedness

We currently do not have any outstanding debt, debt securities, contingent liabilities, mortgages, or liens.

Capital Expenditures

The following table sets forth our historical capital expenditures for the periods indicated. Actual future capital expenditures may differ from the amounts indicated below.

	For the Year Ended March 31,		For the Six Months Ended September 30,	
	2006	2007	2007	2007
	RMB	RMB	RMB	$
		(In thousands)		
Total capital expenditures	2,699	4,721	2,558	341

In the past, our capital expenditures were made primarily for the purchase of computer equipment and servers. Our capital expenditures for the fiscal year ended March 31, 2008 are expected to be higher than in the past due to additional purchases of computer equipment and servers. We also expect to incur capital expenditures in the form of leasehold improvements.

Foreign Exchange

We maintain our accounts in Renminbi, Hong Kong dollars and U.S. dollars. A substantial majority of our revenues and expenditures are denominated in Renminbi. The non-Renminbi portion of our revenues have primarily consisted of U.S. dollar-denominated licensing fees and royalty payments, while the non-Renminbi portion of our expenditures have primarily consisted of professional fees, both denominated in U.S. dollars, as well as certain Hong Kong dollar-denominated general and administrative expenses. Fluctuations in exchange rates, primarily those involving the U.S. dollar against the Renminbi, may affect our costs and operating margins and our reported operating results. Under the current foreign exchange system in China, our operations in China may not be able to hedge effectively against currency risk, including any possible future Renminbi devaluation. See “Risk Factors — Risks Relating to the People’s Republic of China — Fluctuations in exchange rates could result in foreign currency exchange losses.”

Off-Balance Sheet Commitments and Arrangements

We do not currently have, and do not expect in the future to have, any outstanding off-balance sheet arrangements or commitments. In our ongoing business, we do not plan to enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships established for the purpose of facilitating off-balance sheet arrangements or commitments.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to interest rate risk primarily relates to interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used derivative financial instruments in our investment portfolio. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed, to material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Foreign Currency Risk

A substantial majority of our revenues and expenditures are denominated in Renminbi. As a result, fluctuations in the exchange rate between the U.S. dollar and Renminbi will affect our financial results in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. The Renminbi's exchange rate with the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions. The exchange rate for conversion of Renminbi into foreign currencies is heavily influenced by intervention in the foreign exchange market by the People's Bank of China. From 1995 until July 2005, the People's Bank of China intervened in the foreign exchange market to maintain an exchange rate of approximately 8.3 Renminbi per U.S. dollar. On July 21, 2005, the Chinese government changed this policy and began allowing modest appreciation of the Renminbi versus the U.S. dollar. However, the Renminbi is restricted to a rise or fall of no more than 0.5% per day versus the U.S. dollar, and the People's Bank of China continues to intervene in the foreign exchange market to prevent significant short-term fluctuations in the Renminbi exchange rate. Nevertheless, under China's current exchange rate regime, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. The Renminbi appreciated 6.7% versus the U.S. dollar from July 21, 2005 to March 30, 2007. There remains significant international pressure on the Chinese government to adopt a substantial liberalization of its currency policy, which could result in a further and more significant appreciation in the value of the Renminbi against the U.S. dollar.

Inflation

In recent years, China has not experienced significant inflation, and thus inflation has not had a material impact on our results of operations. According to the National Bureau of Statistics of China, the change in China's Consumer Price Index was 3.9%, 1.8% and 1.5% in the years 2004, 2005 and 2006, respectively.

Internal Control Over Financial Reporting

In connection with the audit of our prior consolidated financial statements (not included in this prospectus), our independent registered public accounting firm informed us that we lacked sufficient personnel with the appropriate level of accounting knowledge, experience and training in the application of U.S. GAAP, which deficiency amounted to a "material weakness" as defined under the standards established by the Public Company Accounting Oversight Board. In response to this material weakness and other internal control deficiencies previously reported to us by our independent registered public

accounting firm we undertook certain remedial steps to improve our internal controls, including the following:

- *Contract Controls* — Prior to 2006, we did not have a systematic process to capture, record, process, and report appropriate revenue information from our contracts. In 2006, we began implementing procedures designed to ensure all contract information was appropriately captured by our finance department in a timely manner, including the implementation of, processes to improve the initiation, authorization, recording, processing, and reporting of relevant contract data and other information necessary to properly record our business transactions in accordance with U.S. GAAP.
- *Accounting Management Software* — Prior to 2006, our accounting ledgers and records were kept manually. In 2006, we began to use an accounting management software system to improve the accuracy of our financial records. In December 2006, we implemented a new operational system, which allows contract information to be linked to our accounting management software system to facilitate real-time updating and management of financial information. In addition, when fully implemented, this upgrade will enable us to automate the preparation of certain financial reports of all our different legal entities.
- *Expense and Cash Controls* — Starting in the first half of 2007, we began implementing new expense and cash control procedures designed to ensure that cash advances and expenses are approved at the appropriate level commensurate with the amount, and that requests for expense reimbursement by employees are properly documented. Further, since May 2007, cash management has been centralized in the finance department of our Beijing headquarters, including centralized monitoring over the bank account balances of all our regional offices. In addition, since March 2007, we have implemented strict cost and expense accrual reporting by each of our business departments to ensure costs and expenses are properly accrued at the end of each month.
- *Internal and Third Party Monitoring Services* — In October 2007, we began efforts to establish an internal audit team by retaining a professional recruiting firm to help us find qualified staff in the areas of U.S. GAAP and compliance with Section 404 of the Sarbanes-Oxley Act. The purpose of our internal audit team will be to randomly and periodically monitor and report on the quality and integrity of our internal ledgers and accounting system, monitor and report any deficiencies in contract processing procedures, and monitor the operating progress of contracts performed as compared to contracts agreed. In addition, we also plan to give more training to our accounting staff and hire additional and more experienced accounting personnel with U.S. GAAP experience.

Despite these ongoing efforts, in connection with the audit of our consolidated financial statements for the years ended March 31, 2006 and 2007, our independent registered public accounting firm reported to us that we had two material weaknesses in our internal controls over financial reporting.

One of the material weaknesses communicated to us was our inability to provide objectively verifiable evidence to apply cash collections against our accounts receivable balance following the implementation of a new operational system in December 2006. These cash collections were initially incorrectly recorded as deferred revenue, resulting in an audit adjustment to remove the overstatement of both accounts receivable and deferred revenue by RMB6.4 million as of March 31, 2007. The second material weakness communicated to us was our continuing lack of sufficient personnel with an appropriate level of accounting knowledge, experience and training in the application of U.S. GAAP. As a result of this material weakness, the following audit adjustments to our consolidated financial statements for the years ended March 31, 2006 and 2007 were required by our independent registered public accounting firm to be recorded by us: (1) adjustments to recognize additional revenue of RMB14.3 million and RMB2.2 million for the years ended March 31, 2006 and 2007, respectively, due to our initial inappropriate application of our revenue recognition policy; (2) an adjustment to charge to expense RMB9.2 million for the year ended March 31, 2007 due to the initial incorrect deferral of certain costs

relating to our planned initial public offering that do not qualify for deferral; (3) adjustments to charge to expense of RMB4.1 million and RMB2.5 million for the years ended March 31, 2006 and 2007, respectively, due to the initial improper recognition of share-based compensation; (4) adjustments to increase our income tax benefit by RMB0.5 million and RMB1.8 million for the years ended March 31, 2006 and 2007, respectively, due to the improper valuation allowance initially recorded on deferred income tax assets; (5) an adjustment of RMB13.9 million to increase the net loss applicable to common shareholders for the year ended March 31, 2006 due to an error in the initial recording of the accretion of redeemable convertible preferred shares to redemption value; and (6) an adjustment to increase net loss for the year ended March 31, 2006 by RMB22.4 million due to an error in the initial recording of the extension of a common share warrant. Certain of these errors also impacted, and required us to make adjustments to, our consolidated financial statements for periods prior to our fiscal year ended March 31, 2006.

To address these material weaknesses in our internal controls:

- we are actively seeking to hire additional individuals with the requisite U.S. GAAP and SEC reporting expertise;
- we intend to increase our in-house expertise and reporting capabilities through additional training and increased interaction with our independent registered public accounting firm;
- we are preparing an accounting policy manual as a reference in connection with reviewing recurring transactions and period-end closing processes, among other tasks;
- we intend to strengthen our internal audit function to focus on financial and reporting processes in addition to our operational activities; and
- we are implementing monitoring and oversight control for non-recurring and complex transactions with such procedures to include the retention of third-party consultants to assist us in complying with U.S. GAAP and SEC requirements.

Our independent registered public accounting firm also communicated to us other deficiencies in our internal control over financial reporting that required improvement. These deficiencies included (1) insufficient training of our newly adopted accounting system, resulting in various accounting errors; (2) lack of physical control over inventory items resulting from non-sequential numbering of goods delivery and receipt; (3) lack of performance review for obsolete inventory information; (4) insufficient management review and authorization of employee bonuses; (5) lack of accountability of recorded transactions resulting from insufficient documentation for client acceptance of goods and services received; (6) lack of sufficient reconciliation of bank account information; (7) lack of management review and authorization of classification and recording of certain expenses; (8) insufficient performance review for information on collectibility of accounts receivable; and (9) insufficient management review and authorization of applicability of value-added tax and business tax.

We plan to remediate the material weaknesses and deficiencies discussed above and to take other steps to improve our internal control processes in time to meet the deadline for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. If, however, we fail to timely achieve and maintain the adequacy of our internal controls, we may not be able to conclude that we have effective internal controls over financial reporting.

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes,"* or FIN 48, which, among other things, requires applying a "more likely than not" threshold to the recognition and derecognition of tax positions. Our adoption of FIN 48 as of April 1, 2007 did not have any effect on our financial position or results of operations. We have elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of operations. No interest or penalties have been accrued at the

date of adoption. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined. In the case of a related party transaction, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion.

In September 2006, the FASB issued SFAS No. 157, *"Fair Value Measurements"*, or SFAS No. 157, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about the fair value measurements. The provisions of SFAS No. 157 will be effective for us on April 1, 2008. We are currently evaluating the impact of adopting SFAS No. 157 on our consolidated financial statements, but we do not expect its adoption to have a significant transition impact on our consolidated financial statements.

In November 2006, the FASB issued Emerging Issues Task Force Issue No. 06-6, *"Debtor's Accounting for a Modification (or Exchange) of Convertible Debt Instruments"*, or EITF 06-6, which applies to modifications and exchanges of debt instruments that (a) either add or eliminate an embedded conversion option or (b) affect the fair value of an existing embedded conversion option. Our adoption of EITF 06-6 on April 1, 2007 did not have any effect on our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159 *"The Fair Value Option for Financial Assets and Financial Liabilities"*, or SFAS No. 159, which permits entities to choose to measure many financial assets and financial liabilities at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reports in earnings. The provisions of SFAS No. 159 will be effective for us on April 1, 2008. We are currently evaluating whether to elect the fair value option as permitted under SFAS No. 159.

INDUSTRY

China's Growing Economy and Service Sector

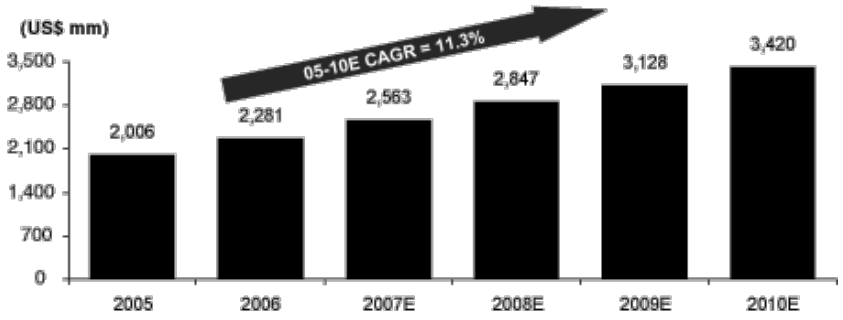
China has one of the fastest growing economies in the world. China's National Bureau of Statistics reported that China's annual disposable income per urban resident increased from $1,028 in 2002 to $1,569 in 2006, representing a CAGR of 11.1%. As China's economy continues to develop, its service industries are playing an increasingly important role. The tertiary sector, which is comprised mainly of service industries, accounted for approximately 39% of China's GDP and employed approximately 32% of China's total labor force in 2006, according to the National Bureau of Statistics of China.

China's Testing Market

China has one of the world's largest testing markets in terms of number of test takers with 122.7 million test candidates in 2006, up from 112.6 million in 2005, according to IDC. Testing has played a prominent role in Chinese society for centuries, with successive Chinese dynasties and governments regularly administering standardized examinations as an integral part of selecting members of China's civil service. This long tradition of testing continues today and its impact extends beyond government and education, with professional associations and businesses in China also relying on tests to issue professional licenses and certifications, assess ongoing professional skills, and select job candidates.

The following graph sets forth total revenues for China's testing market from 2005 to 2010.

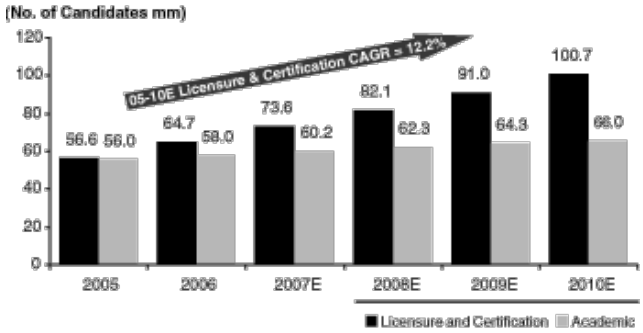
China Testing Market Revenue



Source: IDC, China Computer-based Testing 2006-2010 Forecast and Analysis — Midterm Data

China's testing market is broken down into academic testing and licensure and certification testing. Academic testing includes tests that students take in conjunction with primary, secondary and post-secondary education, for example college and graduate school entrance examinations. Licensure and certification testing includes the assessment of professional qualifications and certifications in areas such as teaching, financial services and IT related certifications, as well as tests for specialized skills, such as foreign language proficiency. In addition to academic testing, licensure and certification testing represents a significant pool of test takers and a significant portion of the total amount spent on testing. According to IDC, licensure and certification testing in China is expected to grow significantly more rapidly than academic testing over the next several years. According to CEIC Data Company, Ltd., there were approximately 3.7 million employees in the banking and insurance industries as of June 2007, and according to China's Ministry of Education, approximately 11.2 million teachers involved in primary and secondary education throughout China in 2006. As licensure and certification testing continues to outgrow academic testing, we expect a corresponding increase in the number of candidates in the above industries.

China Testing Market Test Candidates Breakdown



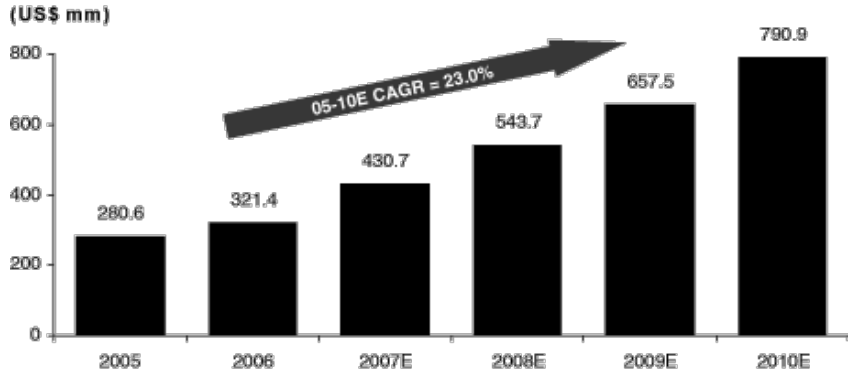
Source: IDC, China Computer-based Testing 2006-2010 Forecast and Analysis — Midterm Data

Key Trends in China's Testing Market

- *Increasing number of individuals seeking licensure and certification.* In many industries in China there is a shortage of highly skilled workers, especially workers who have proper licenses and qualifications. For example, China's National Bureau of Statistics estimates that in 2006 there were only 68,000 registered employees in the securities industry in all of China. According to IDC, the demand and supply gap for employees with specialized skills will be between 51.8 million and 53.5 million in 2010, leading to further demand for individuals seeking licensure and certification.
- *Increasing use of computer-based testing.* As China's economy has modernized and become more dependent on technology, a growing number of test sponsors have adopted computer-based tests in place of traditional paper-based tests. Computer-based tests offer key advantages over traditional paper-based tests, including easier administration, reduced scoring errors, greater data security and quicker results analysis. According to IDC, the ratio of computer-based tests to all tests administered in China will increase from 21.3% in 2006 to 31.7% in 2010 as measured by the number of test takers, and from 14.1% to 23.1% as measured by revenue.

The following graph sets forth total revenue and growth rates for China's computer-based testing market from 2005 to 2010.

China Computer-Based Testing Market Revenue

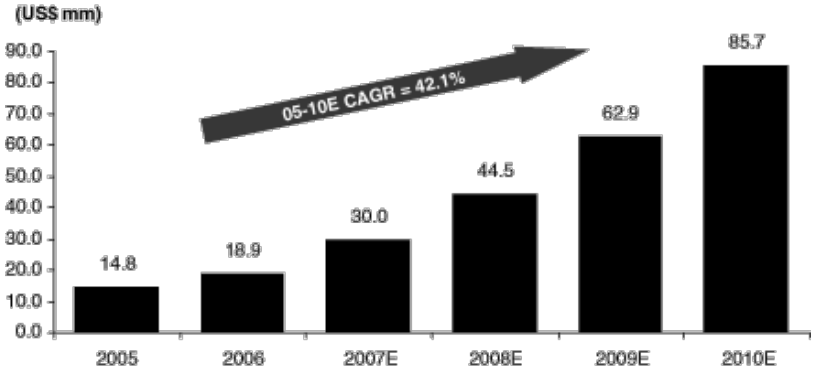


Source: IDC, China Computer-based Testing 2006-2010 Forecast and Analysis — Midterm Data

- *Increasing importance of performance-based testing.* Traditional paper-based tests have limited ability to evaluate a test taker's performance of specific tasks. Performance-based testing simulates a problem that requires the test taker to perform a series of hands-on tasks where a test taker's problem-solving skills can be evaluated. An increasing number of test sponsors in a wide variety of industries are shifting from standard multiple-choice and fill-in-the blank tests, to performance-based tests. In addition, many academic institutions in China are also increasingly moving towards performance-based testing as a way to encourage students to learn not only concepts and theory but also the real-world application of such knowledge to make them more competitive in the career marketplace.
- *Increasing demand for IT certification tests using computer-based simulation technology.* The demand for IT education in China is growing rapidly due to the nation's growing IT sector. To meet the increasing need for skilled IT professionals in China, IT vendors are increasingly relying on certification programs centered on computer-simulated testing methods. These programs allow candidates to learn by doing and to build practical skills and experience through simulated- environment learning and testing.
- *Increasing demand for outsourced testing services.* Traditionally, the development and delivery of tests have been handled in-house by education providers or test sponsors. However, the increasing use of computer-based tests and performance-based tests in recent years has created challenges for education providers and test sponsors that have made in-house test delivery and administration increasingly difficult. In order to cost-effectively respond to these challenges, education providers and test sponsors are increasingly outsourcing the design and delivery of their tests to third-party service providers.

The above key trends provide significant growth potential for computer-based testing service providers in China. The following graph shows the expected revenues from China's computer-based test delivery services market from 2005 to 2010.

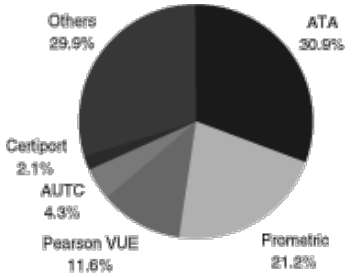
China Computer-Based Test Delivery Services Market Revenue



Source: IDC, China Computer-based Testing 2006-2010 Forecast and Analysis — Midterm Data

Three major players, including us, together held more than 75% of China's computer-based testing services market in 2006 in terms of revenue, as shown in the following chart.

2006 Market Share of Major Computer-Based Testing Service Providers in China



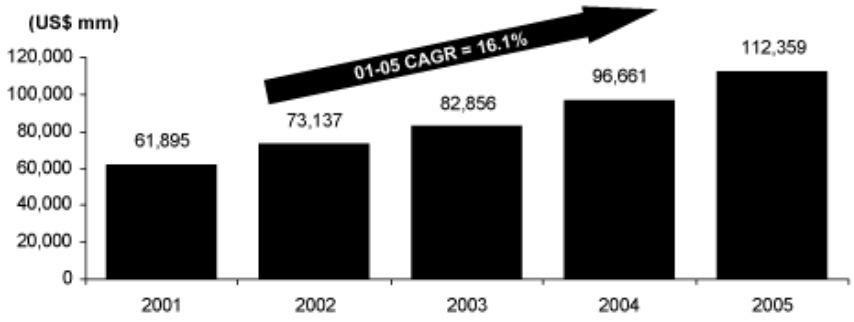
Source: IDC, Computer-based Testing 2006-2010 Forecast and Analysis — Midterm Data

China's Education Market

China's education market is experiencing rapid growth both in terms of the number of schools and the number of students, especially at the post-secondary higher education level. The number of students in post-secondary higher education programs has increased from 12.1 million in 2001 to over 25.0 million in 2006,

according to China's Ministry of Education. Moreover, spending on education has risen in recent years, as shown in the graph below.

China National Education Spending



Source: National Bureau of Statistics of the People's Republic of China

As more people enter China's job market with higher education levels, we expect that the competition for higher paying jobs will become more intense. Workers with comparable education levels will seek a competitive edge in testing for professional licenses and certifications. We believe that test takers in China spend significantly more time and money on test preparation and learning exercises than on actual test taking. As the number of tests and the number of test takers continue to grow in China, we believe that test preparation spending will continue to enjoy significant growth in the next decade.

Key Trends in China's Education Market

- *Rapid growth of vocational education.* The market for vocational education in China is expected to grow due to various demands, including demand from employers for skilled workers, demand from an increasing number of technical high school and junior college graduates seeking entry-level employment positions which require professional licenses and certifications, and demand from working people who wish to further their career and salary advancement potential. According to the Beijing Zhong Jing Zongheng Economic Research Institution, the career education and management education markets were valued at approximately $4.3 billion and $2.0 billion, respectively, in 2004, and are expected to grow to approximately $39.9 billion and $18.0 billion, respectively, in 2010.

  We believe that Chinese vocational education providers are increasingly looking to source course content and learning materials from outside providers. In particular, we believe that an attractive opportunity exists for educational service providers who can provide effective learning programs that enable students to better prepare for and attain licenses and certifications in professions such as the IT industry and other industries requiring high technical competence or specialized knowledge and skills. According to the Beijing Zhong Jing Zongheng Economic Research Institution, China's IT training market is estimated to grow from $533.8 million in 2006 to $1.3 billion in 2010, representing a CAGR of 25.7%.

- *Emergence of online education and test preparation market.* The rise of Internet use in China is reflected in the growing number of Internet users in China. According to IDC, the number of Internet users in China is expected to reach approximately 150.1 million in 2007 and 196.4 million in 2011. As Internet usage becomes increasingly common, people are turning to online resources as a means of furthering their education and to prepare for

various types of tests. Online education and test preparation provide students the flexibility to take interactive courses at times and in locations most convenient to them. Online education and test preparation are particularly attractive to working adults, and their employers, especially as they seek to combine work and their pursuit of higher level licenses and certifications. In addition, the Internet also enables educational service providers to reach and serve a broader base of students without substantial incremental costs such as the additional hiring of more teachers and usage of teaching facilities. According to the Beijing Zhong Jing Zongheng Economic Research Institution, China's online education market was valued at approximately $1.9 billion in 2004 and is expected to grow to $4.0 billion by 2007.

BUSINESS

Overview

We are the leading provider of computer-based testing services in China, with the largest market share, 30.9%, in terms of revenue in 2006, according to IDC. We also provide career-oriented, test-based educational programs and test preparation solutions in China. To comply with PRC law, we operate the online portion of our test preparation solutions business through a series of contractual arrangements with ATA Online (Beijing) Education Technology Limited, or ATA Online, a PRC entity owned by two of our founders and over which we do not have direct control or direct oversight. Our clients include professional associations, such as the China Banking Association and the Securities Association of China, which accounted for 19.5% and 4.2%, respectively, of our net revenues for the six months ended September 30, 2007, Chinese governmental agencies, including the PRC Ministry of Labor, which accounted for 8.5% of our net revenues for the same period, well-known IT vendors, Chinese educational institutions, distributors of our test preparation software products, and individual test preparation services consumers. During the six months ended September 30, 2007, approximately 2.0 million tests were delivered using our computer-based testing technologies and services.

We began providing computer-based testing services in 1999. We offer comprehensive services for the creation and delivery of computer-based tests based on our proprietary testing technologies and test delivery platform. Our computer-based testing services are used for professional licensure and certification tests in various industries, including IT services, banking, teaching, securities, insurance and accounting. Our test center network comprised 1,810 authorized test centers located throughout China as of September 30, 2007, which we believe is the largest test center network of any commercial testing service provider in China based on client feedback and our market experience. Combined with our test delivery technologies, this network allows our clients to administer large-scale nationwide tests in a consistent, secure and cost-effective manner. We have delivered over 23 million tests since 1999, and in July 2007 delivered tests to more than 200,000 test takers in a single day for the China Banking Association, through our test delivery platform.

Leveraging our testing expertise, we have expanded into providing career-oriented educational services and test preparation solutions. In 2002, we began offering career-oriented course programs, which we market to Chinese educational institutions. We develop our course programs by integrating our testing technologies and services with IT learning content authorized by major IT vendors such as Microsoft China, Borland and Adobe. In March 2006, we began offering pre-occupational training programs, which allow students to obtain practical skills for specific job requirements. By integrating our testing technologies with test preparation content, we began offering targeted test preparation solutions for certain professional licensure and certification tests in the securities, insurance and teaching industries in 2006. ATA Online has launched online test preparation Internet web sites in coordination with the Securities Association of China and the China Banking Association to help candidates across China prepare for these organizations' professional licensure and certification tests, which are delivered through our test delivery platform. We also offer our NTET Tutorial Platform software for training teachers for certification under the National Teachers' Skill Test of Applied Educational Technology in Secondary and Elementary School, or NTET test, which is delivered nationwide through our test delivery platform.

Our proprietary technologies and know-how for the creation and delivery of computer-based tests are important to our service capabilities. Our E-testing platform is composed of a set of self-developed tools and applications for facilitating the computer-based testing process, and is capable of handling large-scale tests and quickly and securely transmitting, processing and storing large amounts of data. We have also developed proprietary technologies for the creation and operation of advanced performance-based tests, such as our self-developed Dynamic Simulation Technology, which leading IT certification sponsors, such as Microsoft have adopted for their computer-simulated tests given around the world. We have also developed content creation technologies for the conversion of paper-based tests into computer-based formats.

Our total net revenues have increased from RMB69.0 million for the fiscal year ended March 31, 2006 to RMB84.9 million ($11.3 million) for the fiscal year ended March 31, 2007 and from RMB32.4 million for the six months ended September 30, 2006 to RMB76.2 million ($10.2 million) for the six months ended September 30, 2007. We had net losses of RMB24.8 million and RMB16.8 million for the fiscal years ended March 31, 2006 and 2007, respectively, and net income of RMB8.5 million ($1.1 million) for the six months ended September 30, 2007.

Our Competitive Strengths

We believe that the following competitive strengths have been instrumental in achieving our current market position and provide the basis for our continued growth:

Early Mover Advantage and Leadership Position in the Computer-Based Testing Services Industry in China

Testing has played a prominent role in Chinese society for centuries and continues to factor heavily in China's educational system and professional associations' and businesses' assessment of job candidates and their qualifications. While most tests are still conducted using traditional pen-and-paper formats, governmental and other test sponsors have begun migrating tests to computer-based formats. We began developing and marketing computer-based testing technologies and services in 1999 to test sponsors to help them more efficiently, securely and cost-effectively deliver their computer-based tests. We are also the only Asia-based member of the Association of Test Publishers, a widely recognized testing services trade association, which we believe further enhances our reputation in the testing services market in China.

By entering this market early in China, we have been able to secure long-standing relationships with many of China's most desirable and prolific test sponsors and become the first computer-based testing services provider for many of our clients. Entering this market early is important because many clients are reluctant to switch testing service providers once they have chosen one because of a desire to maintain consistency and stability from year to year in the test delivery format. In addition, switching testing service providers requires significant time and costs and often raises concerns about data security. Consequently, we believe that as long as our testing platform consistently meets our clients' test delivery requirements, they are likely to continue to use our testing platform and to focus their testing-related resources on creating and updating the content of their tests for use with our testing technologies and test delivery platform.

Ability to Provide Sophisticated and Large-Scale Testing Services

- *Track record of delivering large-scale computer-based tests*. Through years of experience serving major test sponsors in China, we have developed considerable expertise in the delivery and administration of large-scale nationwide computer-based tests. Building upon this expertise, we have developed an advanced, secure and comprehensive test delivery platform. According to IDC, in 2006 we were the largest deliverer of computer-based testing services in China by revenues. We have delivered over 13 million tests since 1999, and in July 2007 delivered tests to more than 200,000 test takers in a single day for the China Banking Association, through our test delivery platform.
- *Extensive test center network and scalable test delivery platform*. Our extensive test center network and E-testing platform technologies provide the software and hardware necessary to ensure the stable, cost-effective, secure, accurate and easy-to-manage delivery of large-scale computer-based tests. Our nationwide test delivery network, comprised of 1,810 ATA authorized test centers located across China as of September 30, 2007, provides us with a distinct competitive advantage over our international and domestic rivals, none of which possess test center networks in China of comparable size to ours. We believe that it will be difficult and costly for others to replicate our nationwide test center network. Complementing our test center network, our E-testing platform provides us the technological

platform to handle simultaneous delivery of computer-based tests in multiple locations. Our E-testing platform incorporates a flexible and customizable set of technologies covering all stages of the test delivery process from test item compilation and storage to test scoring and results analysis. Once a client's test has been customized for delivery through our E-testing platform, we can increase the size and volume of tests delivered easily and at relatively low additional costs. We believe that the large and increasing scale of our computer-based test delivery platform combined with its reputation for reliability, stability and flexibility in the testing market in China, provides a significant barrier to entry for potential competitors.

- *Flexible and customizable testing services.* Our computer-based testing technologies and services are designed to maximize flexibility and adaptability, which allows us to customize our services to meet each client's specific testing needs. The long history and diversity of China's testing market make standardization of testing platforms and formats difficult in China. As a result, flexibility and customization in testing services and test delivery platform are important in China's testing services market. Our E-testing platform is composed of a standardized "core" testing software system around which we have developed customizable parameters that may be configured to meet each client's specific needs. Using our E-testing platform as the basis, we work closely with each test sponsor client to develop a customized service plan that matches their technical and performance requirements. The flexibility of our technologies and services are especially important to clients with multiple test requirements, as they can use our testing platform for their various computer-based testing needs.
- *Advanced performance-based testing and test security technologies*. We have developed proprietary technologies as well as sophisticated and flexible software applications for the development and delivery of advanced performance-based tests. Our Dynamic Simulation Technology for the creation and operation of performance-based tests with computer-simulated environments has been licensed by Microsoft for use with Microsoft Learning Products and Microsoft Certified Professional Exams delivered globally. As of September 30, 2007, approximately 390,000 Microsoft Certified Professional Exams had been delivered around the world using our proprietary testing technologies and interface. We also offer specialized test security systems that combine traditional communication security techniques, such as the separation of test content into data fragments, with the use of cutting-edge data security technologies, such as encrypted data, digital algorithms and electronic authorization keys, which we believe are among the most advanced in the global computer-based testing services market. We believe that computer-based test sponsors are concerned with test data security and that our test security technologies and systems are recognized as meeting the highest standards in the industry.

Established Relationships with Key Test Sponsors and Leading IT Vendors

Client relationships are critical to our success and we continue to strengthen our collaborative relationships with key clients, including the PRC Ministry of Labor, for which we have delivered 472,761, 649,406 and 394,374 tests in the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2007, respectively. We have also developed relationships with other Chinese governmental institutions that sponsor tests, such as the Ministry of Education, with which we have worked to develop our career-oriented course programs and our NTET Tutorial Platform software. In addition, we have developed relationships with various key professional services organizations, such as the Securities Association of China, the China Futures Association, the China Banking Association and the Insurance Association of China.

We have also entered into cooperation agreements with leading IT vendors, such as Adobe, Borland, Corel, Digital China, H3C, Microsoft, Trend Micro and Turbolinux, for the development of performance-based and application-driven educational programs and tests. Our deep knowledge of career-oriented education content acquired through our relationships with leading IT vendors and with test

sponsors has provided us with the ability to create career-oriented educational programs curricula designed to teach practical skill sets and effectively assess the student's application of these skill sets.

Experienced Management Team

We have an international management team with extensive experience in computer-based testing, education services and software development. Several members of our senior management team have significant experience working with Chinese governmental agencies and several have worked with leading companies in the computer-based testing and education industries, such as Microsoft Learning, Pearson VUE and Prometric. The combination of skills and experience of our senior management team has allowed us to solidify our relationships with a diverse group of clients ranging from Chinese governmental ministries to the world's leading IT vendors to academic institutions and other organizations in China.

Our Strategy

Our mission is to extend our position as the leading provider of computer-based testing services in China, and expand our career-oriented educational programs and test preparation solutions in China, by pursuing the following strategies:

Continue to Seek Opportunities in Licensure and Certification Testing Services

As China's economy and service sector continue to develop, governmental agencies, industry associations and private business are increasingly using licensure and certification tests to identify qualified professionals. We believe the number of people seeking careers in professions that require licensure and certification is growing, and will continue to grow, rapidly. In order to certify increasing numbers of people, the number and scale of licensure and certification tests will continue to grow, which offers us an opportunity to expand into additional industries requiring licensure and certification. We will continue to identify industries where traditional licensure and certification tests can be adapted to our computer-based testing methods to leverage our computer-based testing expertise and technologies and our extensive test delivery network. We actively promote computer-based testing and our services to sponsors of traditional-format tests by educating them about the benefits of computer-based testing. In addition, we will continue to seek opportunities in industries that will require progressively advanced levels of licensure and certifications, such as different levels of certifications for securities, banking or insurance industry professionals. We believe that such additional levels of licensure and certifications will increase both the number of tests delivered through our test delivery platform as well as bring additional users to ATA Online's Internet test preparation web sites.

Further Enhance Our Technology and Expand Our Test Center Network Reach

Our test content creation and delivery technologies are important components of our products, services and market leadership. We will continuously upgrade our test content creation technologies and delivery systems in order to provide best-in-class testing services at competitive prices to our clients. In addition to periodically updating our E-testing platform technology, we are working on the commercial implementation of advanced testing technologies, such as speech recognition engines and more advanced simulation of real environments. We plan to incorporate these technologies into our service offerings as well as to license certain advanced technologies to leading international IT vendors and test preparation companies. We also intend to promote our self-developed computer-based testing interface technology and data specification standards as industry standards. At the same time, to respond to the rapidly increasing demand by Chinese test sponsors for nationwide, large-scale tests, we will continue to expand our network of authorized test centers, especially in smaller cities and less developed provinces of China.

Leverage Our Testing Service Strengths to Expand Our Test Preparation and Educational Program Offerings

We believe that people spend significantly more time and money on test preparation and learning exercises than on actual test taking. Moreover, we believe that the importance attached to tests and test results in China encourages people to spend significant amounts of time and money to seek advantages over other test takers. Our experience and leadership position in providing computer-based testing services provides us with an effective platform from which to expand our service offerings into test preparation and educational services.

ATA Online launched online test preparation Internet web sites in coordination with the Securities Association of China in November 2006 to help the large number of candidates across China prepare for professional licensure and certification tests conducted by this professional association that are delivered using our testing technologies and platform. We launched a similar web site in coordination with the China Banking Association in July 2007 and plan to launch online test preparation solutions for insurance and futures certification tests in late 2007. We also plan to offer new services for teachers preparing for the NTET test and add upgrades to our NTET Tutorial Platform through our web site. Leveraging our experience in developing software programs for our NTET Tutorial Platform, we plan to offer similar software programs to junior and middle schools for use in relation to courses and tests given to students. In relation to our educational service offerings, which are currently aimed at students majoring in IT-related subjects, we plan to develop career-oriented course programs for students preparing for careers in the financial services industries, including securities, futures, banking and insurance. Our goal is to leverage our relationships with key test sponsors to provide comprehensive services along the entire education value chain, from learning to test preparation to testing.

Increase Recognition of our "ATA" Brand

As we expand our test preparation solutions, our brand, which we believe is currently well-recognized among test sponsors and educational institutions, will become increasingly critical to our success. We intend to establish the ATA name as the leading provider of quality computer-based testing and test preparation solutions in China. We believe our familiarity with testing procedures and test content will allow us to establish our market credibility and position us favorably as a leading test preparation solutions provider. We promote wider recognition of our "ATA" brand among test takers by placing our logo prominently outside ATA authorized test centers and in test and course program materials. We also engage in on-campus marketing activities through prominently placed marketing materials, such as posters and other advertising means.

Pursue Selective Strategic Acquisitions and Alliances

We believe that selective acquisitions of and alliances with complementary businesses can further broaden our service offerings, attract additional clients and strengthen our service quality. We intend to seek acquisition and alliance opportunities in the areas of testing, test preparation and education that can enhance the scope of our products and services. We intend to pursue any acquisitions and alliances with prudence and only consider opportunities that are strategically complementary and can add long-term value to our shareholders.

Our Products and Services

Our primary product and service offerings currently include:

- computer-based testing development and delivery, which includes our computer-based test delivery platform and services, our ATA authorized test center network and our test content creation technologies and services;
- career-oriented educational services, which include single course programs, degree major course programs and pre-occupational training programs; and

- test preparation solutions, which include test preparation and training platforms for the securities and banking industries and test preparation software for the teaching industry.

Computer-Based Testing Development and Delivery

We have developed a series of technologies and service solutions for the development and delivery of computer-based tests. Our comprehensive E-testing platform integrates all aspects of the test delivery process for computer-based tests, from test form compilation to test scoring and results analysis. Our test delivery services are further enhanced by our nation-wide network of test centers, which allows us to deliver tests on a large scale in a consistent, secure and cost-effective manner. By combining our advanced test content creation technologies with our test delivery platform and network of test centers, we can offer our clients a comprehensive and integrated solution to enhance the effectiveness of the entire testing process, as shown in the following diagram.

We have assisted our clients in creating and delivering a wide range of computer-based tests, including:

- licensure tests administered by governmental agencies that test the competence of candidates for positions with various governmental agencies or for certain types of jobs, and public exams administered by provincial-level human resources bureaus;
- professional association or qualifications tests required by governmental agencies or industry associations that test the competence of individuals who operate in certain industries that require technical expertise and which carry professional titles, such as:
- the Qualifications Exam for Individuals Engaged in the Securities Industry, designed and administered by the Securities Association of China under the supervision of the China Securities Regulatory Commission;
- the Insurance Agent Qualifications Exam, designed and administered by the Insurance Association of China under the supervision of the China Insurance Regulatory Commission;
- the Certification of China Banking Professionals Exam, designed and administered by the China Banking Association under the supervision of the China Banking Regulatory Commission;
- IT vendor tests that assess the technical skills and competence of IT professionals in relation to specific types of IT applications, computer operating systems or other IT skill sets, and that allow test takers to obtain a professional license or certification in a specific subject area, job title or career path; and
- enterprise assessment tests that various enterprises use for internal personnel assessment purposes.

Computer-based test delivery platform and services. We offer our clients a comprehensive set of services for the compilation, delivery and analysis of computer-based tests as well as logistical services such as test registration, scheduling and fee collection. Our E-testing platform incorporates a number of technologies and protocols designed to ensure the stable, cost-effective, secure, accurate, fast and easy-to-manage delivery of computer-based tests on a large scale. Our E-testing platform is flexible and is easily customized for many types of test content and the specific requirements of the test sponsor. Tests

delivered through our E-testing platform may be conducted at our ATA authorized test centers or at other locations at the test sponsor's discretion.

Our E-testing platform includes the following services, which we also offer individually depending on the test sponsor's needs:

- installing our ATA E-testing platform on the client's computer system to assist with centralizing administrative matters relating to the test or, in the case of repeat clients, upgrading the existing platform as necessary, for new tests;
- providing technical support throughout the testing process;
- uploading test information and performing test rehearsals and final testing environment control; and
- processing test scores, summarizing and analyzing test scores and results.

We also offer a number of logistical support services relating to test administration that we incorporate into the licensing fee for our test delivery platform based on a client's individual needs. These support services include:

- managing test taker registration and scheduling;
- managing test taker fee collection;
- arranging test stations and pre-test training of staff at each ATA authorized test center;
- providing test data management, such as test score publishing; and
- preparing and delivering certificates for test takers who have passed the test sponsor certification requirements.

ATA authorized test center network. To help our clients reach a broad base of test takers, we have established a large network of authorized test centers across China and in Hong Kong, which we refer to as our ATA authorized test centers. As of September 30, 2007, we had contractual relationships with 1,810 ATA authorized test centers, of which 1,302 had hosted tests delivered through our testing platform during the preceding 24-month period. 1,275 of our authorized test centers possess the right to use our "ATA" brand name and logo. Our network of ATA authorized test centers provides the means for delivering and administering tests nationally both simultaneously and on a regularly scheduled basis under consistent and secure testing conditions. Our ATA authorized test center network is especially important for many of our government and industry association test sponsor clients that need to regularly administer large-scale tests across China. Our IT vendor clients value the ability of our ATA authorized test centers to broaden the base of potential test takers, allowing them to increase the number of certified professionals competent in the operation and use of their products and technologies.

The following map shows the geographic distribution of our ATA authorized test centers as of September 30, 2007:

We do not own any of our ATA authorized test centers but instead enter into a standard form of contract with qualified independent operators to act as ATA authorized test centers. Most of our ATA authorized test centers are owned by Chinese vocational schools, which we believe enhances the quality and dependability of the centers. Under our contracts with the test centers, we license our ATA E-testing platform technology and provide ongoing technical support and training during the contract period. We require each test center to provide sufficient facilities to properly administer computer-based tests and to follow prescribed guidelines for facility maintenance and test administration. We also conduct regular reviews of their facilities and operations. We assist our clients in liaising and coordinating testing arrangements with our ATA authorized test centers.

Our ATA authorized test centers are divided into general test centers, which offer a wide range of tests and have the right to use our “ATA” brand name and logo, and special test centers, such as Microsoft Learning Centers, with which we enter into contracts to carry out specific tests for specific test sponsor clients. We receive license fees from our test center operators in the form of either a single initial license fee or a combination of initial license fee and annual continuing license fees. Under either fee arrangement, our licensees can extend their licensing agreement with us indefinitely.

Test content creation technologies and services. We offer our clients advanced technologies and software applications for the creation of sophisticated computer-based tests, including advanced performance-based tests. Our Dynamic Simulation Technology provides the format for creating, illustrating, running and scoring tests in a virtual computer environment that accurately and realistically

simulates the operating environment and functions of the software applications being tested without requiring the installation or use of those applications.

We have also developed two non-simulation core testing technologies: Real Environment Technology and ATA Markup Language. Our Real Environment Technology is used for creating, illustrating and running performance-based tests and learning exercises that operate within the actual operating system or software application being tested. For the creation and illustration of traditional knowledge-based test items, such as multiple-choice questions, we developed our ATA Markup Language, which is an XML-based language for writing and illustrating computer-based test questions using traditional question-and-answer formats.

We directly generate revenue from our test content creation technologies through the licensing of our technology. For example, we have agreements for the license of our Dynamic Simulation Technology and related simulation authoring tools to international IT certification sponsors, such as Microsoft, and third-party test preparation companies for the creation of test items and test preparation course exercise items for Microsoft Learning Products, including Microsoft Certified Professional Exams, delivered to students and test takers all over the world.

Creation of effective and user-friendly computer-based tests involves a multi-step process, including:

- *Test design.* Our content development consultants work together with the client to determine the test purpose, intended audience, test objectives and required competency level to formulate an overall test outline. We then arrange for the client to work with our subject matter experts, or to engage outside subject matter experts with specific experience in the subject area, to work with us on the scope of knowledge covered by the test and to design and author specific testing items for required knowledge points.
- *Test item authoring.* Based on the test outline and using our advanced test engine technologies, we work together with subject matter experts to create test items designed to determine a test taker's proficiency and speed in solving both practical and conceptual problems. The test items are designed to support immediate test scoring and results analysis. Test items generally fall into two types: multiple-choice items and performance-based items. Once all of the test items have been created, our content development consultants and subject matter experts commence a review to ensure the validity of each test item, clarity of language and overall quality. All of the test items are deposited in a master test item pool.
- *Test form and item bank construction.* Once the test items are ready, we set test item parameters to be used for building up test item banks to enable test forms to be formulated. Test forms with equal level of difficulty are generated through random item selection from the test item bank based on the pre-defined blueprint of the test to ensure fairness across test forms.
- *Final user acceptance beta test.* Before publication, the test undergoes a final user acceptance beta test during which volunteer test takers take the test and provide feedback. Based on the test results from the beta test, we are able to evaluate the efficacy of the test, eliminate problematic test items and otherwise fine tune the test items to ensure quality.
- *Continuous upgrades through analysis and user feedback.* As we deliver tests in real-world environments, we monitor and analyze the quality and adequacy of the test content and make upgrades as we develop or adopt new technologies and techniques. We also communicate with test users and collect feedback from the test sponsors and test takers to ensure that desired improvements are made in a timely manner.

Depending on the client's needs, we can perform some or all of the above steps for each client. For example, in some cases, clients may have already created all of the test items and may only require us to build the test using our ATA E-testing platform. Computer-based tests can also be designed for delivery

as on-going tests, which can be taken by the test taker at any time at his or her choice, for example by downloading the test from the client's web site, or as regularly scheduled tests, which must be taken by test takers at a specified time with advanced scheduling required.

We usually offer test delivery services and test content creation services as an integrated package and collect a fixed fee per test per test taker. The fee we charge depends on the length and complexity of the test, the amount of effort it takes to transform the testing content into a computer-based test format and other factors in the test development and administration process, such as security levels and the amount of logistical services provided.

Career-Oriented Educational Services

In late 2002, in line with Chinese government policies promoting the development of career-oriented educational services and incentives for greater investment in vocational schools, we began developing educational course programs to be taught at educational institutions across China. With a focus on IT industry and vocational certification, this became our first effort to expand into the educational and test preparation market by leveraging our strong capabilities in test delivery. Our educational services package the testing and certification component of our testing services with licensed learning materials to provide an integrated learning and assessment solution. Many of the tests contained in our course programs have incorporated our advanced performance-based testing technologies to encourage hands-on real-world interactive learning experiences to replace the theoretical modes of learning which are no longer favored by many students, teachers and pedagogy scholars.

Our career-oriented educational services include single course programs, degree major course programs and pre-occupational training programs. We market these educational services to universities and vocational schools throughout China, often through regional marketing agreements with computer science or other relevant academic departments in key regional schools. Our educational services allow academic institutions to provide more career-oriented content and practical skills to assist their students in more easily securing employment with leading IT industry businesses, which increasingly favor job candidates with real-world experience in operating and trouble-shooting their products and technologies. At the same time, our educational services are attractive to IT vendors and other certification providers as they help to increase the market prevalence and acceptance of the software applications and technologies taught in the course program by "hooking" students onto those technologies and by motivating employers to adopt the technologies due to the larger talent pool proficient in operating them. We plan to expand our career-oriented educational service offerings beyond the IT industry by developing similar programs for students looking for careers in banking, securities, insurance and other industries in which we have relationships with key licensure and certification providers.

Single course programs. Each single course program we offer is typically centered on a specific type of computer software application or other technology that requires significant training and practice to master and for which certification is offered. We work closely with both the certification providers, which are usually well-known IT vendors, and the academic institutions to ensure the course and final exam content fully satisfies all of their respective requirements and maximizes the student's learning experience.

Upon successful completion of the course work and related computer-based examination, the student will obtain a qualification certification from the IT vendor or other certification provider as well as academic credit from the student's school. These courses are designed both for IT major students and non-IT majors. We contract with academic institutions to license the course program for the course period, which usually lasts for one academic semester. The license can be subsequently renewed for each new course semester. We generally provide the following services to the academic institution as part of our course programs:

- installing the ATA E-testing platform on the school's computer system or, in the case of a renewal of the course license, performing an upgrade of the existing platform for the new course;

- at the beginning of each course period, providing students and teachers with course materials, which include textbooks, compact disks, visual lab equipment, slides, flash video case studies and exercise items;
- during the course period, providing ongoing support relating to the course and test software and the course materials, such as content updates, software upgrades, telephone support for teachers and students, online support including downloadable teaching guides, articles by well-known instructors and sample test materials available at our web site;
- at the end of each course period, uploading authorization information to permit the school to administer the final exam;
- delivering a second exam at no extra charge to each enrolled student who fails the final exam on the first try;
- on request and subject to additional fees, providing training sessions for course teachers during the summer or winter holidays for a separate fee charged to the schools, which we record as training revenue; and
- where necessary, preparing and delivering certificates for test takers who have passed the test certification requirement.

We charge educational institutions a fixed fee for these services on a per-student, per-course basis based on our perceived market value of the certification to be awarded to the student at the completion of the course.

Degree major course programs. Our degree major course programs are designed to be career-oriented, helping graduates prepare for particular types of jobs and career paths. These programs are essentially combinations of multiple single course programs designed to help students acquire a cluster of skill sets that can best prepare them for particular job types and careers and, in some cases, the specific requirements of certain well-known IT vendors. Generally, the entire degree major course program can be completed within two to three years and comprises all courses necessary for the student's college major. When designing a degree major course program, we first work with the IT vendors to define a job type or career path and to design a course curriculum that enables students to acquire the sets of knowledge and practical skills required to perform the job and become certified operators within that area. We then design what we refer to as a "learning roadmap" for each job type, which includes a set of core, compulsory courses and additional elective courses that students can choose from based on the specific career path they intend to pursue. We work with IT vendors and the course instructors to ensure that the courses are taught in an interactive and dynamic manner making maximum use of our advanced performance-based learning and testing technologies. In August 2007, we entered into a cooperation agreement with Tsinghua University to develop IT degree major course programs to be taught at post-secondary educational institutions incorporating course content developed by Tsinghua University.

Our contracts with academic institutions for degree major course programs are similar to our contracts for single course programs. We license the various single course programs contained within the degree major course program to the schools for the duration of the degree major course program period. We also provide substantially the same support and other services as we provide for single course programs. We charge schools on a per-student, per-course basis based on our perceived market value of both the individual certifications to be awarded at the completion of each course and the overall degree to be awarded to the student at the completion of the degree major course program.

Pre-occupational training programs. Vocational school students in China are generally required to spend one semester prior to graduation in an internship. However, many student's have difficulty finding quality internships that provide the opportunity to hone practical skills prior to entering the job market. To provide these students with more alternatives, we have worked with vocational schools and our IT vendor clients to develop pre-occupational training programs to help meet the internship requirement. These programs, which we began offering to vocational school students in March 2006, provide students with a

simulated internship environment replicating what these students would experience in an actual internship. Students are organized into small groups and given a series of specific job tasks, with each student's role within the small group changing at intervals during the program period. A typical pre-occupational training program will last two to three months. Software applications using our performance-based testing technology help guide and monitor the student's progress in completing the required tasks and are able to provide constant feedback to enhance the learning experience and improve the student's performance. Upon completion of the pre-occupational training program, the students receive the internship credits necessary to graduate.

To date, we have developed pre-occupational training programs for three different job types: software development, network management and multimedia design, the latter including skills related to Adobe and Macromedia products. Each pre-occupational training program is designed to prepare the student for an actual job position in the IT department of a company or in the software development business.

Our pre-occupational training programs are offered principally to students enrolled in schools offering our course programs and are particularly well-suited for students taking one of our degree major course programs. We cooperate with the school to arrange for space and the provision of resources for the pre-occupational training programs. In some cases we license the materials and provide trained supervisors to the school in exchange for a per-student fee paid by the school. In other cases, we directly collect fees from the students and pay a portion of that fee to the schools that provide space and equipment for conducting the pre-occupational training programs.

Test Preparation Solutions

In late 2006, we began offering test preparation solutions by integrating our testing and assessment technologies with test preparation content targeted at professional licensure and certification tests in China. Building on our established reputation in, and in-depth understanding of, the Chinese market for professional licensure and certification tests in the securities, futures, banking, insurance and teaching industries, we began offering test preparation programs and services to test candidates preparing to take professional certification tests in these industries.

Online test preparation and training platform for the securities, insurance and banking industries. Leveraging the increased scale of ATA-delivered securities, insurance and banking professional licensure and certification tests, in November 2006, ATA Online launched online test preparation Internet web sites in coordination with the Securities Association of China. These web sites were launched to provide a flexible and scalable platform aimed at helping test candidates across China to practice and prepare for professional licensure and certification tests delivered by ATA. Test preparation customers gain access to Internet web sites that contain the latest test related topics, preparation materials provided by the test sponsors and streaming video teaching sessions and practice tests developed by ATA. A stored value card-based credit system allows each customer unlimited use of online mock testing during a specified service period, which normally ranges from 90 to 180 days from the date of activation of the card. These cards are sold directly to test candidates or to our test sponsor clients, who then distribute the stored value cards nationwide to interested test candidates. ATA Online launched a similar web site in coordination with the China Banking Association in July 2007 and plans to launch online test preparation solutions for insurance and futures certification tests in early 2008.

Starting in 2007, the China Securities Regulatory Commission, with our assistance, began to more vigorously track and enforce mandatory continuing professional training requirements for licensed securities professionals. Each licensed securities professional must satisfy an annual minimum hourly training requirement to maintain their securities license. In response, ATA Online upgraded its securities test preparation web site to allow securities professionals to meet the continuous professional training hours requirement. We plan to market similar test preparation and training web sites to our other test delivery clients to assist them in launching nationwide, scalable and flexible test preparation and training programs.

NTET Tutorial Platform — test preparation software for the teaching industry. In November 2006, we began offering software comprising a comprehensive set of training materials for preparing teachers for certification under the NTET test, which is conducted by China's Ministry of Education and delivered through our test delivery platform and test center network. This software package, which we refer to as our NTET Tutorial Platform, is installed on a school's computer system and offers teachers access to user-friendly and interactive tutorial programs, practice questions and learning exercises through the school's intranet. We sell our NTET Tutorial Platform primarily through provincial and local distributors. We plan to offer additional services for teachers preparing for the NTET test and upgrades to our NTET Tutorial Platform through our web site. We also plan to offer similar software programs to junior and middle schools for use in relation to courses and tests given to students.

Our Technology

We believe our proprietary technologies and software applications are one of our major strengths and we have devoted significant resources to the development of technologies for the creation and delivery of advanced computer-based tests. These include our E-testing platform, test content creation and management tools, advanced performance-based testing technologies and web-based applications.

E-testing Platform

Our E-testing platform, which we also refer to as ETX, is composed of a set of tools and applications for facilitating the computer-based testing process. ETX includes a network sub-system for managing and transferring test content, test taker information and test results data in a secure and efficient manner and incorporates centralized servers, test site servers, test site management computers and individual testing computers. ETX is compatible with different testing modes, such as daily tests, on-demand tests and centralized tests. All of our ETX applications have been written using C++ and Microsoft ..NET and run on all PC-based Windows operating systems, including Windows 98, 2000, 2003 and XP. We have also designed them to support multiple database management systems, including SQL, Oracle and DB2.

Our ETX software applications are designed to handle large-scale testing environments and are capable of transmitting, receiving, processing and storing large amounts of information in a short time span. We currently have the capability to deliver more than 1,000,000 tests per day using our 30 servers. In order to avoid bottle-necks or system crashes during the process of transmitting data for large-scale examinations, we employ load balancing equipment, which is designed to ensure that data flow is evenly distributed among our servers. As our current load balancing equipment can support up to 200 servers, we have the capability to expand our data transmission capacity by deploying additional servers. We periodically upgrade our equipment and software applications to handle increasing testing volume as required.

Test Content Creation and Management Tools

We have developed proprietary software applications and tools for the creation, illustration and operation of computer-based tests. These software applications include test item authoring tools, which are used to create and revise the visible display and operation of test items, and test engines, which are required to run tests and exchange test data on specific testing platforms. We have developed test item authoring tool applications for our Dynamic Simulation Technology, our Real Environment Technology and our ATA Markup Language. We have also developed other authoring tools, such as a user interface cloning and translation software, for increasing the efficiency of the test content creation and revision process. To meet individual client needs, we have developed test engine applications for integrating tests using our testing technologies on multiple testing platforms. For instance, we have developed test engine applications that allow running Dynamic Simulation Technology tests on our own test delivery platform, on Microsoft's test port and on other test platforms. Our test item authoring tools and test engine applications are all coded in the C++ programming language and are compatible with Windows operating systems.

We have developed test item management tools for managing test item banks and test question forms for individual tests. These tools offer multiple functions, including the creation and management of test blueprints by test sponsors and the indexing of test items according to properties such as difficulty, question format and knowledge points, thus allowing the compilation of individual test forms in conformance with the test blueprint.

We have also developed our ATA Markup Language for the creation and illustration of knowledge-based test items that require the test taker to respond to specific questions in a traditional question-and-answer format. While less sophisticated than our performance-based testing technologies, ATA Markup Language remains a key technology for our large base of clients who contract with us for the conversion of paper-based tests to computer-based tests. In addition, many performance-based tests also include traditional multiple-choice questions created and run using our ATA Markup Language and related software applications.

We upgrade and enhance all of our test content creation and management software applications on a regular basis. To reduce time and costs associated with upgrading related materials already used in previous versions, our systems upgrades are all compatible with earlier versions.

Advanced Performance-Based Testing Technologies

We have developed technologies for delivering both computer-simulated and real-environment performance-based tests. Our Dynamic Simulation Technology, or DST, allows simulation of complicated operating systems, software applications and network environments. We have developed performance-based testing and learning materials based on DST to enable the assessment of a test taker's ability to perform real-world tasks while avoiding the use of real systems, which can be costly and risky in terms of real data or configurations being corrupted when conducting certain tasks, such as disk formatting or multi-server network configurations. DST is designed to provide maximum interactivity and allow the test taker to go down multi-level testing paths where each new action will lead the test taker to a different set of questions and problems.

The current version of DST, version 4.5, is an interpreter-based simulation technology, which represents our fourth generation of simulation testing technologies, as shown in the table below:

	First Generation	Second Generation	Third Generation	Fourth Generation
Year Developed	• 1999	• 2000	• 2002	• 2004
Type	• Page-Based Simulation	• Enhanced Page-Based Simulation	• Simulator-Based Simulation	• Interpreter-Based Simulation
Characteristics	• Most simulation user interfaces implemented using screen-captures	• Image compressing technology used to reduce size of normal page-based simulation with active elements added to improve user experience	• Simulation produced through programming rather than screen captures, allowing greater flexibility and more complex functionality	• Can interpret and respond to user operations and simulate most types of software with less programming work

Interpreter-based simulation offers high flexibility, adaptability to most applications, low disk space usage and short lead times for developing new tests once the system is in place. Based on feedback from our clients, we believe we are the only company in the world that has developed and is marketing interpreter-based simulation technology for testing and educational use. For this reason, we believe our DST is the world's leading technology for the creation and illustration of performance-based tests through simulation.

We have also developed Real Environment Technology, which is another testing technology for creating, illustrating and running performance-based tests. Like DST, our Real Environment Technology allows for the creation of test questions requiring the test taker to operate software applications to solve real-world problems. Unlike DST, however, test content using our Real Environment Technology is built on top of the underlying software application and require the installation of the underlying software applications that the test taker is being asked to operate. Real Environment Technology is particularly suitable for testing MS Office, Adobe Photoshop and Autodesk AutoCAD.

All of our advanced performance-based testing technologies have been developed in-house, and none incorporates any third-party intellectual property.

Web-Based Applications

ATA Online provides web-based services to and on behalf of clients with related applications, such as a customer service web portal for test candidates and an online payment portal that can be used to collect fees for ATA Online's online test preparation programs. ATA Online's online payment portal is linked to IPS, which we believe is one of the most reputable online payment service providers in China. All of ATA Online's online services and applications may be accessed by users using standard web browsers and do not require installation of custom software on a user's computer. Parts of our test delivery system also operate via the Internet through a closed client-server network between our centralized servers and client computers located at the test sites.

Data Storage and Security

One of the most important aspects of our computer-based testing services is ensuring the integrity and security of the test-taking process. To accomplish this, we use multiple technologies and methods to ensure the security of test content, test results and other sensitive data used or obtained in relation to our services.

We have developed and implemented the following technologies and measures to protect security throughout all stages of test development and delivery:

Preparation and Storage of Test Items

To reduce the risks associated with potential unauthorized disclosure or misuse of test questions by ATA personnel during the process of creating test item banks, we divide test item authoring and management tasks among multiple persons and limit each person's access to the test item content through the use of access permissions. Each test item author is only responsible for creating a limited amount of test item content and is permitted access only to that content for which that person is responsible. As a result, no one has full access to the contents beyond his or her scope of work. Test item bank managers receive limited permissions and are not given access to view the content of individual test items. Moreover, our test item authoring and test item bank management tools record and track all access and modifications to test items or the test item pool to detect any breaches to the security protocols. Once the test item banks are created, the content is encrypted and stored on our secure central servers or the client's servers. Our servers are located in a central machine room operated by one of the most well-established server hosting service providers in China. These servers are protected by firewalls and stored using NetApp*tm* equipment, which permits real-time back-up. We encrypt all test item banks using our self-developed encryption technologies, which prevent decryption or reverse engineering through the use of electronic fingerprinting, anti-tracking and trapping technologies.

Creation of Test Forms and Transmission of Test Materials to the Test Site

Our software applications automatically compile individual test forms from the test item bank according to the test blueprint and pre-arranged parameters. During this process, no access or viewing of the content of individual test items is permitted and all steps in the process are digitally recorded. The encrypted test forms are delivered to the test site's server either on hard disc or through a secure network, generally one day before the day of the test. The relevant information on each test taker is separately transferred in encrypted format to the test site via the Internet. A hardware dongle containing an encrypted time stamp is used to ensure that the test begins and ends on time. A hardware dongle is a hardware device that must be inserted into the USB port of the test site's central computer to decrypt and operate the test content. We design our own hardware dongles, which incorporate ATA-owned integrated circuit technology, and outsource its production to multiple factories in China. A decryption algorithm used along with the hardware dongle to complete decryption of test materials and commence the test.

Conduct of the Test

We train all test center personnel on protocols and supervision techniques to be used during test time. Test center administrators confirm test takers' identities through photographs, fingerprints and other biometric data. We also issue to each test taker upon registration a password that must be inputted on the test day to start the test. Once the test session has begun, software installed as part of each test tracks all actions and operations taken during the test and records them on the test site central server in real time. The testing software prevents test takers from accessing any network during test time. When a test taker opens up a question, it is decrypted and displayed. To protect against cheating, the order in which test answer choices appear is randomly generated with each answer choice encoded as a unique number and letter chain. Immediately upon the test taker's completion of each test item, the data recorded is re-encoded and re-encrypted.

Transmission, Reading and Storage of Test Results

In most instances, tests are scored on the test site server immediately following conclusion of the test and subsequently uploaded to our central servers. All transferred data is encrypted and data code integrity is verified using MD5 and Hash technologies. Following scoring, we store all test content and results on our firewall-protected central servers.

Research and Development

Research and development is important to our continued success. Our research and development initiatives are designed to improve our existing testing technologies and to develop new and innovative technologies. We conduct our research and development activities primarily in-house but may also from time to time outsource certain research and development activities. We have an experienced team of engineers with expertise in the fields of computing, software, system design, and test design and conversion. Our research and development team consisted of 53 people as of March 31, 2007. We will continue to look selectively for experienced software engineers and other technology talent to further increase our technological capabilities. While we focus on development of technologies that can be commercialized and integrated into our service offerings in the short term, we also invest in the research and development of testing technologies for the medium and long term in preparation for developing next generation and cutting-edge products and services. Our total expenses for research and development were RMB4.9 million, RMB9.3 million and RMB5.3 million ($0.7 million) for the fiscal years ended March 31, 2006 and 2007 and the six months ended September 30, 2007, respectively.

Intellectual Property

Intellectual property protections, including copyrights, trademarks and trade secrets are important to our success. We rely on copyright and trademark law, trade secret protection and confidentiality agreements with our employees, clients, business partners and others to protect our intellectual property rights. All of our senior management and engineering employees are required to sign agreements to acknowledge that all inventions, trade secrets, works of authorship, innovations and other processes generated by them that relate to our business are our property, and to assign to us any ownership rights in those works. Despite our efforts, it may be possible for third parties to obtain and use our intellectual property without authorization.

We have registered 15 software copyrights relevant to our product and service offerings with the Copyright Protection Center of China.

Our application to register our “ATA” trademark with the China Trademark Office is currently pending. We have also registered 16 domain names relating to our web sites, including www.ata.net.cn, the primary URL for our web site, with the Internet Corporation for Assigned Names and Numbers and the China Internet Network Information Center, a domain name registration service provider in China.

We have chosen not to obtain any patents for our testing technologies for a number of reasons. Principally, we believe it is the industry norm in China not to obtain patents for technologies that are not in the form of hardware. The process for patenting technologies is cumbersome and generally takes approximately 18 months or more, and due to the prevalence of intellectual property infringement and relatively weak enforcement mechanisms in China, we believe the risks involved in obtaining a patent, which would be publicly accessible, outweigh the potential benefits. Expertise underlying our testing technologies enjoys protection in China as trade secrets under China’s Anti-Unfair Competition Law.

Clients

The quality and flexibility of our product and service offerings has attracted a broad base of clients. Our clients principally include Chinese governmental agencies, professional associations, well-known IT vendors and Chinese educational institutions as well as individual test preparation services consumers. The China Banking Association and Chengdu Shiguang Co., Ltd., a distributor of our NTET

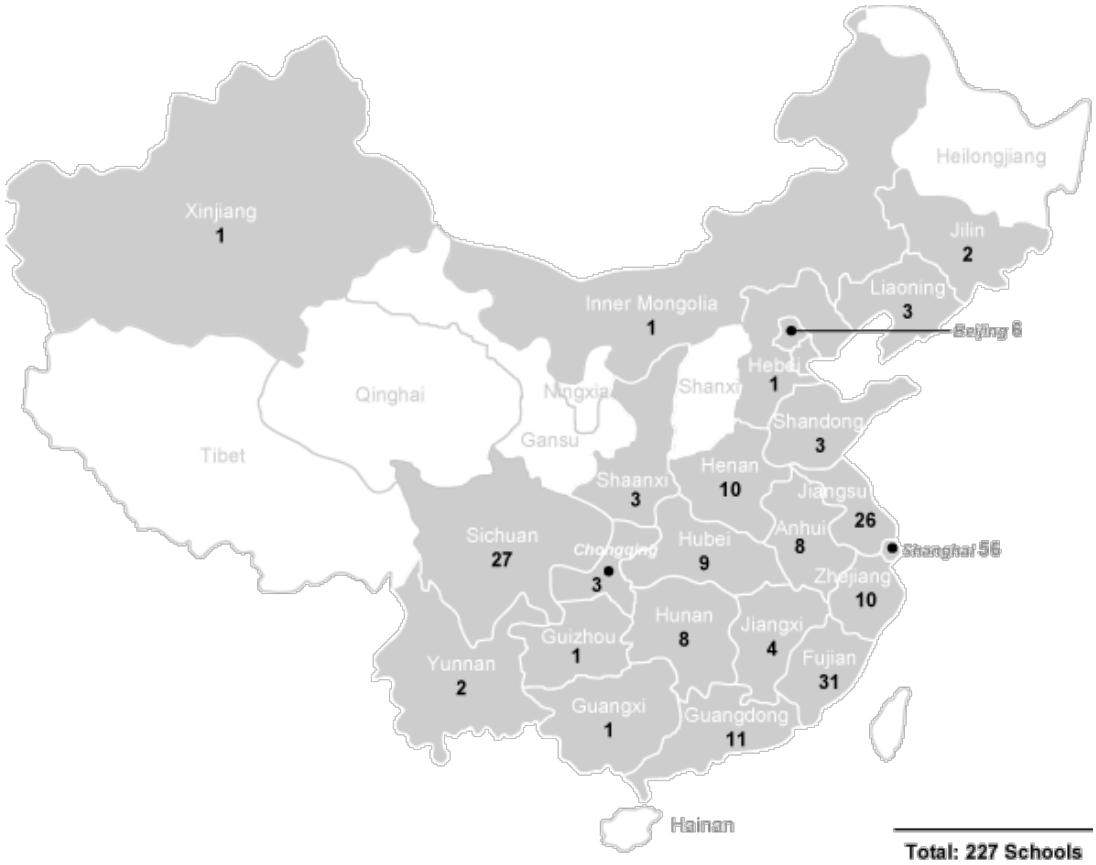
Tutorial Platform software, accounted for 19.5% and 10.8%, respectively, of our total net revenues for the six months ended September 30, 2007. The PRC Ministry of Labor accounted for 12.3% of our total net revenues for the fiscal year ended March 31, 2007. No other client accounted for more than 10% of our total net revenues for the fiscal year ended March 31, 2007 or the six months ended September 30, 2007.

As of September 30, 2007, we had 92 contracts with test sponsors for our computer-based testing services. For the six months ended September 30, 2007, our five largest computer-based testing services clients based on revenue were:

- the China Banking Association, which has been designated by the China Banking Regulatory Commission as the sole administrator of banking industry qualification tests in China;
- the Professional Skills Qualification Center of the PRC Ministry of Labor;
- the Securities Association of China, which has been designated by the China Securities Regulatory Commission as the sole administrator of securities industry qualification tests in China;
- the Testing Center of the PRC Ministry of Education; and
- the China Futures Association, which has been designated by the China Securities Regulatory Commission as the sole administrator of futures industry qualification tests in China.

These five clients represented an aggregate of 36.5% of our total net revenues for the six months ended September 30, 2007.

During the six months ended September 30, 2007, 135 Chinese educational institutions offered our degree major course programs and 118 Chinese educational institutions were offering our single course programs.



New Business Development

Our business development department, composed primarily of members of our senior management and supported by a professional team, is responsible for identifying and developing new markets and client opportunities for our product and service offerings. We target key governmental agencies and professional associations to help them develop standardized licensure and certification policies.

Our track record, expertise, capability and credibility within the testing industry provide us with opportunities to work with governing bodies to develop licensure, certification and testing programs. As an example, we helped arrange to have members of China's securities and banking industries, the Ministry of Health, Ministry of Justice, Ministry of Communications and China Inspection and Quarantine Association meet with their counterparts in Western countries to have them observe and learn industry best practices and experiences for licensure, certification and testing, which can be used as models for China. We also hosted China's first testing-related conference endorsed by the Association of Test Publishers, of which we are the only Asian member. We believe that these business development efforts enhance our industry reputation and allow us to develop new markets with stable long-term client relationships and relatively high entry barriers.

Sales and Marketing

Our business development department maintains a running master list of tests administered throughout China and all of our contracts for our educational services. We assess on a regular basis how to approach various prospective clients and enhance our relationships with our existing clients, as well as how to increase cross selling opportunities for our products and services. Utilizing our deep industry knowledge, our business development department typically identifies and prioritizes opportunities through analyzing the needs and readiness of our prospective clients and explains our service offerings to and works with each prospective client to secure a first mandate to create a particular computer-based test title or to create a particular course program for an educational institution. We work closely with new and existing clients to develop new or updated test titles and introduce additional educational services on an ongoing basis.

We engage in a variety of marketing activities to promote our product and service offerings. We host and invite potential clients, such as key governmental agencies and governing bodies, to industry conferences on topics such as the development of computer-based testing technologies. We also attend conferences and trade shows to demonstrate and promote our technologies and product and service offerings. We conduct marketing for our career-oriented educational services through promotional activities in cooperation with local governmental departments and educational institutions and through our local sales agents. Our on-campus marketing activities include promoting the IT vendors' certification tests and the relevant educational services, while linking both to our "ATA" brand name, through prominently placed marketing materials like posters and other advertising means. We promote wider recognition of our "ATA" brand by placing our logo prominently outside ATA authorized test centers and in test and course program materials. We use our strong network of educational institution clients and testing partner network to attract IT vendor clients that desire to introduce their technologies, products and services into schools across China.

Client Service and Support

We seek feedback from our clients on a regular basis regarding the quality of our technologies, products and services and ideas for improving them. We use this feedback, along with our internal performance review processes, to upgrade our technologies, products and services. We also seek feedback from students and test takers to improve the effectiveness and user-friendliness of our educational service and test preparation program content. Based on this feedback and regular communication we have with test sponsors and course content providers, we upgrade our course program and test preparation materials and exercises.

We provide technical support and training to our test centers and educational institution clients. Under our contracts with our test centers, each test center is provided a set of guidelines setting forth the basic standards, rules and procedures for administering our tests. We also provide training related to all aspects of the test administration process, from equipment setup and troubleshooting to security protocols, and conduct regular reviews of each test center's facilities and operations. As part of our course program services, we provide training for teachers on how to maximize the effectiveness of our learning exercises and offer ongoing technical support and consulting services, including training in relation to any technical upgrades and improvements to the curriculum and learning exercises.

Competition

In relation to computer-based testing services, we compete with domestic Chinese testing software providers and international computer-based testing service providers. Prometric and Pearson VUE are our main competitors in China. We compete with them primarily based on technology, price, management experience and established infrastructure. We believe our overall testing services and technologies compare favorably with the services and technologies offered by these competitors. Moreover, we believe that our nationwide test center network and test delivery platform provides us with a significant competitive advantage over these two competitors. We believe we are currently the market leader in computer-based testing services in China due to the combination of our experience in and familiarity with the China

computer-based testing services market, our advanced technology, our large nationwide network of test centers, our established relationships with key test sponsors and governmental agencies and our competitive cost levels.

In relation to our career-oriented educational services, we face competition from international companies, such as Aptech Limited and NIIT Limited. Aptech Limited operates in China primarily through its joint venture with BeiDa Jade Bird. Although these two companies offer IT-related courses to post-secondary educational institutions in China, based on our market experience and client communications we believe they do not directly compete with our products and services. For example, these two companies design their own course content and exams and provide passing students with their own proprietary certifications, rather than offering course content and certifications designed by well-known IT vendors, as we do. Other than the joint venture between Aptech Limited and BeiDa Jade Bird, we are not aware of any domestic Chinese company that offers educational services similar to or competitive with our career-oriented educational services. As a result, we have to date experienced little pricing pressure due to competition, although we do feel some pressure to maintain a pricing level for our educational services that is affordable for vocational schools that ultimately need to pass such costs on to students in the form of tuition and course fees. This may prevent us from raising prices for our education services significantly in the short term.

Traditional Chinese test preparation material providers, such as publishing companies, indirectly compete with our test preparation solutions. However, we are not aware of any significant competitors in China in the online test preparation solutions business. In relation to our simulation technologies, there are a few U.S.-based companies providing performance-based testing technologies, including Certiport, Inc. We are aware of only a handful of other simulation testing technology developers, which primarily focus on the training and test preparation business market in the United States. We believe, based on communications with our clients and others in the industry, that our simulation testing technology compares favorably to those offered by other companies and in other countries, including the United States.

While we anticipate new market entrants and increased efforts by existing international players to expand their presence in China, we believe that relatively high entry barriers, such as the time and costs associated with establishing a large-scale test center network and developing course and test content for educational programs, will make it difficult for new entrants or international competitors to quickly gain market share from us in China. We believe potential domestic entrants lack the technology and commercial relationships that we have already developed with domestic and international test sponsors. International competitors will likely face challenges in establishing effective relationships with key Chinese government and industry test sponsors or local educational institutions.

Employees

We had 196, 264 and 328 employees as of March 31, 2005, 2006 and 2007, respectively. As of September 30, 2007, we had 340 employees, 102 of which were in sales and marketing, 52 in research and development, 119 in client service and support and 67 in general and administrative functions.

In April 2005, we adopted a share incentive plan, or the 2005 Plan. In January 2008, we adopted our 2008 Employee Share Incentive Plan, or the 2008 Plan. We use our share incentive plans as an additional means to further attract, motivate, retain and reward selected directors, officers, employees and third-party consultants and advisors. For more information, see “Management — Share Incentives — Share Option Plan.” We believe these initiatives have contributed to our ability to attract and retain talent.

As required by Chinese laws and regulations, we participate in various employee benefit plans that are organized by municipal and provincial governments, including housing, pension, medical and unemployment benefit plans. We make monthly payments to these plans in respect of each employee based on the employee’s compensation. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes. Our employees have not entered into any collective bargaining agreements.

According to our contracts with our employees, our employees are generally prohibited from engaging in any activities that compete with our business during the period of their employment and for two years after termination of their employment with us. Furthermore, all employees are prohibited, for a period of two years following termination, from soliciting other employees to leave us and, for a period of five years following termination, from soliciting our existing clients. However, we may have difficulty enforcing these non-competition and non-solicitation terms in China because the Chinese legal system, especially with respect to the enforcement of such terms, is still developing.

Facilities

Our principal executive offices are located in approximately 2,170 square meters of office space leased by us at Tower E, 6 Gongyuan West Street, Jian Guo Men Nei, Beijing 100005, China. We also occupy approximately 1,363 square meters of total leased office space in our subsidiaries and branches located in Shanghai, Fuzhou, Nanjing and Wuhan. We believe that our existing facilities are adequate for our current requirements and that additional space can be obtained on commercially reasonable terms to meet our future requirements.

Legal Proceedings

We are not currently involved in any litigation, arbitration or administrative proceedings that could have a material adverse effect on our financial condition or results of operations. From time to time, we may be subject to various claims and legal actions arising in the ordinary course of business.

REGULATION

This section sets forth a summary of the most significant laws, regulations, policies and requirements that affect our business activities in China, the industries in which we operate, and our shareholders' right to receive dividends and other distributions from us.

Regulation of the Software Industry

In China, holders of computer software copyrights enjoy protection under the Copyright Law of the People's Republic of China, or the Copyright Law. Under the Copyright Law, China's State Council and the State Copyright Administration have also promulgated various regulations relating to the protection of software copyrights in China. Under these regulations, computer software that is independently developed and exists in a physical form will be protected, and software copyright owners may license or transfer their software copyrights to others. Registration of software copyrights and exclusive licensing and transfer contracts with the Copyright Protection Center of China (previously, the State Copyright Administration) or its local branches are encouraged. Such registration is not mandatory under Chinese law, but can enhance the protections available to the registering parties. For example, the registration certificate serves an evidentiary function enabling the registering parties to prove they have protectable rights. We have registered 14 software copyrights with the Copyright Protection Center of China.

China's Ministry of Information Industry, or MII, has promulgated regulations to regulate the production, sale, import or export of software products in China. Under these regulations, all domestically produced software products to be operated or sold in China must be duly registered and filed with the provincial branches of MII. We have complied with the registration and filing requirements necessary to sell our software products in China. These registrations generally remain in effect for five years and are subject to renewal.

Regulation of Vocational Education

Chinese laws and regulations impose restrictions on foreign investment in educational institutions in China. However, Chinese laws and regulations do not impose restrictions on foreign investment in companies providing course and test content or related products and services to educational institutions. In addition, the Chinese government has issued a series of circulars and regulations promoting the development of vocational education, including "The Decision to Enhance the Promotion of the Reform and Development of Vocational Education" and "The Decision to Enhance the Development of Vocational Education" published by the State Council, respectively, on September 24, 2002 and October 28, 2005. These circulars and regulations require all levels of governments in China to intensify their support for vocational education and to gradually increase the financial resources that local and provincial governments allocate to vocational education.

Restrictions on Telecommunication Industry

The telecommunications industry, including computer information and Internet access services, is highly regulated by the Chinese government. Regulations issued or implemented by the State Council, MII and other relevant government authorities cover virtually every aspect of telecommunications network operations, including entry into the telecommunications industry, the scope of permissible business activities, interconnection and transmission line arrangements, tariff policy and foreign investment.

Since March 1998, the National People's Congress of the PRC has directed MII to assume responsibility for, among other things:

- formulating and enforcing telecommunications industry policy, standards and regulations;
- granting licenses to provide telecommunications and Internet services;
- formulating tariff and service charge policies for telecommunications and Internet services;

- supervising the operations of telecommunications and Internet service providers; and
- maintaining fair and orderly market competition among operators.

In addition to the regulations promulgated by the Chinese central government, some local governments have also promulgated local rules applicable to Internet companies operating within their respective jurisdictions.

Foreign Ownership Restrictions on Internet Content Provision Businesses

In September 2000, the State Council promulgated the Telecommunications Regulations. The Telecommunications Regulations categorize all telecommunications businesses in China as either infrastructure telecommunications businesses or value-added telecommunications businesses. In February 2003, MII amended the original classification of telecommunication business with Internet content provision services being classified as value-added telecommunications businesses. The Telecommunications Regulations also set forth extensive guidelines with respect to different aspects of telecommunications operations in China.

In December 2001, in order to comply with China's commitments with respect to its entry into the World Trade Organization, the State Council promulgated the Administrative Rules on Foreign-Invested Telecommunications Enterprises. The Administrative Rules on Foreign-Invested Telecommunications Enterprises set forth detailed requirements with respect to capitalization, investor qualifications and application procedures in connection with the establishment of a foreign invested telecommunications enterprise. Pursuant to the Administrative Rules on Foreign-Invested Telecommunications Enterprises, the ultimate capital contribution ratio of the foreign investor or investors in a foreign-funded telecommunications enterprise that provides value-added telecommunications services shall not exceed 50%. In addition, pursuant to the Foreign Investment Industrial Guidance Catalogue, the permitted foreign investment ratio of value-added telecommunications services is no more than 50%.

However, for a foreign investor to acquire any equity interest in a value-added telecommunication business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating a track record and experience in operating value-added telecommunication business overseas. Moreover, foreign investors that meet these requirements must obtain approvals from MII and the Ministry of Commerce or their authorized local counterparts, which retain considerable discretion in granting approvals.

On July 26, 2006, MII publicly released the Notice on Strengthening the Administration of Foreign Investment in Operating Value-added Telecom Business, dated July 13, 2006, or the MII Notice, which reiterates certain provisions under the 2002 Administrative Rules on Foreign-Invested Telecommunications Enterprises. According to the MII Notice, if any foreign investor intends to invest in a Chinese telecommunications business, a foreign-invested telecommunications enterprise shall be established and such enterprise shall apply for the relevant telecommunications business licenses. Under the MII Notice, domestic telecommunications enterprises are prohibited from renting, transferring or selling a telecommunications license to foreign investors in any form.

As a result of current Chinese laws and regulations that impose substantial restrictions on foreign investment in the Internet businesses in China, we conduct our online test preparation business in China through a series of contractual arrangements entered into among us, ATA Learning, and our newly formed affiliated PRC entity, ATA Online (Beijing) Education Technology Limited, or ATA Online, which is a domestic Chinese company incorporated in the PRC and owned by Kevin Xiaofeng Ma, our chairman and chief executive officer, and Walter Lin Wang, our director and president, both of whom are PRC citizens. See "Our Corporate Structure." ATA Online has obtained the licenses and approvals that are required to operate the online test preparation business.

Our contractual arrangements with ATA Online include a technical support agreement and a strategic consulting service agreement. In addition, ATA Learning has entered into an equity pledge agreement with each of the shareholders of ATA Online pursuant to which each of the shareholders has

pledged all of his or her interest in ATA Online to ATA Learning as security for the performance of ATA Online's obligations under the technical support agreement and the strategic consulting service agreement. Pursuant to a call option and cooperation agreement with ATA Online and its shareholders, ATA BVI or any third party designated by ATA BVI has the right to acquire, in whole or in part, the respective equity interests in ATA Online of its shareholders or ATA Online's assets when permitted by applicable PRC laws and regulations. However, we do not have any direct ownership interests or direct voting rights in ATA Online.

In the opinion of Jincheng & Tongda Law Firm, our PRC legal counsel:

- the ownership structures of ATA Online and our wholly owned subsidiaries in China, both currently and after giving effect to this offering, are in compliance with existing published Chinese laws and regulations;
- our contractual arrangements among our wholly owned subsidiaries in China and ATA Online and its shareholders, are valid and binding, will not result in any material violation of published Chinese laws or regulations currently in effect, and are enforceable in accordance with their terms and conditions; and
- the business operations of our company, all of our Chinese subsidiaries and ATA Online, as described in this prospectus, are in compliance with existing published Chinese laws and regulations in all material aspects.

However, there are substantial uncertainties regarding the interpretation and application of current or future Chinese laws and regulations, including the laws and regulations governing the enforcement and performance of our contractual arrangements in the event of imposition of statutory liens, bankruptcy and criminal proceedings. Accordingly, we cannot assure you that the Chinese regulatory authorities will not ultimately take a contrary view. If the Chinese government finds that the agreements that establish the structure of our operations in China do not comply with Chinese government restrictions on foreign investment in our industry, we could be subject to severe penalties.

Internet Content Provider Licensure Requirements

The provision of online test preparation services and content on Internet web sites is subject to Chinese laws and regulations relating to the telecommunications industry and the Internet, and regulated by various government authorities, including MII and the State Administration of Industry and Commerce, or SAIC. The principal regulations governing the telecommunications industry and the Internet include:

- The Telecommunications Regulations (2000);
- The Administrative Measures for Telecommunications Business Operating Licenses (2001); and
- The Internet Information Services Administrative Measures (2000).

Under these regulations, Internet content provision services are classified as value-added telecommunications businesses, and a commercial operator must obtain a Telecommunications and Information Services Operating License, or ICP license, from the appropriate telecommunications authority in order to carry out commercial Internet content provision operations in China. In addition, the regulations also provide that operators involved in Internet content provision that operate in sensitive and strategic sectors, including news, publishing, education, health care, medicine and medical devices, must obtain additional approvals from the relevant authorities in charge of those sectors.

Certain local governments have promulgated local rules applicable to Internet companies operating within their respective jurisdictions. In Beijing, the Beijing Administration of Industry and Commerce has promulgated a number of Internet-related rules. On October 31, 2004, a rule was enacted requiring owners

of commercial web sites located within Beijing to file their commercial web sites with the Beijing Administration of Industry and Commerce.

ATA Online holds an ICP license issued by the Beijing Telecommunications Administration Bureau, a local branch of the Ministry of Information Industry, or MII, which allows ATA Online to provide Internet content distribution services. This license is essential to the operation of ATA Online's online test preparation services business.

The MII Notice requires that a value-added telecommunications business operator (or its shareholders) should own any domain names and trademarks used by it to engage in the value-added telecommunications business, and have premises and facilities appropriate for such business. To comply with the MII Notice, we intend to transfer to ATA Online the domain names owned by our subsidiaries that are used principally in connection with our online business activities.

Regulation of Internet Content

The Chinese government has promulgated measures relating to Internet content through a number of ministries and agencies, including MII, the Ministry of Culture and the State Press and Publications Administration. These measures specifically prohibit Internet activities that result in the publication of any content that is found to, among other things, propagate obscenity, gambling or violence, instigate crimes, undermine public morality or the cultural traditions of China, or compromise State security or secrets. If an ICP license holder violates these measures, the Chinese government may revoke its ICP license and shut down its web sites.

Regulation of Online and Distance Education

Pursuant to the Administrative Regulations on Educational Web sites and Online and Distance Education Schools issued by the Ministry of Education in 2000, educational web sites and online education schools may provide education services in relation to higher education, elementary education, pre-school education, teaching education, occupational education, adult education, other education and public educational information services. "Educational web sites" refers to organizations providing education or education-related information services to web site visitors by means of a database or online education platform connected via the Internet or an educational television station through an Internet service provider, or ISP. "Online education schools" refer to education web sites providing academic education services or training services with the issuance of various certificates.

Setting up educational web sites and online education schools is subject to approval from relevant education authorities, depending on the specific types of education provided. Any educational web site and online education school shall, upon receipt of approval, indicate on its web site such approval information as well as the approval date and file number.

According to the Administrative License Law promulgated by the National People's Congress on August 27, 2003 and effective as of July 1, 2004, only laws promulgated by the National People's Congress and regulations and decisions promulgated by the State Council may set down administrative license requirements. On June 29, 2004, the State Council promulgated the Decision on Setting Down Administrative Licenses for the Administrative Examination and Approval Items Really Necessary to be Retained, in which the administrative license for "online education schools" was retained, while the administrative license for "educational web sites" was not retained. ATA Online is not required to obtain a license as an online education school because ATA Online does not intend to offer through its web site academic education services or training services that result in the issuance of a degree or other certification.

Regulation of Broadcasting Audio-Video Programs through the Internet or Other Information Network

The State Administration of Radio, Film and Television, or SARFT, promulgated the Rules for Administration of Broadcasting of Audio-Video Programs through the Internet and Other Information

Networks, or the Broadcasting Rules, in 2004, which became effective on October 11, 2004. The Broadcasting Rules apply to the activities of broadcasting, integrating, transmitting and downloading of audio-video programs with computers, televisions or mobile phones as the main terminals and through various types of information networks. Pursuant to the Broadcasting Rules, a Permit for Broadcasting Audio-Video Programs via Information Network is required to engage in these Internet broadcasting activities. On April 13, 2005, the State Council announced a policy on private investments in businesses in China relating to cultural matters that prohibits private investments in businesses relating to the dissemination of audio-video programs through information networks. As these regulations are relatively new, there are significant uncertainties relating to their interpretation and implementation, including the definition of "audio-video programs" as specified in these regulations. We cannot assure you that ATA Online will be able to obtain a Permit for Broadcasting Audio-Video Programs via Information Network if it is determined that one is required to operate the online test preparation business.

Regulation of Information Security

Internet content in China is also regulated and restricted by the PRC government to protect State security. The National People's Congress, China's national legislative body, has enacted a law that may subject to criminal punishment in China any effort to: (1) gain improper entry into a computer or system of strategic importance; (2) disseminate politically disruptive information; (3) leak State secrets; (4) spread false commercial information; or (5) infringe intellectual property rights.

The Ministry of Public Security has promulgated measures that prohibit use of the Internet in ways that, among other things, result in a leakage of State secrets or a spread of socially destabilizing content. The Ministry of Public Security has supervision and inspection rights in this regard, and we may be subject to the jurisdiction of the local security bureaus. If an ICP license holder violates these measures, the PRC government may revoke its ICP license and shut down its web sites.

Regulation of Domain Names and Web Site Names

PRC law requires owners of Internet domain names to register their domain names with qualified domain name registration agencies approved by MII and obtain a registration certificate from such registration agencies. A registered domain name owner has an exclusive use right over its domain name. Unregistered domain names may not receive proper legal protections and may be misappropriated by unauthorized third parties. We have registered 16 domain names relating to our web sites, including www.ata.net.cn, the primary URL for our web site, with the Internet Corporation for Assigned Names and Numbers and the China Internet Network Information Center, a domain name registration service provider in China.

PRC law requires entities operating commercial web sites to register their web site names with SAIC, or its local offices and obtain a commercial web site name registration certificate. If any entity operates a commercial web site without obtaining such certificate, it may be charged a fine or suffer other penalties by the SAIC or its local offices. Our web sites used in connection with our testing and education services are considered non-commercial web sites as we do not provide products and services through those web sites, and therefore the names of those web sites are not required to be registered with SAIC. ATA Online is in the process of registering the web site name used in connection with the online test preparation business with Beijing municipal SAIC.

Regulation of Privacy Protection

PRC law does not prohibit Internet content providers from collecting and analyzing personal information from their users. PRC law prohibits Internet content providers from disclosing to any third parties any information transmitted by users through their networks unless otherwise permitted by law. If an Internet content provider violates these regulations, MII or its local offices may impose penalties and the Internet content provider may be liable for damages caused to its users.

Regulation of Foreign Exchange

China's government imposes restrictions on the convertibility of the Renminbi and on the collection and use of foreign currency by Chinese entities. Under current regulations, the Renminbi is convertible for current account transactions, which include dividend distributions, interest payments, and the import and export of goods and services. Conversion of Renminbi into foreign currency and foreign currency into Renminbi for capital account transactions, such as direct investment, portfolio investment and loans, however, is still generally subject to the prior approval of the PRC State Administration of Foreign Exchange, or SAFE.

Under current Chinese regulations, foreign-invested enterprises such as our Chinese subsidiaries are required to apply to SAFE for a Foreign Exchange Registration Certificate for Foreign-Invested Enterprise. With such a foreign exchange registration certificate (which is subject to review and renewal by SAFE on an annual basis), a foreign-invested enterprise may open foreign exchange bank accounts at banks authorized to conduct foreign exchange business by SAFE and may buy, sell and remit foreign exchange through such banks, subject to documentation and approval requirements. Foreign-invested enterprises are required to open and maintain separate foreign exchange accounts for capital account transactions and current account transactions. In addition, there are restrictions on the amount of foreign currency that foreign-invested enterprises may retain in such accounts.

The exchange rate for conversion of Renminbi into foreign currencies is heavily influenced by intervention in the foreign exchange market by the People's Bank of China. From 1995 until July 2005, the People's Bank of China intervened in the foreign exchange market to maintain an exchange rate of approximately 8.3 Renminbi per U.S. dollar. On July 21, 2005, the Chinese government changed this policy and began allowing appreciation of the Renminbi versus the U.S. dollar. However, the Renminbi is restricted to a rise or fall of no more than 0.5% per day versus the U.S. dollar, and the People's Bank of China continues to intervene in the foreign exchange market to prevent significant short-term fluctuations in the Renminbi exchange rate. Nevertheless, under China's current exchange rate regime, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. The Renminbi appreciated 6.7% versus the U.S. dollar from July 21, 2005 to March 30, 2007. There remains significant international pressure on the Chinese government to adopt a substantial liberalization of its currency policy, which could result in a further and more significant appreciation in the value of the Renminbi against the U.S. dollar.

Regulation of Foreign Exchange in Certain Onshore and Offshore Transactions

In October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or Notice 75, which became effective as of November 1, 2005. Notice 75 states that Chinese residents must register with the relevant local SAFE branch in connection with their establishment or control of an offshore entity established for the purpose of overseas equity financing involving a round-trip investment whereby the offshore entity acquires or controls onshore assets or equity interests held by the Chinese residents.

Our shareholders who are Chinese residents did not establish our offshore companies as part of a round-trip investment to acquire or control through our offshore companies onshore assets or equity interests originally held by such Chinese resident shareholders. Nevertheless, to ensure that we remain in full compliance with all Chinese foreign exchange-related regulations, our Chinese resident shareholders have applied for registration with the Beijing branch of SAFE under Notice 75 in 2006, but were orally informed that the application could not be accepted because Notice 75 does not apply to them. On May 29, 2007, SAFE issued the Notice of Operation Guidance for Notice 75, or Notice 106, according to which Chinese resident shareholders in an offshore company which has at least two years operating history and has made investment in China can apply for registration under Notice 75. There is no deadline for such registration. We have urged our Chinese resident shareholders to register under Notice 75 and they are preparing for such application. However, we cannot assure you that the application will be accepted by

SAFE. Failure by such shareholders to comply with Notice 75 could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

Regulation of Overseas Listings

On August 8, 2006, six PRC regulatory agencies, including the Chinese Securities Regulatory Commission, or CSRC, promulgated the Provisions Regarding Mergers and Acquisitions of Domestic Enterprise by Foreign Investors, or the M&A Rule, which became effective on September 8, 2006 without retroactive effect. The M&A Rule, among other things, requires that an offshore company controlled by PRC companies or individuals that has acquired a PRC domestic company for the purpose of listing the PRC domestic company's equity interest on an overseas stock exchange must obtain the approval of the CSRC prior to the listing and trading of such offshore company's securities on an overseas stock exchange. On September 21, 2006, the CSRC, pursuant to the M&A Rule, published on its official web site procedures specifying documents and materials required to be submitted to it by offshore companies seeking CSRC approval of their overseas listings.

In the opinion of our PRC counsel, Jincheng & Tongda Law Firm, CSRC approval is not required for this offering because the CSRC approval required under the M&A Rule only applies to an offshore company that has acquired a domestic PRC company for the purpose of listing the domestic PRC company's equity interest on an overseas stock exchange, while (i) we obtained our equity interest in each of our PRC subsidiaries by means of direct investment other than by acquisition of the equity or assets of a PRC domestic company and (ii) our contractual arrangements with ATA Online do not constitute the acquisition of ATA Online. See "Risk Factors — Risks Relating to Regulation of Our Business — If the China Securities Regulatory Commission, or CSRC, or another PRC regulatory agency determines that CSRC approval is required in connection with his offering, this offering may be delayed or cancelled, or we may be subject to penalties."

MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information relating to our directors and executive officers upon completion of this offering. The business address of each of our directors and executive officers is 8th Floor, Tower E, 6 Gongyuan West Street, Jian Guo Men Nei, Beijing 100005, China.

Name	Age	Position
Kevin Xiaofeng Ma	44	Chairman of the Board of Directors, Chief Executive Officer
Walter Lin Wang	46	Director, President
Carl Yeung(1)	28	Director, Chief Financial Officer
Andrew Yan	50	Director
Lynda Lau(1)	40	Director
Hope Ni(2)	35	Director
Alec Tsui(2)	58	Director
Patrick Tien	50	Vice President of Channel and Sales
Alex Tong	45	Vice President of Business Development
Xiaozhong Luo	53	Vice President of Key Accounts
Jianmin Ding	42	Vice President of Key Accounts
Paul Hsu	42	Vice President of Product Marketing

(1) Mr. Yeung and Ms. Lau have agreed to resign from our board of directors effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

(2) Ms. Ni and Mr. Tsui have agreed to become our independent directors effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

Kevin Xiaofeng Ma is co-founder, chairman of the board and chief executive officer of our company. Prior to co-founding our company, Mr. Ma co-founded Dynamic Technology Corporation and served as its chief executive officer from 1996 to 1998. From 1990 to 1996, Mr. Ma served as general manager in the Hainan High-Tech Industry International Cooperation Center. Previously, Mr. Ma gained experience as vice president at the Beijing MDI High-Tech Center, as president at Beijing Zhongjia Integrated Intelligent System Engineering, and as director at China Radio International. Mr. Ma is a member of the board of directors of a number of private enterprises with operations in China. Mr. Ma graduated from Nanjing University with a bachelor's degree in economics.

Walter Lin Wang is a co-founder, director and president of our company. Prior to co-founding our company, Mr. Wang practiced independent IT consulting. Mr. Wang also worked as an engineer and deputy department head at the PRC Ministry of Railways' Information Center. Mr. Wang holds a bachelor's degree in computer science from Southwest Jiaotong University and a masters degree in computer science from University of Central Florida.

Carl Yeung is currently a director and the chief financial officer of our company and will resign from our board of directors effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Prior to joining us, Mr. Yeung worked as an analyst and associate at Merrill Lynch (Asia Pacific) Limited from 2002 to 2006. Mr. Yeung holds a bachelor's degree in economics with concentrations in finance and operations management from Wharton School, University of Pennsylvania, and a bachelor's degree in applied science with a concentration in systems engineering from School of Engineering and Applied Sciences, University of Pennsylvania.

Andrew Yan is a director of our company. He is the managing partner of SB Asia Investment Fund II, L.P. and president of Softbank Asia Infrastructure Fund. Before joining Softbank Asia Infrastructure Fund in 2001, Mr. Yan was a managing director and the head of the Hong Kong office of

Emerging Markets Partnership. From 1991 to 1994, he was the director responsible for strategic planning and business development for the Asia Pacific region at Sprint International Corporation. Mr. Yan has also worked as research fellow at the Hudson Institute in Washington D.C., the World Bank and the Economic Restructuring Institute of the State Council of the PRC. Mr. Yan was elected as "Venture Capitalist of the Year" in 2004 by the China Venture Capital Association. He is currently an independent director of three Hong Kong-listed companies, China Oilfield Services Limited, China Resources Land Limited and Stone Group Holdings Limited. Mr. Yan received a master of arts degree from Princeton University and a master of arts degree from Peking University as well as a bachelor's degree in engineering from the Nanjing Aeronautic Institute.

Lynda Lau is currently a director of our company and will resign from our board of directors effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. She is currently a principal with SAIF Partners, managing SB Asia Infrastructure Fund and SB Asia Investment Fund II, L.P. from 2002 to 2007. Prior to joining SAIF Partners, Ms. Lau worked in ING Barings Securities (HK) Ltd. as the regional telecom research analyst from 1999 to 2001. Ms. Lau has also worked as an associate at Asian Infrastructure Fund Advisers Ltd. and as a research analyst in Credit Lyonnais Securities (Asia) Ltd. and Schroder Securities Asia Limited. Ms. Lau received a bachelor's degree in computing studies from the Hong Kong Polytechnic University; received a master's degree in business administration from University of Warwick, UK; and obtained a post-graduate diploma in English and Hong Kong Law (CPE) from Manchester Metropolitan University and University of Hong Kong. She is also a Chartered Financial Analyst (CFA).

Hope Ni will serve as our independent director commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Ms. Ni is currently serving as Vice Chairman of Comtech Group and as a director of KongZhong Corporation, both listed on the Nasdaq Global Select Market. Ms. Ni served as the chief financial officer and secretary for Comtech Group Inc. from August 2004 to December 2007. She also serves on the board of Qianjia Consulting Company, which she founded in 2002. From September 1998 to August 2004, Ms. Ni was an attorney at Skadden, Arps, Slate, Meagher & Flom LLP in New York and Hong Kong specializing in corporate finance and from 1995 to 1996 worked at Merrill Lynch in its investment banking division in New York. Ms. Ni received a juris doctor degree from University of Pennsylvania Law School and a bachelor's degree in applied economics and business management from Cornell University.

Mr. Alec Tsui will serve as our independent director commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Tsui is currently an independent non-executive director of a number of listed companies in Hong Kong, including Industrial and Commercial Bank of China (Asia) Limited, China Chengtong Development Group Ltd., COSCO International Holdings, China Power International Development Limited, Synergis Holdings Ltd., Greentown China Holdings Ltd., China BlueChemical Limited, Vertex Group Ltd., China Hui Yuan Juice Holdings Co. Ltd., and Pacific Online Ltd. He was also an independent non-executive director of Melco PBL Entertainment (Macau) Ltd. which is listed in NASDAQ Global Market. He was the chairman of the Hong Kong Securities Institute from 2001 to 2004. He was an advisor and a council member of the Shenzhen Stock Exchange from July 2001 to June 2002. He joined the Hong Kong Stock Exchange in 1994 as an executive director of the finance and operations services division and became its chief executive in 1997. Prior to that Mr. Tsui served at the Securities and Futures Commission of Hong Kong from 1989 to 1993. Mr. Tsui graduated from the University of Tennessee with a bachelor's degree and a master of engineering degree in industrial engineering. He completed a program for senior managers in government at the John F. Kennedy School of Government of Harvard University.

Patrick Tien is a vice president, in charge of channel and sales, of our company. Prior to joining us, Mr. Tien worked as a project general director at Microsoft Learning from 1991 to 2005. Mr. Tien holds a bachelor's degree in computer science from Chung Yuan Christian University, and a master's degree in computer engineering from University of Massachusetts, Lowell.

Alex Tong is a vice president, in charge of business development, of our company. Prior to joining us, Mr. Tong worked as the Asia Pacific General Manger at the Royal Institution of Charted Surveyors from 2003 to 2005. Prior to that, Mr. Tong worked for Thomson Prometric in the position of executive director from 1999 to 2003 and as the managing director at Pearson NCS Hong Kong Ltd. from 1997 to 1999. Mr. Tong graduated from University of Nottingham with a bachelor's degree in education and a master's degree of philosophy in education and from the Chinese University of Hong Kong with an executive MBA.

Xiaozhong Luo is a vice president, in charge of key accounts coverage, of our company. Prior to joining us in 2003, Mr. Luo served as assistant to the general manager at the China Education Trust and Investment Co., Ltd. Mr. Luo is director of Keying Shiji Co. Ltd. Mr. Luo graduated from China People's University with a bachelor's degree in economics.

Jianmin Ding is a vice president, in charge of key accounts coverage, of our company. Prior to joining us in 2001, Mr. Ding served as general manager at Wuxi Hetai Real Estate Co., Ltd. and as chairman at Shanghai Linpin Real Estate Co., Ltd. Mr. Ding is a director of Keying Shiji Co. Ltd. Mr. Ding graduated from Nanjing University with a bachelor's degree in economics.

Paul Hsu is a vice president, in charge of product development and marketing, of our company. Prior to joining us, Mr. Hsu worked as product marketing director at Microsoft Greater China Region from 1995 to 2006 and worked as a technical group manager at Digital Equipment Corp Taiwan from 1990 to 1995. Mr. Hsu holds a college degree in mechanical engineering from Taiwan DongNan College.

Duties of Directors

Under Cayman Islands law, our directors have a statutory duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our amended and restated memorandum and articles of association. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- issuing authorized but unissued shares;
- declaring dividends and distributions;
- exercising the borrowing powers of our company and mortgaging the property of our company;
- approving the transfer of shares of our company, including the registering of such shares in our share register; and
- exercising any other powers conferred by the shareholders' meetings or under our amended and restated memorandum and articles of association.

Terms of Directors

Upon the closing of this offering, we will have a board of five directors divided into class A, class B and class C directors. Initially, the class A directors will be Kevin Xiaofeng Ma and Walter Lin Wang, the class B director will be Andrew Yan, and the class C directors will be Hope Ni and Alec Tsui. Each class of directors will stand for election every year at our annual general meeting of shareholders on a rotating basis, beginning with our class A directors at the first annual general meeting of our shareholders following completion of this offering. Our chief executive officer, which currently is Kevin

Xiaofeng Ma, shall not, while holding office, be subject to retirement or be taken into account in determining the number of directors to retire in any year.

Board Practices

Our board of directors has established an audit committee, a compensation committee and a nominations committee.

Audit Committee

Our audit committee will consist of Hope Ni and Alec Tsui commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Hope Ni will be the chairman of our audit committee. We intend to fill the vacancy on the third seat on our audit committee prior to or at the time of our next annual shareholders meeting in compliance with Nasdaq Marketplace Rule 4350(d)(4). Our board of directors has determined that Hope Ni and Alec Tsui are "independent directors" within the meaning of Nasdaq Marketplace Rule 4200(a)(15) and meet the criteria for independence set forth in Rule 10A-3(b) of the Exchange Act. Hope Ni meets the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC.

Our audit committee is responsible for, among other things:

- appointing the independent auditor;
- pre-approving all auditing and non-auditing services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor and all relationships between the independent auditor and our company;
- setting clear hiring policies for employees and former employees of the independent auditor;
- reviewing with the independent auditor any audit problems or difficulties and management's responses;
- reviewing and approving all related party transactions on an ongoing basis;
- reviewing and discussing the annual audited financial statements with management and the independent auditor;
- reviewing and discussing with management and the independent auditor major issues regarding accounting principles and financial statement presentations;
- reviewing reports prepared by management or the independent auditor relating to significant financial reporting issues and judgments;
- discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;
- reviewing with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our financial statements;
- discussing policies with respect to risk assessment and risk management with management, internal auditors and the independent auditor;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our company, all alternative treatments of financial information within U.S. GAAP that have been discussed with management and all other material written communications between the independent auditor and management;

- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately, periodically, with management, internal auditors and the independent auditor; and
- reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee will consist of Andrew Yan, Hope Ni and Alec Tsui commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Andrew Yan will be the chairman of our compensation committee. Our board of directors has determined that all of our compensation committee members are "independent directors" within the meaning of Nasdaq Marketplace Rule 4200(a)(15).

Our compensation committee is responsible for:

- reviewing and approving our overall compensation policies;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating our chief executive officer's performance in light of those goals and objectives, reporting the results of such evaluation to the board of directors, and determining our chief executive officer's compensation level based on this evaluation;
- determining the compensation level of our other executive officers;
- making recommendations to the board of directors with respect to our incentive-compensation plan and equity-based compensation plans;
- administering our equity-based compensation plans in accordance with the terms thereof; and
- such other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

Nominations Committee

Our nominations committee will consist of Kevin Xiaofeng Ma, Andrew Yan and Alec Tsui commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Kevin Xiaofeng Ma will be the chairman of the nominations committee. Although Nasdaq Marketplace Rules generally require all members of the nominations committee of a listed company to be "independent directors" within the meaning of Nasdaq Marketplace Rule 4200(a)(15), Nasdaq Marketplace Rule 4350(a)(1) permits a foreign private issuer like us to follow "home country practices" in relation to composition of its nominations committee. In this regard, we have elected to adopt the practices of our home country, the Cayman Islands, which does not require that any of the members of a company's nominations committee be independent directors.

Our nominations committee is responsible for, among other things:

- seeking and evaluating qualified individuals to become new directors as needed;

- reviewing and making recommendations to the board of directors regarding the independence and suitability of each board member for continued service; and
- evaluating the nature, structure and composition of other board committees.

Corporate Governance

Our board of directors has adopted a code of ethics, which is applicable to our senior executive and financial officers. In addition, our board of directors has adopted a code of conduct, which is applicable to all of our directors, officers, employees and advisors. We will make our code of ethics and our code of conduct publicly available on our web site. In addition, our board of directors has adopted a set of corporate governance guidelines. The guidelines reflect certain guiding principles with respect to our board's structure, procedures and committees. The guidelines are not intended to change or interpret any law, or our amended and restated memorandum and articles of association. The code of ethics, code of conduct and corporate governance guidelines all become effective upon completion of this offering.

Compensation of Directors and Executive Officers

For the fiscal year ended March 31, 2007, we and our subsidiaries paid aggregate cash compensation of approximately RMB4.5 million ($0.6 million) to our directors and executive officers as a group, and granted to selected directors and executive officers options to acquire an aggregate of 580,400 common shares. We do not pay or set aside any amounts pursuant to a bonus plan or for pension, retirement or other benefits for our officers and directors.

Share Incentives

Historical Issuance of Options and Warrants

On May 23, 2003, we granted options to purchase our common shares to certain employees and consultants. We issued to Jianguo Wang, our former senior vice president, and Xiaozhong Luo, our vice president, options to purchase 1,095,890 and 273,973 of our common shares, respectively, for a price of $0.545 per share in consideration for their contribution to our company up to that time. We also issued a warrant to purchase 547,945 of our common shares for a price of $0.545 per share to Techina Capital Inc. for its previous service as financial advisor to us. Options held by Jianguo Wang and Xiaozhong Luo were vested as of April 12, 2005 and will expire on May 22, 2013. The warrant held by Techina Capital Inc. was exercisable as of June 30, 2003 and will expire on May 22, 2008.

Share Option Plan

We adopted a share incentive plan, or the 2005 Plan, in April 2005. We adopted our 2008 Employee Share Incentive Plan, or the 2008 Plan, in January 2008. Our share incentive plans are intended to promote our success and to increase shareholder value by providing an additional means to attract, motivate, retain and reward selected directors, officers, employees and other eligible persons. An aggregate of 3,310,300 common shares are reserved for issuance under the 2005 Plan. Subject to any amendment of our 2008 Plan by our directors, the maximum aggregate number of common shares that may be issued pursuant to all awards under the 2008 Plan is 336,307 shares, plus an annual increase on January 1 of each calendar year beginning in 2009 equal to the lesser of (x) one percent (1%) of the number of shares issued and outstanding on December 31 of the immediately preceding calendar year, (y) 336,307 shares, and (z) any lesser number of shares determined by our board of directors.

As of the date of this prospectus, we have granted options under the 2005 Plan for the purchase of a total of 3,235,800 common shares to selected directors, officers, employees and individual consultants and advisors, of which 3,069,800 are outstanding. In April 2005, we granted options for the purchase of 1,312,600 shares at an exercise price of $2.263 per share. In December 2005, we granted options for the purchase of 951,000 shares at an exercise price of $3.60 per share. In May 2006, we granted options for the purchase of 330,400 shares at an exercise price of $3.60 per share. In December 2006, we granted

options for the purchase of 250,000 common shares at an exercise price of $3.60 per share. In October 2007, we granted options for the purchase of 391,800 shares at an exercise price of $3.60 per share. Our options issued under the 2005 Plan in April 2005, December 2005, May 2006 and December 2006 vest over a period of four years, with 25% vesting on the first anniversary of the vesting start date designated in the board resolution granting such options and 2.0833% vesting on the same day as the vesting start date of each calendar month over the subsequent three years. For our options issued under the 2005 Plan in October 2007, 25% vest on January 1, 2008 and the remaining 75% vest in 30 equal monthly installments beginning January 31, 2008. A total number of 1,686,233 options issued under the 2005 Plan were vested and exercisable for common shares as of the date of this prospectus. As of the date of this prospectus, we have not granted any options pursuant to the 2008 Plan.

Options granted under our share incentive plans generally do not vest unless the grantee remains under our employment or in service with us on the given vesting date. However, the options granted to Andrew Yan, one of our directors, and Joe Zhou, a former director, provide that the vesting of their options will be accelerated so that the grantee's options become completely vested and exercisable on the date the grantee ceases to be a director of our company. Joe Zhou ceased to be a director of our company in December 2006.

Generally, if the grantee's employment or service with us is terminated for cause, all such grantee's options under our share incentive plans, vested and unvested, immediately terminate and become unexercisable. On the other hand, if the grantee's employment or service with us is terminated for any reason other than for cause, all such grantee's vested options terminate and become unexercisable ninety days following the grantee's last day of employment or service with us. In circumstances where there is a death or total disability of the grantee, generally all unvested options immediately terminate and become unexercisable while vested options terminate and become unexercisable twelve months after the last date of employment or service with us.

Our board of directors may amend, alter, suspend, or terminate our share incentive plans at any time, provided, however, that our board of directors must first seek the approval of the participants of our share incentive plans if such amendment, alteration, suspension or termination would adversely affect the rights of participants under any option granted prior to that date. Without further action by our board of directors, the 2005 Plan will terminate in 2015 and the 2008 Plan will terminate in 2018.

The table below sets forth the option grants made to our current directors and executive officers pursuant to our share incentive plans:

Name	Number of Common Shares to be Issued Upon Exercise of Options	Exercise Price per Common Share	Date of Grant	Vesting Start Date	Date of Expiration
Carl Yeung	330,400	$ 3.60	May 26, 2006	May 1, 2006	May 25, 2016
	187,800	$ 3.60	October 1, 2007	July 1, 2007	September 30, 2017
Andrew Yan	330,400	$ 2.263	April 12, 2005	May 1, 2005	April 11, 2015
Patrick Tien	220,000	$ 3.60	December 16, 2005	January 1, 2006	December 15, 2015
Alex Tong	100,000	$ 3.60	December 16, 2005	January 1, 2006	December 15, 2015
Jianmin Ding	303,800	$ 2.263	April 12, 2005	May 1, 2005	April 11, 2015
Paul Hsu	200,000	$ 3.60	December 27, 2006	October 31, 2006	December 26, 2016

Our board of directors has approved the issuance of options to purchase 50,000 of our common shares to each of Hope Ni and Alec Tsui upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. These options will vest over a four-year period.

PRINCIPAL SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership, within the meaning of Section 13(d)(3) of the Exchange Act, of our common shares as of the date of this prospectus assuming conversion of all of our outstanding preferred shares into common shares, as adjusted to reflect the sale of the ADSs offered in this offering by:

- each person known to us to own beneficially more than 5% of our common shares, and
- each of our directors and executive officers,

and further assuming that the underwriters do not exercise their over-allotment option.

	Common Shares Beneficially Owned Prior to This Offering		Shares Beneficially Owned After This Offering	
	Number[1]	Percent[2]	Number[1]	Percent[2]
Directors and Executive Officers:				
Kevin Xiaofeng Ma[3]	6,148,648	18.3%		
Walter Lin Wang[4]	3,086,936	9.2%		
Carl Yeung	*	*		
Andrew Yan	*	*		
Lynda Lau	—	—		
Patrick Tien	*	*		
Alex Tong	*	*		
Xiaozhong Luo	*	*		
Jianmin Ding	*	*		
Paul Hsu	*	*		
Directors and Executive Officers Combined	14,257,428	41.1%		
Principal Shareholders:				
SB Asia Investment Fund II, L.P.[5]	12,707,436	37.8%		
Able Knight Development Limited[6]	6,148,648	18.3%		
Lijun Mai[7]	4,845,000	14.4%		
Wealth Treasure Management Limited[8]	3,086,936	9.2%		
Jianguo Wang[9]	2,095,890	6.0%		

* Beneficially owns less than 1% of our common shares.

(1) The number of common shares beneficially owned by each of the listed persons includes common shares that such person has the right to acquire within 60 days after the date of this prospectus.

(2) Percentage of beneficial ownership for each of the persons listed above is determined by dividing (i) the number of common shares beneficially owned by such person by (ii) the total number of common shares outstanding, plus the number of common shares such person has the right to acquire within 60 days after the date of this prospectus. The total number of common shares outstanding as of the date of this prospectus is 33,630,686, assuming conversion of all preferred shares into common shares. The total number of common shares outstanding after completion of this offering will be assuming the underwriters do not exercise their over-allotment options or if the underwriters exercise their over-allotment options in full.

(3) Includes 6,148,648 common shares held by Able Knight Development Limited, which is a British Virgin Islands company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of the Cayman Islands with Kevin Xiaofeng Ma as the settlor and certain family members of Kevin Xiaofeng Ma as the beneficiaries. Kevin Xiaofeng Ma is the sole director of Able Knight Development Limited. The business address of Able Knight Development Limited is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(4) Includes 3,086,936 common shares held by Wealth Treasure Management Limited. Wealth Treasure Management Limited is a British Virgin Islands company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of Cayman Islands with Walter Lin Wang as the settlor and one of the beneficiaries. Walter Lin Wang is the sole director of Wealth Treasure Management Limited. The business address of Wealth Treasure Management Limited is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(5) Includes 1,700,000 common shares, 10,123,653 common shares issuable upon conversion of 6,186,478 Series A convertible preferred shares, and 883,783 common shares issuable upon conversion of 883,783 Series A-1 convertible preferred shares held by SB Asia Investment Fund II, L.P., a Cayman Islands limited partnership. The sole general partner of SB Asia Investment Fund II, L.P. is SB Asia Pacific Partners, L.P. The sole general partner of SB Asia Pacific Partners, L.P. is SB Asia Pacific Investment Limited, whose sole shareholder is Asia Infrastructure Investment Limited. Asia Infrastructure Investment Limited is controlled by SB First Singapore Pte Ltd., whose sole shareholder is SOFTBANK Corporation.

(6) Includes 6,148,648 common shares held by Able Knight Development Limited, which is a British Virgin Islands company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of the Cayman Islands with Kevin Xiaofeng Ma as the settlor and certain family members of Kevin Xiaofeng Ma as the beneficiaries. Kevin Xiaofeng Ma is the sole director of Able Knight Development Limited. The business address of Able Knight Development Limited is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(7) Includes 1,645,000 common shares held by Mutual Step Holdings Limited, 1,600,000 common shares held by Art Kind Technology Limited and 1,600,000 common shares held by Art Grace Development Limited. Each of Mutual Step Holdings Limited, Art Kind Technology Limited and Art Grace Development Limited is a British Virgin Islands company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of Cayman Islands with Lijun Mai or certain family members of Lijun Mai as the settlor and beneficiaries. Lijun Mai is the sole director of Mutual Step Holdings Limited. The business address of each of Mutual Step Holdings Limited, Art Kind Technology Limited and Art Grace Development Limited is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(8) Includes 3,086,936 common shares held by Wealth Treasure Management Limited. Wealth Treasure Management Limited is a British Virgin Islands company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of Cayman Islands with Walter Lin Wang as the settlor and one of the beneficiaries. Walter Lin Wang is the sole director of Wealth Treasure Management Limited. The business address of Wealth Treasure Management Limited is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(9) Includes 1,000,000 common shares held by Pro-Winner Limited, a British Virgin Islands company wholly owned by Jianguo Wang, our former senior vice president, and 1,095,890 common shares issuable upon exercise of options beneficially owned by Pro-Winner Limited.

None of our shareholders will have different voting rights from other shareholders after the closing of this offering. None of the record holders of our outstanding shares prior to this offering resides in the United States.

Immediately prior to the completion of this offering, all of our outstanding preferred shares will be converted into common shares.

None of our existing shareholders has voting rights that will differ from the voting rights of other shareholders after the completion of this offering. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Recent Transactions Involving Our Securities

In March 2005, we executed a 100-to-1 share split of our common shares. In March 2005, our board of directors approved the re-issuance of 3,584,680 treasury shares to our shareholders. The estimated fair value of the re-issuance was RMB26.4 million. Out of the total shares issued, 2,730,739 shares were allocated and distributed on a pro rata basis to all shareholders and were accounted for as a share split-up effected in the form of a share dividend. The remaining 853,941 shares were distributed to Kevin Xiaofeng Ma and were accounted for as a non-cash share-based compensation expense. See “Related Party Transactions — Issuance of Common Shares to Our Chairman and Chief Executive Officer.” The following share transaction information is presented as if the share split and share dividend discussed above had already occurred.

In January 2005, we repurchased 5,000,000 common shares from Kin-ming Cheng, 1,776,000 common shares from Mingfang Zhang and 388,000 common shares from Shi Chen for a per-share price of $0.545. The 7,164,000 common shares repurchased in these transactions represented 35.82% of our total outstanding shares at the time. Subsequent to these repurchases, these three shareholders no longer owned any shares in our company.

In March 2005, we entered into a share purchase agreement with SB Asia Investment Fund II, L.P., or SAIF, and Winning King Ltd., pursuant to which we issued 6,186,478 Series A convertible

preferred shares to SAIF and 441,891 Series A convertible preferred shares to Winning King Ltd. at a price of $2.263 per preferred share. The following table sets forth the change in shareholdings of our shareholders following the issuance of the Series A convertible preferred shares pursuant to the March 2005 share purchase agreement:

Name of Shareholder	Shares Owned Before Change	Percentage Before Change	Shares Owned After Change	Percentage After Change
Kevin Xiaofeng Ma	8,246,808	50.22%	8,246,808	35.78%
Walter Lin Wang	4,086,936	24.89%	4,086,936	17.73%
Zhenxiu Zheng	485,096	2.95%	485,096	2.10%
Ming Guo	3,601,840	21.93%	3,601,840	15.63%
SB Asia Investment Fund II, L.P.	—	—	6,186,478	26.84%
Winning King Ltd.	—	—	441,891	1.92%

In September 2005 Ming Guo sold 1,700,000 common shares to SAIF, 1,000,000 common shares to Pro-Winner Ltd., a company wholly owned by our former senior vice president Jianguo Wang, and 901,840 to Kevin Xiaofeng Ma, resulting in the following changes to our shareholding structure:

Name of Shareholder	Shares Owned Before Change	Percentage Before Change	Shares Owned After Change	Percentage After Change
Kevin Xiaofeng Ma	8,246,808	35.78%	9,148,648	39.69%
Walter Lin Wang	4,086,936	17.73%	4,086,936	17.73%
Zhenxiu Zheng	485,096	2.10%	485,096	2.10%
Ming Guo	3,601,840	15.63%	—	—
SB Asia Investment Fund II, L.P.	6,186,478	26.84%	7,886,478	34.22%
Winning King Ltd.	441,891	1.92%	441,891	1.92%
Pro-Winner Ltd.	—	—	1,000,000	4.34%

Under the March 2005 share purchase agreement, we issued a warrant to SAIF granting SAIF the right to purchase 883,783 Series A-1 convertible preferred shares at a price of $3.3945 per preferred share. In May 2006, SAIF exercised this warrant in its entirety, resulting in an increase in SAIF's percentage shareholding from 34.22% to 36.65%.

In June 2006, Lijun Mai exercised a warrant to purchase 5,479,452 of our outstanding common shares. Ms. Mai obtained this warrant pursuant to the terms of agreements entered into between Ms. Mai and ATA BVI in May 2003 under which Ms. Mai loaned RMB19.0 million ($2.5 million) to ATA BVI. See "Related Party Transactions — Warrant Granted to a Third Party That Has Become a Significant Shareholder." The following table sets forth the change in shareholdings of our shareholders following the exercise of this warrant:

Name of Shareholder	Shares Owned Before Change	Percentage Before Change	Shares Owned After Change	Percentage After Change
Kevin Xiaofeng Ma	9,148,648	38.23%	9,148,648	31.10%
Walter Lin Wang	4,086,936	17.08%	4,086,936	13.90%
Zhenxiu Zheng	485,096	2.03%	485,096	1.65%
SB Asia Investment Fund II, L.P.	8,770,261	36.65%	8,770,261	29.82%
Winning King Ltd.	441,891	1.85%	441,891	1.50%
Pro-Winner Ltd.	1,000,000	4.18%	1,000,000	3.40%
Lijun Mai	—	—	5,479,452	18.63%

In July 2007, we adjusted the conversion price of the Series A convertible preferred shares to $1.3829 per share in accordance with the provisions of our memorandum and articles of association, as a result of which each Series A convertible preferred share became convertible into 1.6364163 common shares. See note 13 to our audited consolidated financial statements.

In October 2007, Kevin Xiaofeng Ma transferred by gift all of his ownership interest in (1) 6,148,648 common shares to Able Knight Development Limited, (2) 1,500,000 common shares to Creation Linkage Development Limited, and (3) 1,500,000 common shares to New Beauty Holdings Limited. Able Knight Development Limited is a company ultimately wholly owned by a trust of which Kevin Xiaofeng Ma is the settlor and certain family members of Kevin Xiaofeng Ma are the beneficiaries. Each of Creation Linkage Development Limited and New Beauty Holdings Limited is a company ultimately wholly owned by a trust of which one or more adult family members of Kevin Xiaofeng Ma are the settlor and beneficiaries.

In November 2007, Walter Lin Wang transferred by gift all of his ownership interest in (1) 3,086,936 common shares to Wealth Treasure Management Limited and (2) 1,000,000 common shares to Valley Joy Limited. Wealth Treasure Management Limited is a British Virgin Islands company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of Cayman Islands with Walter Lin Wang as the settlor and one of the beneficiaries. Valley Joy Limited is a company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of Cayman Islands with one or more family members of Walter Lin Wang as the settlor and beneficiaries.

In November 2007, Lijun Mai transferred by gift all of his ownership interest in (1) 1,645,000 common shares to Mutual Step Holdings Limited, (2) 1,600,000 common shares to Art Kind Technology Limited, (3) 1,600,000 common shares to Art Grace Development Limited, and (4) 634,452 common shares to Joy Spread Development Limited. Each of Mutual Step Holdings Limited, Art Kind Technology Limited and Art Grace Development Limited is a British Virgin Islands company ultimately wholly owned by HSBC International Trustee Limited as trustee of an irrevocable trust constituted under the laws of Cayman Islands with Lijun Mai or certain family members of Lijun Mai as the settlor and beneficiaries. Joy Spread Development Limited is a British Virgin Islands company ultimately wholly owned by a sister of Lijun Mai.

In November 2007, Zhenxiu Zheng transferred by gift all of his ownership interest in 485,096 common shares to Capitalink Holdings Limited, which is a company wholly owned by Zhenxiu Zheng.

Shareholders Agreement and Right of First Refusal and Co-Sale Agreement

In connection with our sale of Series A convertible preferred shares to SAIF and Winning King Ltd. in March 2005, we and our existing shareholders entered into a Shareholders Agreement. Under this agreement, our preferred shareholders are entitled to certain registration rights, including demand registration rights, piggyback registration rights, and Form F-3 or Form S-3 registration rights. For a more detailed description of these registration rights and the terms upon which they will terminate, see “Description of Share Capital — Registration Rights Under Shareholders Agreement.”

The Shareholders Agreement also provides for other rights enjoyed by holders of our preferred shares, all of which rights will automatically terminate upon the completion of an initial public offering in which:

- the aggregate proceeds to us is equal to or greater than $100 million (before deduction of underwriters commissions and expenses related to this offering); and
- the valuation of our company as a result of such public offering is equal to or greater than $300 million.

These rights include (1) the right to elect two of five directors on our board, (2) pre-emptive rights to participate in issuances of new securities by us, excluding, among others, securities issued pursuant to an

initial public offering meeting the standards set forth above, and (3) the right to receive certain financial statements, budgets and reports to be prepared by us and to inspect our books on demand.

We and our existing shareholders also entered into a Right of First Refusal and Co-Sale Agreement in March 2005. Under this agreement, holders of our preferred shares have certain rights of first refusal and co-sale rights with respect to any proposed share transfers by any of the holders of our common shares. However, these rights do not apply to transfers pursuant to an initial public offering meeting the standards set forth above, and these rights shall automatically terminate upon the completion of an initial public offering meeting the standards set forth above.

Following establishment of our Cayman Islands holding company, we entered into a Shareholders Agreement and a Right of First Refusal and Co-Sale Agreement, each on the same terms as described above, with the shareholders of our Cayman Islands holding company in November 2006.

RELATED PARTY TRANSACTIONS

Agreements among ATA BVI, ATA Learning and ATA Online

Due to PRC regulatory restrictions on foreign ownership of Internet content businesses in China, we operate the online portion of our test preparation solutions business through ATA Online (Beijing) Education Technology Limited, or ATA Online, which is a domestic Chinese company incorporated in the PRC in September 2006 and owned by Kevin Xiaofeng Ma, our co-founder, chairman and chief executive officer and Walter Lin Wang, our co-founder, director and president, both of whom are PRC citizens. ATA BVI and ATA Learning (Beijing) Inc., or ATA Learning, one of our wholly owned subsidiaries, have entered into a series of contractual arrangements with ATA Online, including an exclusive technical support agreement, a strategic consulting service agreement and a call option and cooperation agreement. These contractual arrangements also include an equity pledge agreement entered into with each of the shareholders of ATA Online. As a result of these contractual arrangements, under U.S. GAAP, we are considered the primary beneficiary of ATA Online. Accordingly, we consolidate ATA Online's results in our consolidated financial statements. See "Our Corporate Structure — Corporate Structure and Arrangements with Our Affiliated PRC Entity."

The following is a summary of the material provisions of these agreements. For more complete information you should read these agreements in their entirety. Directions on how to obtain copies of these agreements are provided in this prospectus under "Where you can find additional information."

Technical support agreement, dated October 27, 2006. Under this agreement, ATA Learning provides ATA Online with exclusive technical support services for the maintenance of ATA Online's servers, networks and other equipment, software and systems. In return, ATA Online pays a quarterly service fee to ATA Learning. The service fee is mutually agreed by both parties, and is determined based on certain objective criteria such as the actual services required by ATA Online and the actual labor costs, as determined by the number of days and personnel involved, incurred by ATA Learning for providing the services during the relevant period. In addition, ATA Online reimburses ATA Learning for out of pocket costs ATA Learning incurs in connection with providing the services. The term of this agreement is ten years, automatically renewable for successive one year terms unless ATA Learning notifies ATA Online of its intention not to renew 30 days before the relevant term expires. ATA Online may not terminate this agreement during its term.

Strategic consulting service agreement, dated October 27, 2006. Under this agreement, ATA Learning provides ATA Online with strategic consulting and related services for ATA Online's business, including (1) valuation of new products; (2) industry investigation and survey; (3) marketing and promotion strategies; and (4) other services related to ATA Online's online test preparation services business. The fees for these services must be confirmed by ATA Learning and will be calculated monthly but paid quarterly based on actual time spent providing the services. In addition, ATA Learning has the right to adjust the fees payable by ATA Online in accordance with its performance. The term of this agreement is 20 years, automatically renewable for successive one year terms unless ATA Learning notifies ATA Online of its intention not to renew 30 days before the relevant term expires. If either party fails to comply with this agreement, it shall indemnify all losses incurred by the other party. Each party may terminate this agreement if the other party fails to perform its obligations under this agreement or the representations, warranties or covenants of the other party are materially inaccurate or misleading.

Equity pledge agreement, dated October 27, 2006, as amended and restated on February 12, 2007. To secure the payment obligations of ATA Online under the exclusive technical support agreement and the strategic consulting service agreement described above, ATA Online's shareholders have pledged to ATA Learning their entire equity ownership interests in ATA Online. Upon the occurrence of certain events of default specified in this agreement, the pledgee may exercise its rights and foreclose on the pledged equity interest. Under this agreement, the pledgor may not transfer the pledged equity interest without the pledgee's prior written consent. This agreement will also be binding upon successors of the pledgor and transferees of the pledged equity interest. The term of the pledge is the same as the term of

the strategic consulting service agreement. This agreement may be terminated upon the completion of ATA Online's contractual liabilities under the exclusive technical support agreement and the strategic consulting service agreement as described above. In February 2007, Jianguo Wang transferred all of his equity interest in ATA Online to Walter Lin Wang. We amended and restated the October 2006 agreement to take this transfer into account.

Loans to the Shareholders of ATA Online, dated October 27, 2006, as amended on February 12, 2007. ATA BVI entered into loan agreements with each of Kevin Xiaofeng Ma, Walter Lin Wang and Jianguo Wang, the shareholders of ATA Online to extend each of Kevin Xiaofeng Ma, Walter Lin Wang and Jianguo Wang a loan in the amount of RMB0.9 million, RMB50,000 and RMB50,000, respectively, for the sole purpose of investing in ATA Online as ATA Online's registered capital. The initial term of these loans in each case is ten years, which may be extended upon the parties' agreement. Kevin Xiaofeng Ma, Walter Lin Wang and Jianguo Wang can only repay the loans by transferring all of their interest in ATA Online to ATA BVI or to a third party designated by ATA BVI. When Kevin Xiaofeng Ma, Walter Lin Wang and Jianguo Wang transfer their interest in ATA Online to ATA BVI or its designee, if the actual transfer price is higher than the principal amount of the loans, the amount exceeding the principal amount of the loans will be deemed as interest accrued on such loans and repaid by Kevin Xiaofeng Ma, Walter Lin Wang and Jianguo Wang to ATA BVI. ATA BVI also has the right to, but have no obligation to, purchase, or designate a third party to purchase, all or part of their interest in ATA Online at a price equal to the amount of the loans. In February 2007, Jianguo Wang repaid the loan by transferring all of his interest in ATA Online to Walter Lin Wang. As a result, ATA BVI terminated the loan agreement with Jianguo Wang and amended the agreement with Walter Lin Wang to increase the principal of the loan to RMB0.1 million.

Call option and cooperation agreement, dated October 27, 2006, as amended and restated on February 12, 2007. Through the call option and cooperation agreement entered into between ATA BVI and ATA Online and its shareholders, ATA BVI or any third party designated by ATA BVI has the right to acquire, in whole or in part, the respective equity interests in ATA Online of its shareholders or ATA Online's assets when permitted by applicable Chinese laws and regulations. The proceeds from the exercise of the call option will be applied to repay the loans under the loan agreement described above. This agreement can only be terminated with the unanimous consent of all parties, except that ATA BVI may terminate this agreement with 30 days prior notice to the other parties. In February 2007, Jianguo Wang transferred all of his equity interest in ATA Online to Walter Lin Wang. We amended and restated the October 2006 agreement to take this transfer into account.

Share Repurchases and Private Placement

In March 2005, we executed a 100-to-1 share split of our common shares. In March 2005, our board of directors approved the re-issuance of 3,584,680 treasury shares to our shareholders. The estimated fair value of the re-issuance was RMB26.4 million. Out of the total shares issued, 2,730,739 shares were allocated and distributed on a pro rata basis to all shareholders and were accounted for as a share split-up effected in the form of a share dividend. The remaining 853,941 shares were distributed to Kevin Xiaofeng Ma, our co-founder, chairman and chief executive officer, and were accounted for as a non-cash share-based compensation expense. The following share transaction information is presented as if the share split and share dividend discussed above had already occurred.

In January 2005, we repurchased 5,000,000 common shares from Kin-ming Cheng, 1,776,000 common shares from Mingfang Zhang and 388,800 common shares from Shi Chen for a per-share price of $0.545. The 7,164,000 common shares repurchased in these transactions represented 35.82% of our total outstanding shares at the time. Subsequent to these repurchases, these three shareholders no longer owned any shares in our company.

In March 2005, we entered into a share purchase agreement with SB Asia Investment Fund II, L.P., or SAIF, and Winning King Ltd., pursuant to which we issued 6,186,478 Series A convertible preferred shares to SAIF and 441,891 Series A convertible preferred shares to Winning King Ltd. at a

price of $2.263 per preferred share. In July 2007, we adjusted the conversion price of the Series A convertible preferred shares to $1.3829 per share in accordance with the provisions of our memorandum and articles of association, as a result of which each Series A convertible preferred share became convertible into 1.6364163 common shares. See note 13 to our audited consolidated financial statements. Under the March 2005 share purchase agreement, we issued a warrant to SAIF granting SAIF the right to purchase 883,783 Series A-1 convertible preferred shares at a price of $3.3945 per preferred share. In May 2006, SAIF exercised this warrant in its entirety.

Shareholders Agreement and Right of First Refusal and Co-Sale Agreement

In connection with our sale of Series A convertible preferred shares to SAIF and Winning King Ltd. in March 2005, we and our existing shareholders entered into a Shareholders Agreement. Under this agreement, our preferred shareholders are entitled to certain registration rights, including demand registration rights, piggyback registration rights, and Form F-3 or Form S-3 registration rights. For a more detailed description of these registration rights and the terms upon which they will terminate, see "Description of Share Capital — Registration Rights Under Shareholders Agreement."

The Shareholders Agreement also provides for other rights enjoyed by holders of our preferred shares, all of which rights will automatically terminate upon the completion of an initial public offering in which:

- the aggregate proceeds to us is equal to or greater than $100 million (before deduction of underwriters commissions and expenses related to this offering); and
- our valuation as a result of such public offering is equal to or greater than $300 million.

These rights include (1) the right to elect two of five directors on our board, (2) pre-emptive rights to participate in issuances of new securities by us, excluding, among others, securities issued pursuant to an initial public offering meeting the standards set forth above, and (3) the right to receive certain financial statements, budgets and reports to be prepared by us and to inspect our books on demand.

We and our existing shareholders also entered into a Right of First Refusal and Co-Sale Agreement in March 2005. Under this agreement, holders of our preferred shares have certain rights of first refusal and co-sale rights with respect to any proposed share transfers by any of the holders of our common shares. However, these rights do not apply to transfers pursuant to an initial public offering meeting the standards set forth above, and these rights shall automatically terminate upon the completion of an initial public offering meeting the standards set forth above.

Following establishment of our Cayman Islands holding company, we entered into a Shareholders Agreement and a Right of First Refusal and Co-Sale Agreement, each on the same terms as described above, with the shareholders of our Cayman Islands holding company in November 2006.

Warrants Granted to a Third Party That Has Become a Significant Shareholder

In April 2002, we entered into a loan agreement with Lijun Mai pursuant to which ATA Testing borrowed an unsecured loan of RMB19.0 million bearing interest at 20% per annum from Ms. Mai. The loan was due for repayment in April 2004.

In May 2003, we entered into a revised agreement with Ms. Mai amending the terms of the aforementioned loan agreement. Under the revised agreement the maturity of the loan was extended to May 2005, no interest was chargeable by Ms. Mai to ATA Testing from that date, and all accrued interest payable by ATA Testing as of that date was waived. In consideration for these amendments to the original loan agreement, we granted a warrant to Ms. Mai to purchase up to 20% of our fully diluted outstanding common shares for an aggregate exercise price of RMB19.0 million, if certain conditions were met. The number of common shares Ms. Mai was entitled to purchase under the warrant was determined to be 5,479,452 shares on the date of issuance. Ms. Mai did not require repayment of the loan (instead it became a demand loan) and continued to waive all interest while we agreed to extend the maturity of the

warrant to the earlier of 30 days after the repayment of the loan or 30 days after our completion of an initial public offering. The RMB19.0 million loan was repaid in its entirety in May 2006, and the warrant was exercised in full for the purchase of 5,479,452 shares in June 2006.

Issuance of Common Shares to Our Chairman and Chief Executive Officer

In March 2005, we issued 853,941 of our common shares to Kevin Xiaofeng Ma, our co-founder, chairman and chief executive officer, to reward his past performance.

Transactions with Yinchuan Economic and Technological Development Zone Investment Holding Co. Ltd., or Yinchuan Holding

Upon the formation of ATA Learning in 2003, Yinchuan Holding contributed RMB30.0 million in cash for a 60% equity ownership interest in ATA Learning. We were granted a call option that allowed us to acquire Yinchuan Holding's 60% equity interest for RMB30.0 million, and Yinchuan Holding had a put option that, upon exercise, obligated us to purchase Yinchuan Holding's 60% equity interest for RMB30.0 million. Both the call option and put option expired the earlier of (i) the end of the fourth fiscal year end following ATA Learning's formation or (ii) the point when ATA Learning reached an accumulative net profit of RMB30.0 million. On May 9, 2005, we exercised the call option to acquire the remaining 60% of the equity interest in ATA Learning from Yinchuan Holding for RMB30.0 million.

In December 2003, ATA Learning loaned RMB20.0 million to its investor, Yinchuan Holding, and a subsidiary of Yinchuan Holding at the base lending rate prescribed by the People's Bank of China. The loan was originally due for repayment in December 2004. The loan period was subsequently extended until repaid with interest in June 2005.

In February 2003, ATA Testing borrowed RMB5.0 million from Yinchuan Holding. The balance was unsecured, interest-free and repayable on demand. In 2005, Yinchuan Holding agreed to waive RMB2.0 million out of the total loan balance of RMB5.0 million. ATA Testing repaid the remaining RMB3.0 million in June 2005.

Transactions with Jiangsu ATA Software Co. Ltd., or ATA Jiangsu

In March 2002, ATA Testing entered into an agreement with ATA Jiangsu whereby ATA Testing assigned its interests and rights in certain service contracts to ATA Jiangsu. ATA Testing estimated that these service contracts would generate revenue for ten years and that ATA Testing would provide ongoing technical support to ATA Jiangsu during that period. During the years ended December 31, 2003 and 2004 and the three months ended March 31, 2005, ATA Testing received advances from ATA Jiangsu as working capital and ATA Jiangsu paid certain operating expenses on behalf of ATA Testing. In December 2002 and April 2003, during the transition period of service contracts assigned to ATA Jiangsu, ATA Testing received service fees from customer on behalf of ATA Jiangsu. As of March 31, 2005, the total balance due from ATA Testing to ATA Jiangsu was RMB1.5 million. In December 2005, ATA Jiangsu commenced voluntary winding up, which was completed in May 2006, after which none of the above amounts remain outstanding to ATA Jiangsu.

Loans to Our Shareholders, Members of Our Management and Companies Controlled by Our Shareholders or Members of Our Management

Our subsidiaries have in the past made loans and advances to certain of our shareholders and members of our management. During the period from April 2004 through the date of this document, the maximum aggregate amount of outstanding balances due on such loans and advances was RMB3.5 million. All of these loans and advances were unsecured and non-interest bearing. There are no outstanding amounts due on these loans as of the date of this prospectus.

We also received advances from our shareholders and members of our management for operating, investing and financing activities. All such advances have been repaid as of the date of this prospectus.

In 2002 ATA Testing borrowed an unsecured interest-free loan of RMB0.8 million, repayable on demand, from Tian Xing, a subsidiary of Shanghai Mingshen Development Co. Ltd., or Minshen. Kin-ming Cheng, our shareholder prior to January 2005, was a director of Mingshen until July 2004. The loan was repaid in full in July 2005.

During the fiscal year ended March 31, 2006, ATA Testing extended unsecured interest-free loans in the aggregate amount of approximately RMB0.5 million, repayable on demand, to Keying Shiji Co. Ltd., or Keying. Two of our executive officers own 90% and 10% equity interest, respectively, of Keying. The entire RMB0.5 million due under these loans was repaid in full in December 2006.

DESCRIPTION OF SHARE CAPITAL

As of the date of this prospectus, our authorized share capital consists of 40,000,000 common shares, par value $0.01 per share, and 10,000,000 preferred shares, par value $0.01 per share. As of the date of this prospectus, 21,900,132 common shares, 6,628,369 Series A convertible preferred shares convertible into 10,846,771 common shares, 883,783 Series A-1 convertible preferred shares convertible into 883,783 common shares, warrants to purchase 547,945 common shares and options to purchase common shares are issued and outstanding. Immediately prior to completion of this offering, all of our issued and outstanding preferred shares will be converted into common shares and our authorized share capital will be increased to $5,000,000 divided into 500,000,000 common shares, par value $0.01 per share.

We were incorporated as an exempted company with limited liability under the Companies Law (2004 Revision) Cap. 22 of the Cayman Islands, or the Companies Law, on September 22, 2006. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares. A Cayman Islands exempted company:

- is a company that conducts its business outside the Cayman Islands;
- is exempted from certain requirements of the Companies Law, including the filing of an annual return of its shareholders with the Registrar of Companies;
- does not have to make its register of shareholders open to inspection; and
- may obtain an undertaking against the imposition of any future taxation.

Upon the completion of this offering, our affairs will be governed by our third amended and restated memorandum and articles of association and the Companies Law. The following summarizes the material terms of our third amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our common shares. This summary is not complete, and you should read the form of our amended and restated memorandum and articles of association, which will be filed as exhibits to the registration statement of which this prospectus is a part.

The following discussion primarily concerns common shares and the rights of holders of common shares. The holders of ADSs will not be treated as our shareholders and will be required to surrender their ADSs for cancellation and withdrawal from the depositary facility in which the common shares are held in order to exercise shareholders' rights in respect of the common shares. However, the holders of ADSs generally have the right under the deposit agreement to instruct the depositary bank to exercise the voting rights for the common shares represented by the ADSs. See "Description of American Depositary Share — Withdrawal of Shares Upon Cancellation of ADSs."

Meetings

Subject to the company's regulatory requirements, an annual general meeting and any extraordinary general meeting shall be called by not less than ten days' notice in writing. Notice of every general meeting will be given to all of our shareholders other than those that, under the provisions of our third amended and restated articles of association or the terms of issue of the common shares they hold, are not entitled to receive such notices from us, and also to our principal external auditors. Extraordinary general meetings may be called only by the chairman of our board of directors or a majority of our board of directors and may not be called by any other person.

Notwithstanding that a meeting is called by shorter notice than that mentioned above, but, subject to applicable regulatory requirements, it will be deemed to have been duly called, if it is so agreed (1) in the case of a meeting called as an annual general meeting by all of our shareholders entitled to attend and vote at the meeting; (2) in the case of any other meeting, by a majority in number of our shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the common shares giving that right.

Two shareholders present in person or by proxy that represent not less than one-third in nominal value of our total issued and outstanding voting shares will constitute a quorum. No business other than the appointment of a chairman may be transacted at any general meeting unless a quorum is present at the commencement of business. However, the absence of a quorum will not preclude the appointment of a chairman. If present, the chairman of our board of directors shall be the chairman presiding at any shareholders meetings.

A corporation being a shareholder shall be deemed for the purpose of our third amended and restated articles of association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting or at any relevant general meeting of any class of our shareholders. Such duly authorized representative shall be entitled to exercise the same powers on behalf of the corporation that he represents as that corporation could exercise if it were our individual shareholder.

The quorum for a separate general meeting of the holders of a separate class of shares is described in "— Modification of Rights" below.

Voting Rights Attaching to the Shares

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting every shareholder who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative) shall have one vote, and on a poll every shareholder present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly appointed representative) shall have one vote for each fully paid share which such shareholder is the holder.

No shareholder shall be entitled to vote or be reckoned in a quorum, in respect of any share, unless such shareholder is duly registered as our shareholder at the applicable record date for that meeting and all calls or installments due by such shareholder to us have been paid.

If a recognized clearing house (or its nominee(s)), being a corporation, is our shareholder, it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting or at any meeting of any class of shareholders provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision is entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of our shares held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

Protection of Minority Shareholders

The Grand Court of the Cayman Islands may, on the application of shareholders holding not less than one fifth of our shares in issue, appoint an inspector to examine our affairs and to report thereon in a manner as the Grand Court shall direct.

Any shareholder may petition the Grand Court of the Cayman Islands that may make a winding up order, if the court is of the opinion that it is just and equitable that we should be wound up.

Claims against us by our shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by our third amended and restated memorandum and articles of association.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against, or derivative actions in our name to challenge (1) an act which is *ultra vires* or illegal, (2) an act which constitutes a fraud

against the minority and the wrongdoers are themselves in control of us, and (3) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

Pre-Emption Rights

There are no pre-emption rights applicable to the issue of new shares under either Cayman Islands law or our third amended and restated memorandum and articles of association.

Liquidation Rights

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares, (1) if we are wound up and the assets available for distribution among our shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* among those shareholders in proportion to the amount paid up at the commencement of the winding up on the shares held by them, respectively; and (2) if we are wound up and the assets available for distribution among the shareholders as such are insufficient to repay the whole of the paid-up capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up at the commencement of the winding up on the shares held by them, respectively.

If we are wound up, the liquidator may with the sanction of our special resolution and any other sanction required by the Companies Law, divide among our shareholders in specie or kind the whole or any part of our assets (whether or not they shall consist of property of the same kind) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may also vest the whole or any part of these assets in trustees upon such trusts for the benefit of the shareholders as the liquidator shall think fit, but so that no shareholder will be compelled to accept any assets, shares or other securities upon which there is a liability.

Modification of Rights

Except with respect to share capital (as described below) and the location of the registered office, alterations to our third amended and restated memorandum and articles of association may only be made by special resolution, meaning a majority of not less than two-thirds of votes cast at a shareholders meeting.

Subject to the Companies Law, all or any of the special rights attached to shares of any class (unless otherwise provided for by the terms of issue of the shares of that class) may be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of our third amended and restated articles of association relating to general meetings shall apply similarly to every such separate general meeting, but so that the quorum for the purposes of any such separate general meeting or at its adjourned meeting shall be a person or persons together holding (or represented by proxy) on the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by such holder and that any holder of shares of that class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Alteration of Capital

We may from time to time by ordinary resolution:

- increase our capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of larger amount than our existing shares;
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law;
- sub-divide our shares or any of them into shares of smaller amount than is fixed by our third amended and restated memorandum of association, subject nevertheless to the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as we have power to attach to unissued or new shares; and
- divide our shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares, attach to these shares respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions that in the absence of any such determination in general meeting may be determined by our directors.

We may, by special resolution, subject to any confirmation or consent required by the Companies Law, reduce our share capital or any capital redemption reserve in any manner authorized by law.

Transfer of Shares

Subject to any applicable restrictions set forth in our third amended and restated articles of association, any of our shareholders may transfer all or any of his or her shares by an instrument of transfer in the usual or common form or in a form prescribed by the Nasdaq Stock Market Inc. or in any other form that our directors may approve.

Our directors may decline to register any transfer of any share which is not paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless:

- the instrument of transfer is lodged with us accompanied by the certificate for the shares to which it relates and such other evidence as our directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of share;
- the instrument of transfer is properly stamped (in circumstances where stamping is required); and
- a fee of such maximum sum as the Nasdaq Stock Market Inc. may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer, they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on notice being given by advertisement in such one or more newspapers or by any other means in accordance with the requirements of the Nasdaq Stock Market Inc.,

be suspended and the register closed at such times and for such periods as our directors may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our directors may determine.

Share Repurchase

We are empowered by the Companies Law and our third amended and restated articles of association to purchase our own shares, subject to certain restrictions. Our directors may only exercise this power on our behalf, subject to the Companies Law, our third amended and restated memorandum and articles of association and to any applicable requirements imposed from time to time by the Nasdaq Stock Market Inc., the U.S. Securities and Exchange Commission, or the SEC, or by any other recognized stock exchange on which our securities are listed.

Dividends

Subject to the Companies Law, our directors may declare dividends in any currency to be paid to our shareholders. Dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our directors determine is no longer needed. Our board of directors may also declare and pay dividends out of the share premium account or any other fund or account that can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provides, (1) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on that share; and (2) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Our directors may also pay any dividend that is payable on any shares semi-annually or on any other dates, whenever our financial position, in the opinion of our directors, justifies such payment.

Our directors may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise.

No dividend or other money payable by us on or in respect of any share shall bear interest against us.

In respect of any dividend proposed to be paid or declared on our share capital, our directors may resolve and direct that (1) such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that our shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if our directors so determine) in cash in lieu of such allotment or (2) the shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our directors may think fit. Our directors may also resolve in respect of any particular dividend that, notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by check or warrant sent by mail addressed to the holder at his registered address, or addressed to such person and at such addresses as the holder may direct. Every check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to us.

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our board of directors for the benefit of our company until claimed. Any dividend

unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to us.

Whenever our directors have resolved that a dividend be paid or declared, our directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe for our securities or securities of any other company. Where any difficulty arises with regard to such distribution, our directors may settle it as they think expedient. In particular, our directors may issue fractional certificates, ignore fractions altogether or round the same up or down, fix the value for distribution purposes of any such specific assets, determine that cash payments shall be made to any of our shareholders upon the footing of the value so fixed in order to adjust the rights of the parties, vest any such specific assets in trustees as may seem expedient to our directors, and appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, which appointment shall be effective and binding on our shareholders.

Untraceable Shareholders

We are entitled to sell any shares of a shareholder who is untraceable, provided that:

- all checks or warrants in respect of dividends of such shares, being not less than three in total number, for any sums payable in cash to the holder of such shares have remained un-cashed for a period of 12 years prior to the publication of the advertisement and during the three months referred to in third bullet point below;
- we have not during that time received any indication of the existence of the shareholder or person entitled to such shares by death, bankruptcy or operation of law; and
- we have caused an advertisement to be published in newspapers in the manner stipulated by our third amended and restated articles of association, giving notice of our intention to sell these shares, and a period of three months has elapsed since such advertisement and the Nasdaq Stock Market Inc. has been notified of such intention.

The net proceeds of any such sale shall belong to us, and when we receive these net proceeds we shall become indebted to the former shareholder for an amount equal to such net proceeds.

Differences in Corporate Law

The Companies Law is modeled after similar laws in the United Kingdom but does not follow recent changes in United Kingdom laws. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States.

Mergers and Similar Arrangements. Cayman Islands law does not provide for mergers as that expression is understood under United States corporate law. However, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement in question is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- the company is not proposing to act illegally and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;

- the arrangement is such as a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law or that would amount to a "fraud on the minority."

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the offerer may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection may be made to the Grand Court of the Cayman Islands but is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction are thus approved, any dissenting shareholders would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff and a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting or proposing to act illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of its authority, could be effected duly if authorized by more than a simple majority vote which has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Corporate Governance. Cayman Islands laws do not restrict transactions with directors, requiring only that directors exercise a duty of care and owe a fiduciary duty to the companies for which they serve. Under our amended and restated memorandum and articles of association, subject to any separate requirement for audit committee approval under the applicable rules of The Nasdaq Stock Market, Inc. or unless disqualified by the chairman of the relevant board meeting, so long as a director discloses the nature of his interest in any contract or arrangement which he is interested in, such a director may vote in respect of any contract or proposed contract or arrangement in which such director is interested and may be counted in the quorum at such meeting.

Board of Directors

We are managed by our board of directors. Our third amended and restated memorandum and articles of association provide that the number of our directors will be fixed from time to time pursuant to a special resolution of our shareholders, but must consist of not less than two directors. There is no maximum number of directors unless otherwise determined by our shareholders in general meeting. Any director on our board may be removed by way of a special resolution of our shareholders. Any vacancies on our board of directors can be filled by way of an ordinary resolution of our shareholders and additions to the existing board of directors can be filled by way of a special resolution of our shareholders. Any vacancies on our board of directors or additions to the existing board of directors can also be filled by the affirmative vote of a simple majority of the remaining directors, although this may be less than a quorum where the number of remaining directors falls below the minimum number fixed by our board of directors. Our directors are not required to hold any of our shares to be qualified to serve on our board of directors.

Meetings of our board of directors may be convened at any time deemed necessary by our secretary on request of a director or by any director. Advance notice of a meeting may be given in writing or by telephone or in such other manner as the board of directors may from time to time determine. A meeting of our board of directors shall be competent to make lawful and binding decisions if at least two of the members of our board of directors are present or represented unless the board has fixed any other number. At any meeting of our directors, each director is entitled to one vote.

Questions arising at a meeting of our board of directors are required to be decided by simple majority votes of the members of our board of directors present or represented at the meeting. In the case of a tie vote, the chairman of the meeting shall have an additional or casting vote. Our board of directors may also pass resolutions without a meeting by unanimous written consent.

Our board of directors is divided into different classes, namely class A directors, class B directors and class C directors. At the first annual general meeting after this offering, all class A directors shall retire from office and be eligible for re-election. At the second annual general meeting after this offering, all class B directors shall retire from office and be eligible for re-election. At the third annual general meeting after this offering, all class C directors shall retire from office and be eligible for re-election. At each subsequent annual general meeting after the third annual general meeting after this offering, one-third of our directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election. The directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. However, our chief executive officer shall not, while in such office, be subject to retirement or be taken into account in determining the number of directors to retire in any year.

Committees of the Board of Directors

Pursuant to our third amended and restated articles of association, our board of directors has established an audit committee, a compensation committee and a nominations committee.

Issuance of Additional Common shares or Preferred shares

Our third amended and restated memorandum and articles of association authorizes our board of directors to issue additional common shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our amended and restated memorandum and articles of association authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue series of preferred shares without action by our shareholders to the extent authorized but unissued. Accordingly, the issuance of preferred shares may adversely affect the rights of the holders of the common shares. In addition, the issuance of preferred shares may be used as an anti-takeover device without further action on the part of the shareholders. Issuance of preferred shares may dilute the voting power of holders of common shares.

Subject to applicable regulatory requirements, our board of directors may issue additional common shares without action by our shareholders to the extent of available authorized but unissued shares. The issuance of additional common shares may be used as an anti-takeover device without further action on the part of the shareholders. Such issuance may dilute the voting power of existing holders of common shares.

Registration Rights Under Shareholders Agreement

Under the terms of the shareholders agreement among all of our existing shareholders, from the date that is six months after the closing of our initial public offering, certain shareholders holding at least 25% of our then outstanding registrable securities may, up to a maximum of three times, require us to effect the registration and/or qualification for sale of all or part of the registrable securities then outstanding.

Under the shareholders agreement, registrable securities include (1) our common shares issuable or issued upon conversion of our preferred shares, (2) any of our common shares issued as a dividend or other distribution with respect to, in exchange for, or in replacement of, the shares referenced in (1). Upon completion of this offering, the holders of of our common shares, or approximately % of the outstanding shares, or their transferees will be entitled to request that we register their common shares under the Securities Act following the expiration of the lockup agreements described elsewhere in this prospectus.

Holders of registrable securities also have “piggyback” registration rights, pursuant to which they may require us to register all or any part of the registrable securities then held by such holders when we register any common shares, but excluding any registration relating to any employee benefit plan or relating to a corporate reorganization.

Holders of registrable securities may require us to effect a registration statement on Form S-3 or Form F-3, as applicable, for a public offering of registrable securities so long as we are entitled to use Form S-3 or Form F-3 for such offering and the reasonably anticipated aggregate price to the public, net of all underwriting discounts, is more than $1 million. Holders of registrable securities may demand a registration on Form F-3 on unlimited occasions, but we are not required to effect more than four such registrations in any twelve month period.

However, we are not obligated to effect any registration, whether or not on Form S-3 or Form F-3:

- if within ten days of the receipt of any request, we give notice to the initiating holders of our bona fide intention to effect the filing for our own account of a registration statement of our common shares within 60 days of receipt of that request, and we are actively employing in good faith our reasonable best efforts to cause such registration to become effective within 60 days of the initial filing, and that the holders are entitled to join such registration;
- within six months following any registration of our securities, if the holders are entitled to join such registration.
- in any particular jurisdiction in which we would be required solely as a result of such registration to execute a general consent to service of process in effecting such registration, qualification or compliance, unless we are already subject to service of process in such jurisdiction;

We are not obligated to effect any demand registration or registration on Form S-3 or Form F-3 if we furnish to the holders of registrable securities a certificate signed by our chief executive officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us or our shareholders for a registration statement to be filed in the near future, in which event we have the right to defer the filing of the registration statement, no more than once during any 12 month period, for the period during which such filing would be seriously detrimental but in any event for a period not to exceed 90 days from the receipt of the request to file such registration statement.

If any of the offerings involves an underwriting, the managing underwriter of any such offering has certain rights to limit the number of shares included in such registration. However, where the number of registrable securities included in an underwritten public offering other than our initial public offering is to be reduced, the securities other than registrable shares must be reduced before any registrable securities may be reduced, and the number of our registrable shares that are included in such offering may not be

reduced to less than 30% of the aggregate number of our registrable shares requested to be included in such underwriting.

We are generally required to bear all of the registration expenses, excluding underwriting discounts, incurred in connection with all demand, piggyback and Form S-3 or Form F-3 registration, unless any request is subsequently withdrawn at the request of a majority in interest of the holders requesting such registration.

The foregoing demand, piggyback and Form S-3 or Form F-3 registration rights will terminate upon the earlier of the date that is eight years after March 31, 2005 or the date that is four years after the effective date of an initial public offering in which:

- the aggregate proceeds to us from this offering is equal to or greater than $100 million (before deduction of underwriters commissions and expenses related to this offering); and
- the valuation of our company as a result of such public offering is equal to or greater than $300 million.

Inspection of Books and Records

Holders of our common shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See “Where You Can Find Additional Information.”

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Shares

Citibank, N.A. has agreed to act as the depositary bank for the American Depositary Shares. Citibank, N.A.'s depositary offices are located at 388 Greenwich Street, 14th Floor, New York, New York 10013, U.S.A. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank Hong Kong, located at 10/ F, Harbour Front (II), 22, Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

We appoint Citibank, N.A. as depositary bank pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at Headquarters Office, 100 F Street, N.E., Room 1580, Washington, D.C. 20549 and from the SEC's website (http://www.sec.gov). Please refer to Registration Number 333- when retrieving such copy.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that a holder's rights and obligations as an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety.

Each ADS represents the right to receive one common share on deposit with the custodian. An ADS will also represent the right to receive any other property received by the depositary bank or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of the ADR that represents your ADSs. The deposit agreement and the ADRs specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depositary bank. As an ADS holder you appoint the depositary bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of common shares will continue to be governed by the laws of the Cayman Islands which may be different from the laws of the United States.

As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary bank in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary bank (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and The Depository Trust Company, or DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as an ADS owner. Banks and brokers typically hold securities such as ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. This summary description assumes you have opted to own the ADSs directly by means of an ADR registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

Dividends and Distributions

As a holder, you generally have the right to receive the distributions we make on the securities deposited with the custodian bank. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of a specified record date.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary bank will arrange for the funds to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws of the Cayman Islands and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The amounts distributed to holders will be net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

Distributions of Shares

Whenever we make a free distribution of common shares for the securities on deposit with the custodian, we will deposit the applicable number of shares with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will either distribute to holders new ADSs representing the common shares deposited or modify the ADS-to-common shares ratio, in which case each ADS you hold will represent rights and interests in the additional shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-common shares ratio upon a distribution of shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary bank may sell all or a portion of the new shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (i.e., the U.S. securities laws) or if it is not operationally practicable. If the depositary bank does not distribute new ADSs as described above, it may sell the common shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to purchase additional common shares, we will give prior notice to the depositary bank and we will assist the depositary bank in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to holders.

The depositary bank will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new common shares other than in the form of ADSs.

The depositary bank will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or

- We fail to deliver satisfactory documents to the depositary bank; or
- It is not reasonably practicable to distribute the rights.

The depositary bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary bank and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary bank in determining whether such distribution is lawful and reasonably practicable.

The depositary bank will make the election available to you only if it is reasonably practical and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary bank will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, common shares or rights to purchase additional common shares, we will notify the depositary bank in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary bank in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide all of the documentation contemplated in the deposit agreement, the depositary bank will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will not distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we ask that the property not be distributed to you; or
- We do not deliver satisfactory documents to the depositary bank; or
- The depositary bank determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary bank. If it is reasonably practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary bank will mail notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary bank will convert the redemption funds received into U.S. dollars upon the terms of the deposit agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary bank. You may have

to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary bank may determine.

Changes Affecting Shares

The common shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, a split-up, cancellation, consolidation or reclassification of such shares or a recapitalization, reorganization, merger, consolidation or sale of assets.

If any such change were to occur, your ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the common shares held on deposit. The depositary bank may in such circumstances deliver new ADSs to you or call for the exchange of your existing ADSs for new ADSs. If the depositary bank may not lawfully distribute such property to you, the depositary bank may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs Upon Deposit of Common Shares

The depositary bank may create ADSs on your behalf if you or your broker deposit common shares with the custodian. The depositary bank will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the common shares to the custodian. Your ability to deposit common shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary bank or the custodian receives confirmation that all required approvals have been given and that the common shares have been duly transferred to the custodian. The depositary bank will only issue ADSs in whole numbers.

When you make a deposit of common shares, you will be responsible for transferring good and valid title to the depositary bank. As such, you will be deemed to represent and warrant that:

- The common shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such common shares have been validly waived or exercised.
- You are duly authorized to deposit the common shares.
- The common shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
- The shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary bank may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary bank and also must:

- Ensure that the surrendered ADR certificate is properly endorsed or otherwise in proper form for transfer;

- Provide such proof of identity and genuineness of signatures as the depositary bank deems appropriate;
- Provide any transfer stamps required by the State of New York or the United States; and
- Pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary bank with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary bank for cancellation and then receive the corresponding number of underlying common shares at the custodian's offices. Your ability to withdraw the common shares may be limited by U.S. and Cayman Islands legal considerations applicable at the time of withdrawal. In order to withdraw the common shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the common shares being withdrawn. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary bank may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary bank may deem appropriate before it will cancel your ADSs. The withdrawal of the shares represented by your ADSs may be delayed until the depositary bank receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary bank will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the common shares or ADSs are closed, or (ii) common shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

As a holder, you generally have the right under the deposit agreement to instruct the depositary bank to exercise the voting rights for the common shares represented by your ADSs. The voting rights of holders of common shares are described in "Description of Share Capital — Voting Rights Attaching to the Shares" above.

At our request, the depositary bank will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary bank to exercise the voting rights of the securities represented by ADSs.

If the depositary bank timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities represented by the holder's ADSs in accordance with such voting instructions.

In the event of voting by a show of hands, each shareholder has one vote irrespective of the number of shares held by such person and the depositary shall vote or cause the custodian to vote all the

shares then on deposit in accordance with instructions received from a majority of holders giving voting instructions. In the event of poll voting, each shareholder has an amount of votes equal to the number of shares held as of record date for the meeting and the depositary shall vote or cause the custodian to vote the shares on deposit in respect of ADSs for which holder of ADSs have timely given voting instructions to the depositary.

If the depositary timely receives voting instructions from a holder of ADSs that fail to specify the manner in which the depositary is to vote the shares represented by that holder's ADSs, the depositary will deem the holder to have voted in favor of the items set forth in the voting instructions. If the depositary does not timely receive voting instructions from a holder of ADSs and we have timely provided the depositary with our notice of meeting and related materials, that holder will be deemed, and the depositary will deem that holder to have instructed the depositary to give a discretionary proxy to a person designated by us to vote the shares represented by the ADSs at our discretion, unless:

- we have failed to timely provide the depositary with our notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- voting at the meeting is made on a show of hands.

Please note that the ability of the depositary bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary bank in a timely manner. Securities for which no voting instructions have been received will not be voted.

Fees and Charges

As an ADS holder, you will be required to pay the following service fees to the depositary bank:

Service Fees	
Issuance of ADSs	Up to 5¢ per ADS issued
Cancellation of ADSs	Up to 5¢ per ADS canceled
Distribution of cash dividends or other cash distributions	Up to 5¢ per ADS held
Distribution of ADSs pursuant to share dividends, free share distributions or exercise of rights	Up to 5¢ per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to 5¢ per share (or share equivalent) held
Depositary Services Fee	Up to 5¢ per ADS held on the applicable record date(s) established by the depositary

Transfer of ADRs	$1.50 per certificate presented for transfer

As an ADS holder you will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges such as:

- Fees for the transfer and registration of common shares charged by the registrar and transfer agent for the common shares in the Cayman Islands (i.e., upon deposit and withdrawal of common shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities (i.e., when common shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of common shares on deposit.

We have agreed to pay certain other charges and expenses of the depositary bank. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of such changes.

Citibank, N.A., as depositary bank, has separately agreed to make available to us a portion of the net fees (after deduction of custody fees for the shares on deposit) it collects from ADS holders. These amounts will be available to cover certain expenses related to the establishment and maintenance of the ADR program, including:

- legal fees and expenses;
- ADS listing fees;
- investor relations fees and expenses including training and travel expenses for our investor relations staff;
- mailing and printing fees (i.e. for annual reports and proxy statements); and
- website and web casting expenses.

Neither the depositary bank nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the ADR program are not known at this time.

Depositary fees payable upon the issuance and cancellation of ADSs are generally paid to the depositary bank by the brokers receiving the newly issued ADSs from the depositary bank and by the brokers delivering the ADSs to the depositary bank for cancellation. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary service fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

In the case of cash distributions, the depositary fees are generally deducted from the cash being distributed. In the case of distributions other than cash (e.g., stock dividends, rights, etc.), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or in DRS), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the settlement systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their

clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

Amendments and Termination

We may agree with the depositary bank to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the common shares represented by your ADSs (except to comply with mandatory provisions of law).

We have the right to direct the depositary bank to terminate the deposit agreement. Similarly, the depositary bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary bank must give notice to the holders at least 30 days before termination, which notice shall fix a date for termination of the deposit agreement.

After the termination and prior to any sale of the securities held on deposit (as described below), you will be able to request the cancellation of your ADSs and the withdrawal of the common shares represented by your ADSs and the delivery of all other property held by the depositary bank in respect of those common shares on the same terms as prior to the termination. During such period, the depositary bank will continue to collect all distributions received on the common shares on deposit (e.g., dividends) but will not distribute any such property to you until you request the cancellation of your ADSs.

At any time after the date fixed for termination of the deposit agreement, the depositary bank may sell the securities held on deposit. The depositary bank will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary bank will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, expenses and taxes).

After termination, your obligations under the deposit agreement as an ADS holder will continue until your ADSs are presented to the depositary bank for cancellation.

Books of Depositary

The depositary bank will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADRs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary bank's obligations to you. Please note the following:

- We and the depositary bank are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided that it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary bank disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in common shares, for the validity or worth of the common shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depositary bank disclaim any liability if we are prevented or forbidden from acting on account of any law or regulation, any provision of our amended and restated memorandum and articles of association, any provision of any securities on deposit or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary bank disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for the deposit agreement or in our amended and restated memorandum and articles of association or in any provisions of securities on deposit.
- We and the depositary bank further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit which is made available to holders of common shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary bank may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary bank also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

Pre-Release Transactions

The depositary bank may, in certain circumstances, issue ADSs before receiving a deposit of common shares or release common shares before receiving ADSs for cancellation. These transactions are commonly referred to as "pre-release transactions." The deposit agreement limits the aggregate size of pre-release transactions and imposes a number of conditions on such transactions (e.g., the need to fully collateralize, the type of collateral required, the representations required from brokers, etc.). The depositary bank may retain the compensation received from the pre-release transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary bank and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary bank may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary bank and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary bank and to the custodian proof of taxpayer status and residence and such other information as the depositary bank and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary bank and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary bank will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary bank may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common shares or our ADSs, and while application has been made for our ADSs to be quoted on the Nasdaq Global Market, we cannot assure you that an active trading market for our ADSs will develop or be sustained after this offering. Future sales of substantial amounts of our ADSs in the public market following this offering or perception that such future sales may occur could adversely affect market price prevailing from time to time and could impair our ability through sale of our equity securities. We currently do not expect that an active trading market will develop for our common shares not represented by the ADSs.

Upon completion of this offering, we will have outstanding ADSs representing approximately % of our common shares. All of the ADSs sold in this offering and the common shares they represent will be freely transferable without restriction or further registration under the Securities Act, except for any ADSs purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act. Rule 144 defines an affiliate of a company as a person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, our company. All outstanding common shares prior to this offering are "restricted securities" as that term is defined in Rule 144 because they were issued in a transaction or series of transactions not involving a public offering. Restricted Securities, in the form of ADSs or otherwise, may be sold only if they are the subject of an effective registration statement under the Securities Act or if they are sold pursuant to an exemption from the registration requirement of the Securities Act such as those provided for in Rules 144 or 701 promulgated under the Securities Act, which rules are summarized below. Restricted common shares may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S under the Act. This prospectus may not be used in connection with any resale of our ADSs acquired in this offering by our affiliates.

Lock-Up Agreements

We have agreed for a period of 180 days after the date of this prospectus not to sell, transfer or otherwise dispose of, and not to announce an intention to sell, transfer or otherwise dispose of, without the prior written consent of the representative:

- any common shares or depositary shares representing common shares;
- any shares of our subsidiaries or controlled affiliates or depositary shares representing those shares;
- any securities that are substantially similar to the common shares or depositary shares referred to above, including any securities that are convertible into, exchangeable for or otherwise represent the right to receive common shares, other shares or depositary shares referred to above;

in each case other than pursuant to the exercises of options under employee share option plans existing on the date of this prospectus and described in this prospectus.

In addition, we have agreed to cause each of our subsidiaries not to sell, transfer or otherwise dispose of, and not to announce an intention to sell, transfer or otherwise dispose of, for a period of 180 days after the date of this prospectus, without the prior written consent of the representative, any of the securities referred to above.

Furthermore, each of our shareholders, directors and executive officers have entered into a similar 180 day lock-up agreement. These parties collectively own 100% of our outstanding common shares prior to this offering.

These restrictions do not apply to (1) the ADSs and the common shares representing such ADSs being offered in connection with this offering and (2) up to ADSs and the common shares representing such ADSs that may be purchased by the underwriters if their option to purchase additional ADSs is exercised in full.

We are not aware of any plans by any significant shareholder to dispose of significant numbers of ADSs or common shares. We cannot assure you, however, that one or more existing shareholders will not dispose of significant numbers of ADSs or common shares. See “Principal Shareholders” for a description of our significant shareholders. No prediction can be made as to the effect, if any, that future sales of ADSs or common shares, or the availability of ADSs or common shares for future sale, will have on the market price of our ADSs prevailing from time to time. Sales of substantial amounts of ADSs or common shares in the public market, or the perception that future sales may occur, could materially and adversely affect the prevailing market price of our ADSs.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus a person who has beneficially owned our restricted securities for at least six months is entitled to sell the restricted securities without registration under the Securities Act, subject to certain restrictions. Persons who are our affiliates (including persons beneficially owning 10% or more of our outstanding shares) may sell within any three-month period a number of restricted securities that does not exceed the greater of the following:

- 1% of the number of our common shares then outstanding, in the form of ADSs or otherwise, which will equal approximately million shares immediately after this offering; and
- the average weekly trading volume of our ADSs on the Nasdaq Global Market during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Such sales are also subject to manner-of-sale provisions, notice requirements and the availability of current public information about us. Persons who are not our affiliates and have beneficially owned our restricted securities for more than six months but not more than one year may sell the restricted securities without registration under the Securities Act subject to the availability of current public information about us. Persons who are not our affiliates and have beneficially owned our restricted securities for more than one year may freely sell the restricted securities without registration under the Securities Act.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, or consultants who purchase common shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell these common shares 180 days after the effective date of offering in reliance on Rule 144. Rule 701 provides that affiliates may sell their Rule 701 common shares under Rule 144 without having to comply with the holding period and notice filing requirements of Rule 144, and that non-affiliates may sell those common shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice requirements under Rule 144.

Registration Rights

Upon completion of this offering, the holders of 11,730,554 common shares, or approximately % of our outstanding shares, or their transferees will be entitled to request that we register their common shares under the Securities Act, following the expiration of the lockup agreements described above. For a further description of these registration rights, see “Description of Share Capital — Registration Rights Under Shareholders Agreement.”

TAXATION

The following discussion of the material Cayman Islands and United States federal income tax consequences of an investment in our ADSs is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change, possibly with retroactive effect. This discussion does not deal with all possible tax consequences relating to an investment in our ADSs, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Conyers, Dill & Pearman, special Cayman Islands counsel to us. To the extent the discussion relates to legal conclusions under current U.S. federal income tax law (not including any of our expectations), and subject to the qualifications herein, it represents the opinion of O'Melveny & Myers LLP, our special U.S. counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of ADSs or common shares. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Cabinet:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and
- that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on the shares, debentures or other obligations of the Company.

The undertaking for us is for a period of twenty years from October 3, 2006.

United States Federal Income Taxation

This discussion describes the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our ADSs under currently applicable law. Where specifically noted, and subject to the qualifications herein, the legal conclusions in this discussion represent the opinion of our special U.S. tax counsel, under current U.S. federal income tax. This discussion does not address any aspect of U.S. federal gift or estate tax, or the state, local or foreign tax consequences of an investment in our ADSs. This discussion applies to you only if you are an initial purchaser of our ADSs and you hold and beneficially own our ADSs as capital assets (generally, property held for investment) for U.S. federal income tax purposes. This discussion does not apply to you if you are a member of a class of holders subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for securities holdings;
- banks or other financial institutions;
- regulated investment companies or real estate investment trusts;
- expatriates;
- insurance companies;

- tax-exempt organizations;
- partnerships and other pass-through entities for U.S. federal income tax purposes or investors in such partnerships or pass-through entities;
- persons that hold ADSs as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment;
- U.S. Holders (as defined below) whose functional currency for tax purposes is not the U.S. dollar;
- persons liable for alternative minimum tax; or
- persons who own or are deemed to own more than 10% of our voting shares.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, which we refer to in this discussion as the Code, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this discussion is based in part upon the representations of the depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

If you are considering the purchase, ownership or disposition of our ADSs, you should consult your own tax advisors concerning the U.S. federal income tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

For purposes of the U.S. federal income tax discussion below, you are a "U.S. Holder" if you beneficially own ADSs and are:

- a citizen or resident of the United States;
- a corporation, or entity taxable as a corporation, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (a) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect to be treated as a U.S. person.

If you are not a U.S. Holder, please refer to the discussion below under "Non-U.S. Holders." For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or other pass-through entity is attributed to its owners. Accordingly, if a partnership holds ADSs, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of such partner and the activities of the partnership. Partners and partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

U.S. Holders

ADSs

If you hold ADSs, for U.S. federal income tax purposes, you generally will be treated as the owner of the underlying shares that are represented by such ADSs. Accordingly, deposits or withdrawals of shares for ADSs will not be subject to U.S. federal income tax.

The United States Treasury has expressed concerns that parties to whom ADSs are prereleased may be taking actions that are inconsistent with the claiming, by United States Holders of ADSs, of foreign tax credits for U.S. federal income tax purposes. Such actions would also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate United States

Holders, as described below. Accordingly, the availability of the reduced tax rate for dividends received by certain non-corporate United States Holders could be affected by future actions that may be taken by the United States Treasury.

Dividends on ADSs

We do not anticipate paying dividends on our common shares or indirectly on our ADSs, in the foreseeable future. See "Dividend Policy."

Subject to the discussion under the heading "Status as a PFIC" below, if we do make distributions and you are a U.S. Holder, the gross amount of distributions on the ADSs will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by the depositary. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code. With respect to non-corporate United States investors, certain dividends received before January 1, 2011 from a qualified foreign corporation may be subject to reduced rates of taxation (generally 15%). A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs, which we have applied to be listed on the Nasdaq Global Market, will be readily tradable on an established securities market in the United States. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of this legislation to your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by you on a subsequent disposition of the ADSs), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as dividend (as discussed above).

Distributions of ADSs, common shares or rights to subscribe for common shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax. The basis of the new ADSs, common shares or rights so received will be determined by allocating the your basis in the old ADSs between the old ADSs and the new ADSs, common shares or rights received, based on their relative fair market values on the date of distribution. However, the basis of the rights will be zero if:

- the fair market value of the rights is less than 15 percent of the fair market value of the old ADSs at the time of distribution, unless you elect to determine the basis of the old ADSs and of the rights by allocating the adjusted basis of the old ADSs between the old ADSs and the rights, or
- the rights are not exercised and thus expire.

Sales and Other Dispositions of ADSs

Subject to the discussion under the heading "Status as a PFIC" below, when you sell or otherwise dispose of ADSs, you will generally recognize capital gain or loss in an amount equal to the difference between the amount realized on the sale or other disposition and your tax basis in the ADSs. Your tax basis will generally equal the amount you paid for the ADSs. Any gain or loss you recognize will be long-term capital gain or loss if you have held the ADSs for more than one year at the time of disposition. If you are an individual, any such long-term capital gain will be taxed at preferential rates (generally 15% for capital gain recognized before January 1, 2011). Your ability to deduct capital losses will be subject to various limitations.

Status as a PFIC

If we are a PFIC in any taxable year, as a U.S. Holder, you will generally be subject to additional taxes and interest charges on certain "excess" distributions we make and on any gain realized on the disposition or deemed disposition of your ADSs regardless of whether we continue to be a PFIC in the year in which you receive an "excess" distribution or dispose of or are deemed to dispose of your ADSs. Distributions in respect of your ADSs during a taxable year will generally constitute "excess" distributions if, in the aggregate, they exceed 125% of the average amount of distributions in respect of your ADSs over the three preceding taxable years or, if shorter, the portion of your holding period before such taxable year.

To compute the tax on "excess" distributions or any gain, (1) the "excess" distribution or the gain will be allocated ratably to each day in your holding period, (2) the amount allocated to the current year and any tax year before we became a PFIC will be taxed as ordinary income in the current year, (3) the amount allocated to other taxable years will be taxable at the highest applicable marginal rate in effect for that year, and (4) an interest charge at the rate for underpayment of taxes for any period described under (3) above will be imposed with respect to any portion of the "excess" distribution or gain that is allocated to such period. In addition, if we are a PFIC, no distribution that you receive from us will qualify for taxation at the preferential rate discussed in the "Dividends on ADSs" section above.

We will be classified as a PFIC in any taxable year if either: (1) 75% or more of our gross income for the taxable year is passive income (such as certain dividends, interest or royalties), or (2) the average percentage value of our gross assets during the taxable year that produce passive income or are held for the production of passive income is at least 50% of the value of our total assets. For purposes of the asset test, any cash, including any cash proceeds from this offering not invested in active assets shortly after the offering, cash equivalents, and cash invested in short-term, interest bearing, debt instruments, or bank deposits, that is readily convertible into cash, will generally count as a passive asset. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income.

We do not expect to be a PFIC for the taxable year 2007. Our expectation is based on assumptions as to our projections of the value of our outstanding shares during the year and our use of the proceeds of this offering and of the other cash that we will hold and generate in the ordinary course of our business throughout taxable year 2007. Despite our expectation, there can be no assurance that we will not be a PFIC for the taxable year 2007 and/or later taxable years, as PFIC status is re-tested each year and depends on the actual facts in such year. We could be a PFIC, for example, if we do not spend sufficient amounts of the proceeds of the initial public offering of our ADSs, if our market capitalization (i.e., our share price multiplied by the total number of our outstanding common shares) at any time in the future is lower than projected, or if our business and assets evolve in ways that are different from what we currently anticipate. In addition, though we believe that our assets and the income derived from our assets do not generally constitute passive assets and income under the PFIC rules, there is no assurance that the U.S. Internal Revenue Service, or IRS, will agree with us. Our special U.S. counsel expresses no opinion with respect to our expectations contained in this paragraph.

If we are a PFIC in any year, as a U.S. Holder, you will be required to make an annual return on IRS Form 8621 regarding your ADSs. However, in part because we do not plan on keeping a set of U.S. tax accounting books, we do not intend to generate, or share with you, the information that you might need to properly complete IRS Form 8621. You should consult with your own tax adviser regarding reporting requirements with regard to your ADSs.

The ADSs will be "marketable" as long as they remain regularly traded on a national securities exchange, such as NASDAQ. As a result, if we are a PFIC in any year, you will be able to avoid the "excess" distribution rules described above by making a timely so-called "mark-to-market" election with respect to your ADSs. If you make this election in a timely fashion, you will generally recognize as ordinary income or ordinary loss the difference between the fair market value of your ADSs on the last day of any taxable year and your adjusted tax basis in the ADSs. Any ordinary income resulting from this election will generally be taxed at ordinary income rates. Any ordinary losses will be limited to the extent of the net amount of previously included income as a result of the mark-to-market election, if any. Your adjusted tax basis in the ADSs will be adjusted to reflect any such income or loss. You should consult with your own tax adviser regarding potential advantages and disadvantages to you of making a "mark-to-market" election with respect to your ADSs.

Generally, if we are or become a PFIC in any year, you would be able to avoid the "excess" distribution rules by making a timely election to treat us as a so-called "Qualified Electing Fund" or "QEF." However, because we do not intend to keep a set of U.S. tax accounting books and do not intend to provide you with the information you would need to make or maintain a "QEF" election, you will not be able to make or maintain such an election with respect to your ADSs.

Non-U.S. Holders

If you are not a U.S. Holder for U.S. federal income tax purposes (a "non-U.S. Holders"), you generally will not be subject to U.S. federal income tax or withholding on dividends received from us with respect to ADSs unless that income is considered effectively connected with your conduct of a U.S. trade or business and, if an applicable income tax treaty so requires as a condition for you to be subject to U.S. federal income tax with respect to income from your ADSs, such dividends are attributable to a permanent establishment that you maintain in the United States. You generally will not be subject to U.S. federal income tax, including withholding tax, on any gain realized upon the sale or exchange of ADSs, unless:

- that gain is effectively connected with the conduct of a U.S. trade or business and, if an applicable income tax treaty so requires as a condition for you to be subject to U.S. federal income tax with respect to income from your ADSs, such gain is attributable to a permanent establishment that you maintain in the United States; or
- you are a nonresident alien individual and are present in the United States for at least 183 days in the taxable year of the sale or other disposition and either (1) your gain is attributable to an office or other fixed place of business that you maintain in the United States or (2) you have a tax home in the United States.

If you are engaged in a U.S. trade or business, unless an applicable tax treaty provides otherwise, the income from your ADSs, including dividends and the gain from the disposition of ADSs, that is effectively connected with the conduct of that trade or business will generally be subject to the rules applicable to U.S. Holders discussed above. In addition, if you are a corporation, you may be subject to an additional branch profits tax at a rate of 30% or any lower rate under an applicable tax treaty.

U.S. Information Reporting and Backup Withholding Rules

In general, dividend payments with respect to the ADSs and the proceeds received on the sale or other disposition of those ADSs may be subject to information reporting to the IRS, and to backup withholding (currently imposed at a rate of 28%). Backup withholding will not apply, however, if you

(1) are a corporation or come within certain other exempt categories and, when required, can demonstrate that fact or (2) provide a taxpayer identification number, certify as to no loss of exemption from backup withholding and otherwise comply with the applicable backup withholding rules. To establish your status as an exempt person, you will generally be required to provide certification on IRS Form W-9, W-8BEN or W-8ECI, as applicable. Any amounts withheld from payments to you under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided that you furnish the required information to the IRS.

Prospective purchasers should consult with their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of ADSs, including the applicability and effect of the tax laws of any state, local or foreign jurisdiction, including estate, gift, and inheritance laws.

UNDERWRITING

We intend to offer the ADSs through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative of the underwriters named below and as the bookrunner of this offering. Subject to the terms and conditions contained in the underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the number of ADSs listed opposite their names below.

Underwriter	Number of ADSs
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Piper Jaffray & Co.	
Total	

The underwriters have agreed to purchase all of the ADSs sold under the underwriting agreement if any of these ADSs is purchased. If an underwriter defaults, the underwriting agreement provides that, in certain circumstances, the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the ADSs, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the ADSs, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representative has advised us that the underwriters propose initially to offer the ADSs to the public at the public offering price on the cover page of this prospectus, and to certain dealers at that price less a concession not in excess of $ per ADS. The underwriters may allow, and the dealers may re-allow, a discount from the concession not in excess of $ per ADS to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to ATA. The information assumes either no exercise or full exercise by the underwriters of their over-allotment options.

	Per ADS	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to ATA	$	$	$

Over-allotment Option

We have granted options to the underwriters to purchase up to additional ADSs at the public offering price less the underwriting discount. The underwriters may exercise these options for 30 days from the date of this prospectus solely to cover any over-allotments. If the underwriters exercise these options, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional ADSs proportionate to that underwriter's initial amount reflected in the above table.

Directed Share Program

At our request, the underwriters have reserved up to eight percent of the ADSs being offered, at the initial public offering price, through a directed share program to persons that we believe have contributed to our growth, including certain friends and family members of our management, directors, affiliates and strategic partners, and employees of certain of our clients, course content providers and landlord. There can be no assurance that any of the reserved shares will be so purchased. The number of shares available for sale to the general public in this offering will be reduced to the extent that the reserved shares are purchased in the directed share program. Any reserved shares not purchased through the directed share program will be offered to the general public on the same basis as the other shares offered hereby.

No Sale of Similar Securities

We and our executive officers, directors and shareholders have agreed not to sell or transfer any of our common shares or ADSs other than the ADSs sold in the initial public offering for 180 days after the date of this prospectus without first obtaining the written consent of the representative, except . Specifically, we and these other individuals have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common shares or ADSs,
- sell any option or contract to purchase any common shares or ADSs,
- purchase any option or contract to sell any common shares or ADSs,
- grant any option, right or warrant for the sale of any common shares or ADSs,
- lend or otherwise dispose of or transfer any common shares or ADSs, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common shares or ADS whether any such swap or transaction is to be settled by delivery of shares, ADS or other securities, in cash or otherwise.

The lock-up provisions apply to the common shares and ADSs and to securities convertible into or exchangeable or exercisable for or repayable with the common shares or ADSs. If (1) during the last 17 days of the 180-day lock-up period, we issue an earnings release or announce material news or a material event or (2) before the expiration of the lock-up period, we announce we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the lock-up period, the lock-up restrictions will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Nasdaq Global Market Listing

We have applied to have our ADSs listed on the Nasdaq Global Market under the symbol “ ”

Before this offering, there has been no public market for our common shares or ADSs. The initial public offering price will be determined through negotiations between us and the representative. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representative believes to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,

- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the ADSs may not develop. It is also possible that after the offering the ADSs will not trade in the public market at or above the initial public offering price.

We are not aware of any person who intends to purchase more than 5% of the ADSs. However, through a book-building process to assess market demand for the ADSs, there may be persons who may indicate an interest to purchase more than 5% of the ADSs. If there are persons who apply to buy and are subsequently allotted more than 5% of the ADSs offered in this offering, we will make the necessary disclosure in the final prospectus.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the ADSs is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our ADSs. However, the representative may engage in transactions that stabilize the price of the ADSs, such as bids or purchases to peg, fix or maintain that price in accordance with Regulation M under the Securities Exchange Act of 1934.

In connection with the offering, the underwriters may make short sales of the ADSs, which involves the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering, and may purchase ADSs on the open market to cover positions created by short sales. Covered short sales are sales made in an amount not greater than the underwriters' over-allotment option to purchase additional ADSs in the offering. The representative may close out any covered short position by either exercising their over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the representative will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase ADSs through the over-allotment option. Naked short sales are sales in excess of the over-allotment option. The representative must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the representative is concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Similar to other purchase transactions, the representative's purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that might otherwise exist in the open market.

The representative may also impose a penalty bid on underwriters and selling group members. This means that if the representative purchases ADSs in the open market to reduce the underwriter's short position or to stabilize the price of such ADSs, it may reclaim the amount of the selling concession from the underwriters and selling group members who sold those ADSs. The imposition of a penalty bid may also affect the price of the shares in that it discourages resales of those ADSs.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the ADSs. In addition, neither we nor any of the underwriters makes any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions.

Selling Restrictions

General

No action has been or will be taken by us or by any underwriter in any jurisdiction except in the United States that would permit a public offering of our ADSs, or the possession, circulation or distribution of a prospectus or any other material relating to us and our ADSs in any country or jurisdiction where action for that purpose is required. Accordingly, our ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other material or advertisements in connection with this offering may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. The foregoing restrictions do not apply to stabilization transactions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, with effect from and including the date on which the Prospectus Directive is implemented in that Member State the underwriters have not made and may not make an offer of ADSs to the public in that Member State, except that the underwriters may, with effect from and including such date, make an offer of ADSs to the public in that Member State:

- at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offer of ADSs to the public” in relation to any ADSs in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/ EC and includes any relevant implementing measure in that Member State.

United Kingdom

The underwriters have only communicated or caused to be communicated and may only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any ADSs in, from or otherwise involving the United Kingdom.

France

Neither this prospectus nor any offering material relating to ADSs or common shares has been or will be submitted to the "Commission des Opérations de Bourse" for approval ("Visa") in France. Underwriters may not offer or sell any ADSs or common shares or distribute or cause to be distributed any copies of this prospectus or any offering material relating to the ADSs or common shares, directly or indirectly, in France, except to qualified investors ("investisseurs qualifiés") and/or a restricted group of investors ("cercle restreint d'investisseurs"), in each case acting for their account, all as defined in, and in accordance with, Article L. 411-1 and L. 411-2 of the Monetary and Financial Code and "Décret" no. 98-880 dated October 1, 1998.

Germany

This prospectus is not a Securities Selling Prospectus (Verkaufsprospekt) within the meaning of the German Securities Prospectus Act (Verkaufsprospektgesetz) of September 9, 1998, as amended, and has not been filed with and approved by the German Federal Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) or any other German governmental authority. Underwriters may not offer or sell any ADSs or common shares or distribute copies of this prospectus or any document relating to the ADSs, directly or indirectly, in Germany except to persons falling within the scope of paragraph 2 numbers 1, 2 and 3 of the German Securities Prospectus Act and underwriters will not take any steps which would constitute a public offering of the ADSs or common shares in Germany.

Italy

The offering of the ADSs or common shares has not been registered with the Commissione Nazionale per le Società e la Borsa or "CONSOB," in accordance with Italian securities legislation. Accordingly, each underwriter has represented and agreed that the ADSs or common shares may not be offered, sold or delivered, and copies of this prospectus or any other document relating to the ADSs or common shares may not be distributed in Italy except to Professional Investors, as defined in Art. 31.2 of CONSOB Regulation no. 11522 of 1st July, 1998, as amended, pursuant to Art. 30.2 and Art. 100 of Legislative Decree no. 58 of 24th February, 1998 (or the Finance Law) or in any other circumstance where an express exemption to comply with the solicitation restrictions provided by the Finance Law or CONSOB Regulation no. 11971 of 14th May, 1999, as amended (or the Issuers Regulation) applies, including those provided for under Art. 100 of the Finance Law and Art. 33 of the Issuers Regulation, and provided, however, that any such offer, sale, or delivery of the ADSs or common shares or distribution of copies of this prospectus or any other document relating to the ADSs or common shares in Italy must (i) be made in accordance with all applicable Italian laws and regulations, (ii) be made in compliance with Article 129 of Legislative Decree no. 385 of 1st September 1993, as amended (the "Banking Law Consolidated Act") and the implementing guidelines of the Bank of Italy (Istruzioni di Vigilanza per le banche) pursuant to which the issue, trading or placement of securities in the Republic of Italy is subject to prior notification to the Bank of Italy, unless an exemption applies depending, inter alia, on the amount of the issue and the characteristics of the securities, (iii) be conducted in accordance with any relevant limitations or procedural requirements the Bank of Italy or CONSOB may impose upon the offer or sale of the securities, and (iv) be made only by (a) banks, investment firms or financial companies enrolled in the special register provided for in Article 107 of the Banking Law Consolidated Act, to the extent duly authorized to engage in the placement and/or underwriting of financial instruments in Italy in accordance with the Financial Laws Consolidated Act and the relevant implementing regulations; or by (b) foreign banks or financial institutions (the controlling shareholding of which is owned by one or more banks located in the same EU Member State) authorized to place and distribute securities in the Republic of Italy pursuant to Articles 15, 16 and 18 of the Banking Law Consolidated Act, in each case acting in compliance with every applicable law and regulation.

The Netherlands

Underwriters may not offer, distribute, sell, transfer or deliver any ADSs or common shares, directly or indirectly, in The Netherlands, as part of their initial distribution or at any time thereafter, to any person other than our employees or employees of our subsidiaries, individuals who or legal entities which trade or invest in securities in the conduct of their profession or business within the meaning of article 2 of the Exemption Regulation issued under the Securities Transactions Supervision Act 1995 ("Vrijstellingsregeling Wet toezicht effectenverkeer 1995"), which includes banks, brokers, pension funds, insurance companies, securities institutions, investment institutions and other institutional investors, including, among others, treasuries of large enterprises, who or which regularly trade or invest in securities in a professional capacity.

Switzerland

Underwriters may not offer or sell the ADSs and common shares to any investors in Switzerland other than on a non public basis; this prospectus does not constitute a prospectus within the meaning of Article 652a and Art. 1156 of the Swiss Code of Obligations (Schweizerisches Obligationenrecht); and none of this offering, the ADSs and common shares has been or will be approved by any Swiss regulatory authority.

Hong Kong

The common shares and ADSs may not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the common shares or ADSs may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to common shares or ADSs which are or are intended to be disposed of only to persons outside of Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This prospectus has not been registered with the Monetary Authority of Singapore. Accordingly, the underwriters have not offered or sold any ADSs or caused the ADSs to be made the subject of an invitation for subscription or purchase and may not offer or sell any ADSs or cause the ADSs to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The underwriters will notify (whether through the distribution of the prospectus or otherwise) each of the following relevant persons specified in Section 275 of the SFA that has subscribed or purchased ADSs from or through that underwriter, namely a person that is:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the ADSs under Section 275 except:

(1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA;

(2) where no consideration is given for the transfer; or

(3) by operation of law.

People's Republic of China

This prospectus does not constitute a public offer of the ADSs or common shares, whether by way of sale or subscription, in the People's Republic of China. The ADSs and common shares may not be offered or sold, directly or indirectly, in the People's Republic of China. For the purposes of this paragraph, the People's Republic of China excludes Hong Kong, Macau and Taiwan.

Cayman Islands

This prospectus does not constitute a public offering of the ADSs or common shares, whether by way of sale or subscription, in the Cayman Islands.

Japan

The ADSs have not been and will not be registered under the Securities and Exchange Law of Japan. The underwriters have not offered or sold, and may not offer or sell, directly or indirectly, any ADSs in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any resident for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except:

- pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Securities and Exchange Law of Japan; and
- in compliance with the other relevant laws and regulations of Japan.

EXPENSES RELATING TO THIS OFFERING

The following table sets forth the main estimated expenses in connection with this offering, other than the underwriting discounts, which we will be required to pay:

Securities and Exchange Commission registration fee	$	3,930
Financial Industry Regulatory Authority filing fee	$	10,500
Nasdaq Global Market listing fee	$	
Legal fees and expenses	$	
Accounting fees and expenses	$	
Printing fees	$	
Financial advisory fees	$	
Other fees and expenses	$	
Total	$	

All amounts are estimated, except the Securities and Exchange Commission registration fee, the Nasdaq Global Market listing fee and the Financial Industry Regulatory Authority filing fee.

LEGAL MATTERS

The validity of the ADSs and certain other matters of United States Federal and New York State law will be passed upon for us by O'Melveny & Myers LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP. The validity of the common shares represented by the ADSs offered in this offering will be passed upon for us by Conyers, Dill & Pearman. Legal matters as to Chinese law will be passed upon for us by Jincheng & Tongda Law Firm and for the underwriters by Commerce & Finance Law Offices.

EXPERTS

Our consolidated financial statements as of March 31, 2006 and 2007 and for the years then ended have been included in this registration statement in reliance on the report of KPMG, an independent registered public accounting firm, appearing elsewhere herein and upon the authority of said firm as experts in accounting and auditing. The offices of KPMG are located at 8/ F Prince's Building, 10 Chater Road, Central, Hong Kong Special Administrative Region, the People's Republic of China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 (No. 333-) and the depositary has filed a registration statement on Form F-6 (No. 333-), including relevant exhibits and schedules under the Securities Act, covering the common shares represented by the ADSs offered by this prospectus, as well as the ADSs. You should refer to our registration statements and their exhibits and schedules if you would like to find out more about us and about the ADSs and the common shares represented by the ADSs. This prospectus summarizes material provisions of contracts and other documents that we refer you to. Since the prospectus may not contain all the information that you may find important, you should review a full text of these documents.

Upon the completion of this offering, we will be subject to periodic reporting and other informational requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and submitting other reports and information under cover of Form 6-K with the SEC. As a foreign private issuer, we are exempt from some of the Exchange Act reporting requirements, the rules prescribing the furnishing and content of proxy statements to shareholders, and Section 16 short-swing profit reporting for our officers and directors and for holders of more than 10% of our common shares. You may read and copy any document we file with the SEC at the SEC's public reference room at Room 1580, 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms and their copy charges. The SEC also maintains a web site that contains reports, proxy and information statements and other information regarding issuers, such as us, who file electronically with the SEC. The address of that web site is *http://www.sec.gov.*

We will furnish to , as depositary of our ADSs, our annual reports. When the depositary receives these reports, it will upon our request promptly provide them to all holders of record of ADSs. We will also furnish the depositary with all notices of shareholders' meetings and other reports and communications in English that we make available to our shareholders. The depositary will make these notices, reports and communications available to holders of ADSs and will upon our request mail to all holders of record of ADSs the information contained in any notice of a shareholders' meeting it receives.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
ATA Inc.:

We have audited the accompanying consolidated balance sheets of ATA Inc. and its subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in Renminbi. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ATA Inc. and its subsidiaries as of March 31, 2006 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements as of and for the year ended March 31, 2007 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, such consolidated financial statements expressed in Renminbi have been translated into United States dollars on the basis set forth in Note 2(d) to the consolidated financial statements.

/s/ KPMG

Hong Kong, China
September 1, 2007, except as to Note 2(d)
and paragraphs (b) and (c) of
Note 19, which are as of October 15, 2007
and as to paragraph (d) of Note 19,
which is as of January 7, 2008

ATA INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Note	March 31, 2006 RMB	March 31, 2007 RMB	March 31, 2007 USD
ASSETS				
Current assets:				
Cash		44,624,314	45,019,114	6,008,307
Accounts receivable, net	(3)	12,984,378	16,977,651	2,265,862
Due from related parties	(17)	4,368,339	19,770	2,639
Inventories		2,316,753	2,405,912	321,697
Prepaid expenses and other current assets	(4)	3,695,082	12,233,295	1,632,672
Total current assets		**67,988,866**	**76,655,742**	**10,230,587**
Investments in affiliates	(5)	3,349,716	3,162,548	422,078
Property and equipment, net	(6)	3,076,512	7,543,184	1,006,724
Goodwill		6,880,123	6,880,123	918,231
Deferred initial public offering costs		—	9,462,485	1,262,877
Other assets		7,089,183	4,461,368	595,421
Total assets		**88,384,400**	**108,165,450**	**14,435,918**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Note payable	(7)	19,000,000	—	—
Accounts payable		4,276,501	5,546,140	740,196
Due to related parties	(17)	1,643,720	—	—
Accrued expenses and other payables	(8)	6,676,814	13,732,392	1,832,745
Deferred revenues	(9)	22,340,221	26,341,019	3,515,511
Total current liabilities		**53,937,256**	**45,619,551**	**6,008,452**
Deferred revenues	(9)	8,555,393	7,897,234	1,053,976
Total liabilities		**62,492,649**	**53,516,785**	**7,142,428**
Shareholders' equity:				
Convertible preferred shares: USD0.01 par value; 10,000,000 shares authorized, including:	(13)			
Series A preferred shares: 6,628,369 issued and outstanding; USD15,000,000 liquidation value;	(13)	533,451	533,451	71,195
Series A-1 preferred shares: 883,783 issued and outstanding; USD3,000,000 liquidation value	(13)	—	70,848	9,455
Common shares: USD0.01 par value; 40,000,000 shares authorized, 20,000,000, and 25,479,452 shares issued and outstanding		1,655,313	2,093,877	279,452
Treasury shares — 3,579,320 common shares, at cost		(16,106,940)	(16,106,940)	(2,149,656)
Additional paid-in capital	(7, 13, 14)	158,102,092	203,139,446	27,111,287
Accumulated deficit		(118,292,165)	(135,082,017)	(18,028,243)
Total shareholders' equity		**25,891,751**	**54,648,665**	**7,293,490**
Commitments and contingencies	(11, 15)			
Total liabilities and shareholders' equity		**88,384,400**	**108,165,450**	**14,435,918**

The accompanying notes are an integral part of these consolidated financial statements.

ATA INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Year Ended March 31, 2006 RMB	2007 RMB	2007 USD
Net revenues	(10)	69,037,472	84,880,877	11,328,325
Cost of revenues		33,988,787	41,101,688	5,485,491
Gross profit		**35,048,685**	**43,779,189**	**5,842,834**
Operating expenses:				
Research and development		4,853,772	9,322,068	1,244,137
Sales and marketing		12,262,787	22,028,895	2,940,009
General and administrative		19,023,011	32,024,170	4,273,992
Total operating expenses		**36,139,570**	**63,375,133**	**8,458,138**
Loss from operations		**(1,090,885)**	**(19,595,944)**	**(2,615,303)**
Equity in net losses of affiliates	(5)	(560,858)	(187,168)	(24,980)
Gain from liquidation of an affiliate	(5)	—	1,509,228	201,424
Interest income		331,898	599,872	80,060
Interest expense	(7)	(22,713,422)	—	—
Loss from revaluation of preferred share warrant	(13)	(211,136)	—	—
Foreign currency exchange losses, net		(1,050,152)	(908,998)	(121,316)
Loss before income tax benefit		**(25,294,555)**	**(18,583,010)**	**(2,480,116)**
Income tax benefit	(11)	485,456	1,793,158	239,318
Net loss		**(24,809,099)**	**(16,789,852)**	**(2,240,798)**
Accretion of Series A redeemable convertible preferred shares to redemption value	(13)	(13,889,483)	—	—
Foreign currency exchange translation adjustment on Series A redeemable convertible preferred shares		3,269,224	—	—
Net loss applicable to common shareholders		**(35,429,358)**	**(16,789,852)**	**(2,240,798)**
Basic and diluted loss per share applicable to common shareholders	(16)	(2.16)	(0.82)	(0.11)
Proforma basic and diluted loss per share applicable to common shareholders	(20)		(0.52)	(0.07)

The accompanying notes are an integral part of these consolidated financial statements.

ATA INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Convertible preferred shares				Common shares					
	Number of Series A shares	Amount	Number of Series A-1 shares	Amount	Number of shares	Amount	Treasury shares	Additional paid-in capital	Accumulated deficit	Total shareholders' equity
		RMB		RMB		RMB	RMB	RMB	RMB	RMB
Balance as of April 1, 2005	—	—	—	—	20,000,000	1,655,313	(16,106,940)	13,490,576	(93,483,066)	(94,444,117)
Issuance of common share warrant (See Notes 7 and 14)	—	—	—	—	—	—	—	22,379,656	—	22,379,656
Accretion of Series A redeemable convertible preferred shares to redemption value	—	—	—	—	—	—	—	(13,889,483)	—	(13,889,483)
Foreign currency exchange translation adjustment on Series A redeemable convertible preferred shares	—	—	—	—	—	—	—	3,269,224	—	3,269,224
Reclassification of Series A redeemable convertible preferred shares to convertible preferred shares upon waiver of the redemption feature (See Note 13)	6,628,369	533,451	—	—	—	—	—	122,753,340	—	123,286,791
Reclassification of liability classified warrant to equity (See Note 13)	—	—	—	—	—	—	—	5,916,546	—	5,916,546
Share option expense (See Note 12)	—	—	—	—	—	—	—	4,182,233	—	4,182,233
Net loss	—	—	—	—	—	—	—	—	(24,809,099)	(24,809,099)
Balance as of March 31, 2006	6,628,369	533,451	—	—	20,000,000	1,655,313	(16,106,940)	158,102,092	(118,292,165)	25,891,751
Exercise of preferred share warrant and issuance of Series A-1 convertible preferred shares (See Note 13)	—	—	883,783	70,848	—	—	—	23,978,600	—	24,049,448
Exercise of common share warrant and issuance of common shares (See Notes 7 and 14)	—	—	—	—	5,479,452	438,564	—	18,561,436	—	19,000,000
Share option expense (See Note 12)	—	—	—	—	—	—	—	2,497,318	—	2,497,318
Net loss	—	—	—	—	—	—	—	—	(16,789,852)	(16,789,852)
Balance as of March 31,										

2007	6,628,369	533,451	883,783	70,848	25,479,452	2,093,877	(16,106,940)	203,139,446	(135,082,017)	54,648,665
Balance as of March 31, 2007-USD		71,195		9,455		279,452	(2,149,656)	27,111,287	(18,028,243)	7,293,490

The accompanying notes are an integral part of these consolidated financial statements.

ATA INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31,		
	2006	2007	2007
	RMB	RMB	USD
Cash flows from operating activities:			
Net loss	(24,809,099)	(16,789,852)	(2,240,798)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of loan discount	22,713,422	—	—
Equity in net losses of affiliates	560,858	187,168	24,980
Gain from liquidation of an affiliate	—	(1,509,228)	(201,424)
Unrealized foreign currency exchange loss	73,341	162,562	21,696
Bad debt expense	932,127	499,729	66,695
Depreciation and amortization	1,547,017	1,836,675	245,125
Gain from disposal of property and equipment	—	(1,667)	(222)
Share-based compensation	4,182,233	2,497,318	333,296
Deferred income tax benefit	(485,456)	(1,819,345)	(242,812)
Loss from revaluation of preferred share warrant	211,136	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(9,562,443)	(4,493,002)	(599,643)
Due from related parties	572,652	870,036	116,116
Inventories	(878,167)	(89,159)	(11,899)
Prepaid expenses and other current assets	(380,939)	(7,065,627)	(942,989)
Other assets	(1,993,503)	1,128,494	150,610
Accounts payable	(1,748,876)	1,269,639	169,448
Due to related parties	(7,551,496)	(163,633)	(21,839)
Accrued expenses and other payables	(1,677,319)	3,612,773	482,166
Deferred revenues	1,746,667	3,342,639	446,113
Net cash used in operating activities	**(16,547,845)**	**(16,524,480)**	**(2,205,381)**
Cash flows from investing activities:			
Capital expenditures	(2,699,341)	(4,720,600)	(630,018)
Proceeds from disposal of property and equipment	—	15,000	2,002
Deposit from sale of Wendu Education	—	2,000,000	266,923
Proceeds from liquidation of ATA Jiangsu	—	29,141	3,889
Proceeds from disposal of an affiliate	—	250,000	33,365
Investment in Wendu Education	(4,000,000)	—	—
Advances and loans to related parties	(1,142,554)	(1,655,213)	(220,907)
Collection of advances and loans to related parties	20,000,000	5,133,746	685,157
Net cash provided by investing activities	**12,158,105**	**1,052,074**	**140,411**
Cash flows from financing activities:			
Proceeds from issuance of common shares	—	19,000,000	2,535,768
Proceeds from issuance of preferred shares	—	24,049,448	3,209,075
Cash paid for preferred shares and warrants issuance cost	(4,061,003)	—	—
Cash paid for initial public offering costs	—	(8,019,680)	(1,070,318)
Cash paid to settle a debt from an investor of ATA Learning	(30,000,000)	—	—
Repayment of note payable	—	(19,000,000)	(2,535,768)
Repayment of advances and loans from related parties	(7,081,480)	—	—
Repayment of advances from third parties	(2,800,000)	—	—
Net cash (used in) provided by financing activities	**(43,942,483)**	**16,029,768**	**2,139,357**
Effect of foreign exchange rate changes on cash	**(73,341)**	**(162,562)**	**(21,696)**
Net (decrease) increase in cash	(48,405,564)	394,800	52,691
Cash at beginning of year	93,029,878	44,624,314	5,955,626
Cash at end of year	**44,624,314**	**45,019,114**	**6,008,317**
Supplemental disclosures of cash flow information:			
Cash paid for interest expenses	7,630,670	—	—
Cash paid for income tax	—	—	—
Non-cash investing and financing activities:			
Accretion of Series A redeemable convertible preferred shares to redemption value	13,889,483	—	—
Disposal of an affiliate in exchange for a note receivable	250,000	—	—
Forgiven liability due to ATA Jiangsu	—	1,480,087	197,535
Reclassification of liability classified warrant to equity	5,916,546	—	—

The accompanying notes are an integral part of these consolidated financial statements.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION, DESCRIPTION OF BUSINESS AND SIGNIFICANT CONCENTRATIONS AND RISKS

Organization and Description of Business

The accompanying consolidated financial statements include the financial statements of ATA Inc. (the "Company"), its subsidiaries, ATA Testing Authority (Holdings) Limited ("ATA BVI"), ATA Testing Authority (Beijing) Limited ("ATA Testing") and ATA Learning (Beijing) Inc. ("ATA Learning"), and a consolidated variable interest entity ("VIE"), ATA Online (Beijing) Education Technology Limited ("ATA Online"). The Company, its consolidated subsidiaries and consolidated VIE are collectively referred to as the "Group." The Group is a provider of computer-based testing services, test-based educational services, test preparation solutions and other related services in the People's Republic of China (the "PRC").

The Company is a holding company and does not conduct any operations. The Company was incorporated in the Cayman Islands on September 22, 2006 and became the parent company of ATA BVI when the Company issued shares to the preferred and common shareholders of ATA BVI on November 10, 2006 in exchange for proportionally all of their shares held by them in ATA BVI. ATA BVI is also a holding company incorporated in the British Virgin Islands on November 22, 2001 and does not conduct any operations. The rights of the preferred and common shares issued by the Company are the same as those originally issued by ATA BVI. In substance, ATA BVI has been reorganized as a wholly-owned subsidiary of the Company. The Company has accounted for this reorganization as a legal reorganization of entities under common control in a manner similar to a pooling-of-interests. Accordingly, the Company's consolidated financial statements are prepared to include the financial statements of ATA BVI, its subsidiaries and VIEs through November 10, 2006 and the Company's consolidated financial statements since then are prepared to include the financial statements of the Company, its subsidiaries and VIE.

ATA Testing is a wholly-owned subsidiary of ATA BVI and is primarily engaged in providing computer-based testing services by licensing its technologies and software applications to third-party test sponsors and providing non-online test preparation solutions business. To a lesser extent, ATA Testing has also established a network of ATA Authorized Test Center across the PRC by licensing the "ATA" brand name and technologies to third-party test centers in the PRC.

ATA Learning was a cooperative joint venture established by ATA BVI and Yinchuan Economic & Technical Development Zone Investment Holding Co., Ltd. ("Yinchuan Holding"). ATA Learning is primarily engaged in test-based educational services, including developing course programs and providing single course and degree major course programs to educational institutions and to lesser extent, providing training sessions to course operators. ATA Learning was a consolidated VIE of the Group through May 9, 2005, at which time it became a wholly-owned subsidiary of ATA BVI (See Note 17(h)).

ATA Online is a domestic PRC company established by three shareholders/executive officers of the Company on September 11, 2006. ATA Online is primarily engaged in providing online test preparation services. ATA Online is a consolidated VIE of ATA BVI since October 27, 2006.

Significant Concentrations and Risks

The success of the Group's business going forward will rely in large part on its ability to continue to obtain business from its existing clients and maintain its relationships with key Chinese governmental agencies. The Group's success will depend to a large extent on its ability to convince its clients that the Group's technologies and services are valuable and that it is more cost-effective for those clients to utilize the Group's services than for them to develop similar services in-house. RMB37.1 million and RMB39.8 million, representing 53.8% and 46.9%, of its total net revenues for the years ended March 31,

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2006 and 2007, respectively, were generated from licensing and service fees from Chinese governmental agencies and educational institutions controlled by the PRC government. RMB8.4 million and RMB10.4 million, representing 12.2% and 12.3%, of the Group's total net revenues for the years ended March 31, 2006 and 2007, respectively, was generated from the PRC Ministry of Labor. No other client accounted for 10% or more of the Group's total net revenues for the years ended March 31, 2006 and 2007. Demand and ability to pay for the Group's products and services by these agencies and institutions are affected by government budgetary cycles, funding availability and government policies. Funding reductions, reallocations or delays could adversely impact demand for the Group's products and services or reduce the fees the Group's clients are willing to pay for such products and services. The Chinese markets for testing services, test-based educational services and test preparation solutions are still emerging and evolving rapidly.

In November 2006, the Group launched the sales of NTET Tutorial Platform. NTET revenue of RMB9.9 million accounted for 11.7% of the Group's total net revenues for the year ended March 31, 2007.

A substantial portion of the Group's revenues are derived from the licensing of course programs that incorporate course materials licensed by the Group from IT vendors including Microsoft (China) Co., Ltd. ("Microsoft") and Adobe Systems Software (Beijing) Co., Ltd.. If the Group was to lose the right to offer certification tests or course materials of these IT vendors, the Group's revenues and results of operations could be materially affected. The licensing agreements with various IT vendors are normally renewed every two to three years. Under the Simulation Technology License Agreement with Microsoft, Microsoft has the right to acquire for USD3 million a perpetual royalty-free license to the source code of the Dynamic Simulation Technology ("DST"), along with the right to freely sell, license or sublicense the DST source code to third parties. The contract does not restrict which entities to which Microsoft may sell, license or sublicense the DST source code. While Microsoft's exercise of this option would generate additional revenue to the Group in the short term, it may materially adversely affect the Group's future revenues if Microsoft or any company to which Microsoft sells or licenses the technology uses it to directly compete with the Group.

The Group is subject to special considerations and risks associated with the PRC. These include risks associated with, among others, the political, economic, legal and social environment in the PRC, including the relative difficulty of protecting and enforcing intellectual property rights in the PRC. The interpretation and application of current or proposed requirements and regulations may have an adverse effect on the Group's business, financial condition and result of operations. In addition, the ability to negotiate and implement specific business development projects in a timely and favorable manner may be impacted by political considerations unrelated to or beyond the control of the Group. Although the PRC government has been pursuing economic reform policies for over two decades, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered. Any change in PRC government policies and regulations affecting the industries in which the Group operates may have a negative impact on the Group's operating results and financial condition.

There is also no guarantee that the PRC government's pursuit of economic reforms will be consistent or effective and as a result, changes in the rate or method of taxation, reduction in tariff protection and other import restrictions, and changes in state policies and regulations affecting software for the vocational education industry may have a negative impact on the Group's operating results and financial condition.

The Group's success will depend to a large extent on its ability to convince its clients that the Group's technologies and services are valuable and that it is more cost-effective for those clients to utilize the Group's services than for them to develop similar services in-house.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As of March 31, 2006 and 2007, RMB41,370,448 and RMB38,320,167, respectively, was held in major financial institutions located in the PRC, and the remaining cash of RMB2,281,186 and RMB6,640,823, respectively, was held in major financial institutions located in the Hong Kong Special Administration Region. Management believes that these major financial institutions are of high credit quality. Cash denominated in currencies other than RMB is subject to foreign currency risk due to the appreciation or depreciation of RMB under the current exchange rate regime in the PRC.

The Group does not have concentrations of available sources of labor, services, franchises or other rights that could, if suddenly eliminated, severely impact its operations.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and a VIE. All significant intercompany balances and transactions have been eliminated on consolidation. The Company has adopted FASB Interpretation No. 46 Revised, *"Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51"* ("FIN 46R") issued by Financial Accounting Standards Board ("FASB"). FIN 46R requires certain VIEs to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

Prior to May 9, 2005, ATA BVI held 40% of the equity interest in ATA Learning, which was determined to be a VIE. Although the Group held less than a majority equity interest in ATA Learning at that time, the Group determined that ATA BVI was ATA Learning's primary beneficiary. On May 9, 2005, ATA BVI acquired the remaining 60% equity interest held by Yinchuan Holding (See Note 17(h)). The financial statements of ATA Learning have been included in the consolidated financial statements of the Company for all periods presented.

PRC regulations prohibit direct foreign ownership of business entities that engage in internet content provision ("ICP") services in the PRC. The Company and its subsidiaries are foreign owned business entities under the PRC law and accordingly are prohibited from providing ICP services in the PRC. To comply with the PRC laws and regulations, the Group conducts its online test preparation business, a type of ICP service, through ATA Online. The Company has no ownership interest in ATA Online. However, the Company has economic controlling interest over ATA Online through a series of contractual agreements, including loan agreements, a call option and cooperation agreement, an equity pledge agreement, a strategic consulting service agreement and a technical support agreement between the Company, ATA Online and ATA Online's owners. As a result of these agreements, the Company absorbs a majority of ATA Online's expected losses and receives a majority of ATA Online's expected residual returns and therefore the Company has been deemed the primary beneficiary of ATA Online. The financial statements of ATA Online have been included in the consolidated financial statements of the Company since October 27, 2006, the effective date of a series of contractual arrangements entered into among ATA BVI, ATA Learning and ATA Online. The loans, under the loan agreements discussed above, are eliminated on consolidation.

(b) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(c) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the fair value of share-based payments, expected service period for course programs, expected licensing period for perpetual ATA Test centers, collectibility of accounts receivable and amounts due from related parties, realization of deferred income tax assets, useful lives and residual values of long-lived assets, recovery of the carrying values of long-lived assets and goodwill, and the fair values of financial and certain equity instruments. Actual results could differ from those estimates.

(d) Foreign currency translation and risks

The Group's reporting currency is the Renminbi ("RMB").

A majority of the Group's revenues and expenditures are denominated in RMB. Transactions denominated in currencies other than the RMB are translated into the RMB at the exchange rates quoted by the People's Bank of China ("PBOC") prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates quoted by the PBOC at the balance sheet dates. All such exchange gains and losses are included in the consolidated statements of operations in the line item "Foreign currency exchange losses, net." The effects of currency exchange rate movements on the carrying value of redeemable convertible preferred shares is included in the consolidated statements of shareholders' equity and is recorded as a reduction to earnings to arrive at net loss applicable to common shareholders until the reclassification of redeemable convertible preferred shares to shareholders' equity.

For the convenience of the readers, the 2007 RMB amounts included in the accompanying consolidated financial statements have been translated into United States dollars ("U.S. dollar" or "USD") at the rate of USD1.00 = RMB7.4928, being the noon buying rate for USD in effect on September 28, 2007 in the City of New York for cable transfer in RMB per USD as certified for custom purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into USD at that rate or at any other certain rate on September 28, 2007.

(e) Commitments and contingencies

In the normal course of business, the Group is subject to contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters. Liabilities for such contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

(f) Fair value of financial instruments

The carrying amounts of cash, accounts receivable, current amounts due from related parties, other current receivables which are included in the prepaid expenses and other current assets, advances to third parties, accounts payable, current amounts due to related parties, note payable and other payables approximate their fair values due to their short-term nature.

The fair values of long-term advances to third parties (included in other assets) as of March 31, 2006 and 2007 are RMB3,863,012 and RMB3,101,795, respectively, and are estimated by discounting expected future cash flows using the interest rate at which similar loans would be made to borrowers with similar credit ratings and remaining maturities.

(g) Revenue recognition

The Group's revenues are principally derived from the provision of testing services, test-based educational services and test preparation solutions. The Group recognizes revenues when all of the followings have occurred:

- persuasive evidence of an agreement with the customer exists;
- services have been performed and/or delivery of goods has occurred;
- the fees for services performed and/or price of goods sold are fixed or determinable; and
- collectibility of the fees and/or sales proceeds is reasonably assured.

The application of the above criteria for revenue recognition for each type of service or product is as follows:

i) Testing services

Licensing fees from test sponsors for test delivery services are recognized upon the completion of the examination by all enrolled test takers since the Group has no significant future involvement after the completion of the examination. The Group also enters licensing arrangements for use of the DST with test sponsors. Licensing fees from clients for use of the DST are recognized in the quarter in which simulation testing technology licenses are delivered, which is evidenced by the quarterly usage reports received from the licensees.

ii) Test-based educational services

Licensing fees from educational institutions for degree major course programs are recognized on a straight-line basis ratably over the contractual licensing period, which typically starts in the month of September and ends in the month of June or August of the following year, i.e. 10 to 12 months.

Licensing fees from educational institutions for single course programs are recognized as follows, (1) if the contracts do not have a definitive term of service period, the Group estimates, based on historical experience, the percentage of contracts that will be completed within 12 months, and recognizes revenue for such contracts on a straight-line basis over a period of five months, which is the expected service period based on historical averages; (2) for the percentage of contracts that are not expected to be completed within 12 months, the Group does not recognize revenue until the course is completed or upon receipt of confirmations from the educational institutions that no further services were required; and (3) for all single course programs, which have a definitive term of service period, the Group recognizes revenue on a straight-line basis over the expected service period or the contractual period, whichever is longer. At the end of each reporting period upon the closing of the Group's financial records, the Group compares the revenue recognized at the onset of the contracts to the actual completion status of each contract, on a contract by contract basis, and make any revenue adjustments to reflect the actual completion status.

Licensing fees from educational institutions for pre-occupational training programs are recognized on a straight-line basis ratably over the training period, which is approximately 2 to 3 months.

The fees are not refundable if the student fails to complete one or more of the courses or the entire degree major course programs or fails any of the exams.

iii) Test preparation solutions

a) Online test preparation service fees

The Group sells online point cards to end users directly or through distributors on a consignment basis. The online point cards entitle the end users unlimited use of online mock examinations during a specified service period, which normally ranges from 90 to 180 days since the activation of the cards.

Sales proceeds of online point cards are recognized on a straight-line basis ratably over the service period commencing at the point of time the card is activated as online test preparation service fees.

If the cards sold to the end users are not activated before the expiration date, related online service fees received will be recognized on the expiration date.

The Group is not contractually obligated, nor has the Group historically accepted returns from end users.

b) NTET Tutorial Platform Software sales

NTET Tutorial Platform Software sales are recognized upon delivery and when collectibility is reasonably assured. Based on historical experience with customers of certain software related products, collectibility of amounts billed for such software related products is not reasonably assured at the time of delivery. Consequently, revenue for such products is recognized on a cash basis.

iv) Other revenue

a) Licensing fees from authorized test centers

The Group receives either a fixed initial fee plus continuing annual fees or a fixed fee for a perpetual licensing period for licensing the Group's name, E-testing platform, ongoing technical support, unspecific system upgrades and training to authorized test centers' staff. Initial fees and fees for perpetual period are recognized ratably over the expected licensing period of 10 years, during which the Group is expected to have continuing involvement with the authorized test centers. Management estimates the expected licensing period based on its historical retention experience, factoring in the expected level of future competition, the risk of technological obsolescence, technological innovation, and the expected changes in the social environment.

b) Test development services

Test development service fees are recognised upon the acceptance of the developed tests by the client. The period to develop the tests is short, generally within two months from commencement of development.

Revenue is recorded, net of business tax. Business tax is levied on the Group's service-related revenues generated in the PRC at 5%. Payments received or receivable in advance of the rendering of services and payments received in advance of delivery of products are recorded as deferred revenue.

(h) Cost of revenues

Cost of revenues consist primarily of royalty fees for IT vendor licensing arrangements, cost of inventories sold, payroll compensation, technical support, and related costs incurred by the Group, which are directly attributable to the rendering of the Group's services.

Such costs are expensed as incurred, typically at the beginning of the respective degree major course or single course program period, over which revenue is recognized. The royalty fees paid to IT vendors are charged to expense based on actual usage according to the contract provisions. During the

years ended March 31, 2006 and 2007, royalty fees of RMB15,784,255 and RMB19,030,182, respectively, were charged to the consolidated statements of operations as cost of revenues.

(i) Research and development costs

Research and development costs are expensed as incurred, which primarily consist of software developed for internal use and software developed for sale or lease.

i) Software developed for internal use

The Group recognizes development costs of software for internal use in accordance with Statement of Position ("SOP") No. 98-1, *"Accounting for the Costs of Computer Software Developed or Obtained for Internal Use."* The Group expenses all costs that are incurred in connection with the planning and implementation phases of development of software. Costs incurred in the development phase are capitalized and amortized over the estimated product life. No costs were capitalized for all periods presented.

ii) Software developed for sale or lease

Pursuant to the provisions of Statement of Financial Accounting Standard ("SFAS") No. 86, *"Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed,"* costs incurred internally in researching and developing a computer software product are charged to expense as research and development costs prior to technological feasibility being established for the product. Once technological feasibility is established, all computer software costs are capitalized until the product is available for general release to customers. Technological feasibility is established upon completion of all the activities that are necessary to substantiate that the computer software product can be produced in accordance with its design specifications, including functions, features, and technical performance requirements. No costs were capitalized for all periods presented.

(j) Income taxes

Deferred income taxes are provided using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date or the date of change in tax status. A valuation allowance is provided to reduce the amount of deferred income tax assets if it is considered more likely than not that some portion, or all, of the deferred income tax assets will not be realized.

(k) Share-based payments

The Company adopted SFAS No. 123 (revised 2004), *"Share-Based Payment"* as of the earliest date presented. Under this method, compensation cost related to employee share options or similar equity instruments is measured at the grant date based on the fair value of the award and recognized over the period during which an employee is required to provide service in exchange for the award, which generally is the vesting period. When no future services are required to be performed by the employee in exchange for an award of equity instruments, and if such award does not contain a performance or market condition, the cost of the award (as measured based on the grant-date fair value of the equity instrument) is expensed on the grant date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

All transactions with non-employee vendors in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the date on which the counterparty's performance is completed.

(l) Cash

Cash consists of cash on hand and at banks. None of the Group's cash is restricted from withdrawal.

(m) Accounts receivable

Accounts receivable include amounts billed at the invoiced amount and unbilled amounts. Unbilled receivables relate to revenues earned and recognized but which have not been billed by the Group in accordance with the terms of the contract.

The allowance for doubtful accounts is the management's best estimate of the amount of probable credit losses resulting from the inability of the Group's customers to make required payments. The allowance for doubtful accounts is based on a review of specifically identified accounts, aging data and historical collection. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Group does not have any off-balance-sheet credit exposure related to its customers.

(n) Inventories

Inventories consist mainly of textbooks and educational materials on electronic media, electronics kits and supplies held for sale. Inventories are stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

(o) Investments in affiliates

An affiliated company is an entity in which the Group has the ability to exercise significant influence over its financial and operating policies and decisions, but does not have a controlling financial interest in the entity.

Investments in affiliated companies are accounted for under the equity method. The Group recognizes an impairment loss when there is a decline in value below the carrying value of the investment which is considered other than temporary. The factors management evaluates in determining if a decline is other than temporary are the Group's ability and intent to hold the investment over a reasonable period of time sufficient for a forecasted recovery of fair value, the severity of the impairment, duration of the impairment and forecasted recovery of fair value.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(p) Property and equipment, net

Property and equipment is stated at historical cost.

Depreciation and amortization is provided using the straight-line method over the following estimated useful lives, with nil residual value, as follows:

Computer equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Software	5 years
Leasehold improvements	Over the shorter of the lease terms or 5 years

(q) Impairment of long-lived assets, excluding goodwill

Long-lived assets, which include property, equipment and intangible assets other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group recognizes impairment of long-lived assets in the event that the carrying value of such assets exceeds the future undiscounted cash flows attributable to such assets. An impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment of long-lived assets was recognized for all periods presented.

(r) Goodwill

Goodwill represents the excess purchase price over the fair value of the proportional net assets acquired to purchase the remaining equity interest in ATA Testing in November 2002. Such goodwill is not amortized, but instead tested for impairment at least annually or more frequently if certain circumstances indicate a possible impairment may exist. Management completes its annual impairment assessment for goodwill in March of each year. Management evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level, which was determined to be the enterprise level. In the first step, the fair value of the Company is compared to its carrying value including goodwill. The fair value of the Company is determined based upon a combination of multiple of earnings, discounted future cash flows and the projected profitability of the market in which it operates. Second, if the carrying amount of the Company exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the goodwill over the implied fair value of the goodwill. The implied fair value of goodwill is determined by allocating the fair value of the Company in a manner similar to a business combination. No impairment loss on goodwill was recognized for any period presented.

(s) Employee benefit plans

As stipulated by the regulations of the PRC, the Company's PRC subsidiaries and VIE are required to contribute to various defined contribution plans, organized by municipal and provincial governments on behalf of their employees. These companies are required to make contributions to these plans at rates ranging from 40.3% to 44% of employee's salaries. The Group has no other material obligation for the payment of employee benefits associated with these plans beyond the annual contributions described above. During the years ended March 31, 2006 and 2007, the Group contributed RMB3,325,524 and RMB4,190,954 to these plans, respectively.

(t) Earning (loss) per share

Basic earning (loss) per share is computed by dividing net income (loss) available (applicable) to common shareholders by the weighted average number of common shares outstanding during the period

using the two-class method. Under the two-class method, net income is allocated between common shares and other participating securities based on their participating rights in undistributed earnings. The Company's convertible preferred shares are participating securities since the holders of these securities may participate in dividends with common shareholders based on a pre-determined formula.

Diluted earning (loss) per share is calculated by dividing net income (loss) available (applicable) to common shareholders as adjusted for the effect of dilutive common equivalent shares, if any, by the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares consist of the common shares issuable upon the conversion of the convertible preferred shares (using the as-converted method) and common shares issuable upon the exercise of outstanding share options and warrants (using the treasury stock method). Common equivalent shares in the diluted earning (loss) per share computation are excluded to the effect that they would be anti-dilutive.

(u) Segment reporting

The Group has no operating segments, as that term is defined by FASB Statement No. 131, *"Disclosure About Segments of an Enterprise and Related Information."* Substantially all of the Group's operations and customers are located in the PRC. Consequently, no geographic information is presented.

(v) Recently issued accounting standards

In June 2006, the FASB issued FASB Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"* ("FIN 48"), which, among other things, requires applying a "more likely than not" threshold to the recognition and derecognition of tax positions. The provisions of FIN 48 will be effective for the Group on April 1, 2007. Management is currently evaluating the impact of adopting FIN 48 on the consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *"Fair Value Measurements"* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about the fair value measurements. The provisions of SFAS No. 157 will be effective for the Group on April 1, 2008. Management is currently evaluating the impact of adopting SFAS No. 157 on the consolidated financial statements, but management does not expect its adoption will have a material transition effect to the consolidated financial statements.

In November 2006, the FASB issued Emerging Issues Task Force ("EITF") Issue No. 06-6, *"Debtor's Accounting for a Modification (or Exchange) of Convertible Debt Instruments"* ("EITF 06-6"), which applies to modifications and exchanges of debt instruments that (a) either add or eliminate an embedded conversion option or (b) affect the fair value of an existing embedded conversion option. The provisions of EITF 06-6 will be effective for the Group on April 1, 2007. Management is currently evaluating the impact of adopting EITF 06-6 on the consolidated financial statements, but management does not expect its adoption will have a material transition effect to the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 *"The Fair Value Option for Financial Assets and Financial Liabilities"* ("SFAS No. 159"), which permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The provisions of SFAS No. 159 will be effective for the Group on April 1, 2008. Management is currently evaluating whether to elect the fair value option as permitted under SFAS No. 159.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(3) ACCOUNTS RECEIVABLE, NET

Accounts receivable, net is summarized as follows:

	March 31,	
	2006	2007
	RMB	RMB
Accounts receivable	14,924,800	19,417,802
Less: Allowance for doubtful accounts	(1,940,422)	(2,440,151)
Accounts receivable, net	**12,984,378**	**16,977,651**

Accounts receivable are unsecured and denominated in RMB, and are derived from operations arising in the PRC. Management performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on accounts receivable.

The Group's accounts receivable also comprise amounts earned and recognized under contractual terms but not yet billed (unbilled receivables). Management expects that substantially all unbilled receivables will be billed and collected within twelve months of each balance sheet date. Historically the Group has been able to collect substantially all amounts due under the contract terms without making any concessions on payments.

No individual customer contributed to more than 10% of the Group's total net revenues for the years ended March 31, 2006 and 2007. Except for the National Educational Examinations Authority, which accounted for 11% of the Group's accounts receivables as of March 31, 2006, no individual customer accounted for more than 10% of accounts receivable as of March 31, 2006 and 2007.

As of March 31, 2006 and 2007, accounts receivable of RMB6,678,685 and RMB9,427,729, respectively, represented amounts that the Group had the right to bill according to the contract terms, primarily relating to degree major course programs, but related revenue was not recognized until earned.

The activity in the allowance for doubtful accounts for accounts receivable for the years ended March 31, 2006 and 2007 were as follows:

	Year Ended March 31,	
	2006	2007
	RMB	RMB
Beginning allowance for doubtful accounts	1,008,295	1,940,422
Additions charged to bad debt expense	932,127	499,729
Write-off of accounts receivable	—	—
Ending allowance for doubtful accounts	**1,940,422**	**2,440,151**

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(4) PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	March 31,	
	2006	2007
	RMB	RMB
Prepaid royalty(a)	76,120	4,632,656
Prepaid business tax	1,001,212	1,573,799
Advances to third parties	775,000	778,568
Advances to employees	928,630	504,721
Advances to suppliers	66,800	804,812
Other current assets(b)	847,320	3,938,739
Total	**3,695,082**	**12,233,295**

(a) The balance as of March 31, 2006 and 2007 mainly included a prepaid royalty fee to Microsoft. According to the contract provisions, the royalty is paid based on forecasted usage and is charged to expense as cost of revenues in the consolidated statements of operations based on actual usage.

(b) The balance as of March 31, 2006 and 2007 mainly included prepaid marketing fees, lease receivable and current deferred income tax assets.

(5) INVESTMENTS IN AFFILIATES

The Group's investments in affiliated companies which are all non-listed PRC companies were as follows:

Name of Company	Form of Business Structure	Percentage of Equity Held by the Company's Subsidiaries or VIE		Principal Activities
		2006	2007	
		%	%	
Jiangsu ATA Software Co., Ltd. ("ATA Jiangsu")	Limited liability	30	—	Computer-based testing service
Xiamen Wendu Software Education Investment ("Wendu Education")	Limited liability	40	40	Investment in software related education industry

ATA Jiangsu had incurred substantial operating losses and as of March 31, 2003, the Group's carrying amount in that investment was reduced to zero. The Group suspended the application of the equity method of accounting since that time. As a result of the completion of ATA Jiangsu's liquidation on May 10, 2006, the Group recognized a gain of RMB1,509,228, including RMB29,141 cash collection and RMB1,480,087 forgiveness of a liability. In April 2007, the Group received liquidation proceeds of RMB988,133 in cash from ATA Jiangsu's major shareholder which was recognized as a gain upon receipt.

In April 2005, ATA Learning, with other unrelated investors, established Wendu Education. ATA Learning contributed cash in the amount of RMB4,000,000 in exchange for a 40% equity ownership interest. In June 2006, ATA Learning resolved to sell its equity interest in Wendu Education for RMB6,000,000 to an unrelated buyer. On September 22, 2006, a deposit of RMB2,000,000 was received

(See Note 8) but the sale of Wendu Education had not been consummated as of March 31, 2007. In April 2007, the remaining balance of RMB4,000,000 was collected.

(6) PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	March 31,	
	2006	2007
	RMB	RMB
Computer equipment	3,459,809	9,345,563
Furniture, fixtures and office equipment	197,208	409,134
Software	774,501	993,501
Motor vehicles	1,042,930	992,930
Leasehold improvements	2,478,170	2,478,170
	7,952,618	14,219,298
Less: Accumulated depreciation and amortization	(4,876,106)	(6,676,114)
Property and equipment, net	**3,076,512**	**7,543,184**

(7) NOTE PAYABLE

On April 12, 2002, a loan agreement was entered with a third-party ("the Lender") for which ATA Testing borrowed RMB19,000,000. The note payable was unsecured and the entire principal amount, including interest at 20% per annum was due on April 11, 2004.

On May 23, 2003, the Lender agreed to extend the maturity of the note payable to May 23, 2005, and concurrent with the extension, the Company issued a warrant to the Lender to purchase up to 20% of the common shares of the Company (See Note 14). Further, the Lender agreed to forgive all previously accrued interest on the loan and to waive all future interest on the loan through May 23, 2005. Management evaluated the debt exchange/modification and concluded it was not a troubled debt restructuring. Further, management assessed whether the exchange/modification was considered "substantial," as defined by EITF Issue No. 96-19, *"Debtor's Accounting for a Modification or Exchange of Debt Instruments,"* and concluded it was not a substantial modification. Consequently, the Company recognized a discount to the modified note payable on May 23, 2003 in the amount of RMB4,729,857, which consisted of the then fair value of the warrant (RMB8,651,061) less the accrued interest to date that was forgiven (RMB3,921,204). The loan discount was amortized to expense through May 23, 2005 using the effective interest method. The fair value of the warrant was recognized as an addition to additional paid-in capital on May 23, 2003.

On May 23, 2005, which was the date the note became payable and the warrant was set to expire, the Lender did not require repayment of the loan (instead it became a demand loan) and continued to waive all interest while the Company agreed to extend the maturity of the warrant to the earlier of 30 days after the repayment of the note payable or 30 days after the Company's completion of an initial public offering. Management again evaluated the debt modification and concluded it was not a troubled debt restructuring. Further, management again assessed whether the modification was considered "substantial" and concluded it was not a substantial modification. Consequently, the Company re-determined the fair value of the warrant and recognized a loan discount on May 23, 2005 in the amount of RMB22,379,656 and charged this amount immediately to expense. The fair value of the warrant was recognized as an addition to additional paid-in capital on May 23, 2005.

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On May 19, 2006, ATA Testing repaid the RMB19,000,000 loan to the Lender and on June 26, 2006, the Company issued 5,479,452 common shares in connection with the exercise of this warrant (See Note 14).

The loan discount charged into the consolidated statements of operations, including loan issuance cost of RMB670,000, was RMB22,713,422 and RMBNil during the years ended March 31, 2006 and 2007, respectively.

(8) ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables consist of the following:

	March 31,	
	2006	2007
	RMB	RMB
Accrued payroll and welfare	2,671,305	2,786,524
Accrued fees for professional services	1,502,749	1,498,273
Business and other taxes payable	1,188,073	4,210,561
Deposit received toward the sale of an affiliate (See Note 5)	—	2,000,000
Accrued initial public offering costs	—	1,442,805
Other current liabilities	1,314,687	1,794,229
Total accrued expenses and other payables	**6,676,814**	**13,732,392**

(9) DEFERRED REVENUES

Deferred revenues are analyzed as follows:

	March 31,	
	2006	2007
	RMB	RMB
Balance at beginning of year	29,148,947	30,895,614
Additions for the year:		
Test-based educational services	43,720,021	49,884,975
Test preparation solutions	—	185,107
Other revenue	3,255,936	1,835,254
	76,124,904	82,800,950
Reduction for the year:		
Testing services	(352,257)	—
Test-based educational services	(37,275,944)	(45,337,790)
Test preparation solutions	—	(138,145)
Other revenue	(7,601,089)	(3,086,762)
Balance at end of year	**30,895,614**	**34,238,253**
Representing:		
Current portion	22,340,221	26,341,019
Non-current portion	8,555,393	7,897,234
Total deferred revenues	**30,895,614**	**34,238,253**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(10) NET REVENUES

Components of net revenues for the years ended March 31, 2006 and 2007 were as follows:

	Year Ended March 31,	
	2006	2007
	RMB	RMB
Testing services	18,169,773	24,628,465
Test-based educational services	35,138,112	42,803,677
Test preparation solutions	340,538	10,075,778
Other revenue[(a)]	15,389,049	7,372,957
Total revenues, net	**69,037,472**	**84,880,877**

(a) Other revenue primarily includes licensing fees from authorized test centers, test development services, test certificate services and licensing fee from ATA Jiangsu (2006 only).

(11) INCOME TAXES

The Company and each of its consolidated entities file separate income tax returns.

Cayman Islands and British Virgin Islands

Under the current laws of the Cayman Islands and British Virgin Islands, the Company and ATA BVI are not subject to tax on income or capital gains. In addition, upon any payment or dividend by the Company or ATA BVI, no withholding tax is imposed.

People's Republic of China

The Company's consolidated PRC subsidiaries are registered in the PRC as Foreign Invested Enterprise and are generally subject to the PRC foreign enterprise income tax ("FEIT") rate of 33%. ATA Online, the Company's consolidated VIE is registered in the PRC as domestic company and is subject to the PRC enterprise income tax rate of 33%.

In 1999, ATA Testing was granted the status of a "High New Technology Development Enterprise" ("high-tech enterprise") that entitles it to a preferential FEIT rate of 15%. In 2003, ATA Learning was granted the status of a high-tech enterprise that entitles it to a preferential FEIT rate of 15%. In addition, ATA Learning has been granted a "tax holiday" for exemption of FEIT for calendar years 2003 through 2005 and a FEIT holiday rate of 7.5% for calendar years 2006 through 2008.

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New Tax Law") which will take effect on January 1, 2008. The New Tax Law unified the income tax rate of PRC domestic enterprises and foreign invested enterprises into a standard rate of 25%. According to the New Tax Law, certain high-tech enterprises will continue to be entitled to a reduced tax rate of 15%. The Group currently believes ATA Testing and ATA Learning will continue to qualify as high-tech enterprises under the New Tax Law and therefore management believes the tax status of ATA Testing and ATA Learning has not changed as a result of the New Tax Law. However, detailed implementation rules regarding the preferential tax policies (e.g. the details of how a taxpayer can qualify as a high-tech enterprise under the New Tax Law) have yet to be made public. Any effect on deferred income tax assets and liabilities of a change in tax status as a result of the detailed implementation rules will be recognized in the statement of operations in the period that the change in tax status is known.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Also, under the New Tax Law, a withholding tax of 20% may be applied on the dividends received by ATA BVI from ATA Testing and ATA Learning after January 1, 2008. However, detailed implementation rules, including whether exemptions from withholding taxes would be granted to holding companies incorporated in certain tax jurisdictions has not yet been announced. Deferred tax liability arising from the withholding tax, if any, cannot be determined as the New Tax Law has not yet been clarified. As a result, no deferred tax liability has been recognized. There are no unremitted earnings from ATA Testing and ATA Learning as of March 31, 2007.

In addition, the Chinese tax system is generally subject to substantial uncertainties and has been subject to recently enacted changes, the interpretation and enforcement of which are also uncertain. There can be no assurance that changes in Chinese tax laws or their interpretation or their application will not subject the Company's PRC entities to substantial Chinese taxes in the future. The above preferential tax treatments enjoyed or enjoying by ATA Testing and ATA Learning may be taken away by the local tax authorities due to such changes.

Income tax benefit recognized in the consolidated statements of operations consists of the following:

	Year Ended March 31,	
	2006	2007
	RMB	RMB
Current	—	26,187
Deferred	(485,456)	(1,819,345)
Total	**(485,456)**	**(1,793,158)**

The components of loss before income tax benefit separating the Group's operations in the Cayman Islands and British Virgin Islands, and the PRC are as follows:

	Year Ended March 31,	
	2006	2007
	RMB	RMB
Operations in the Cayman Islands and British Virgin Islands	(30,194,446)	(18,678,162)
Operations in the PRC	4,899,891	95,152
Loss before income tax benefit	**(25,294,555)**	**(18,583,010)**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The actual income tax benefit as reported in the consolidated statements of operations differs from the amounts computed by applying the PRC FEIT rate of 33% to pretax loss as a result of the following:

	Year Ended March 31,	
	2006	2007
	RMB	RMB
Computed "expected" income tax benefit	(8,347,203)	(6,132,393)
Realization of tax loss carryforwards previously provided for	(1,185,570)	(957,566)
Decrease in valuation allowance	—	(1,333,911)
Tax holiday	(544,313)	155,072
Preferential tax rate	(1,468,395)	(555,685)
Foreign tax differential	9,964,167	6,163,793
Deductible software amortization	(330,000)	(330,000)
Non-deductible entertainment expenses	489,713	762,738
Non-deductible bad debt expense	307,602	164,911
Taxable inter-company licensing fees	658,053	767,928
Non-taxable equity income in affiliates	(29,510)	(498,045)
Actual income tax benefit	**(485,456)**	**(1,793,158)**

The PRC statutory rate has been used since substantially all of the Group's operations, taxable income and income tax expense are generated in the PRC.

The Group's tax holiday increased the actual income tax benefit by RMB544,313 and decreased the actual income tax benefit by RMB155,072 for the years ended March 31, 2006 and 2007, respectively. Basic and diluted loss per common share effect of the tax holiday for the years ended March 31, 2006 and 2007 were RMB(0.03) and RMB0.01, respectively.

The tax effects of the Group's temporary differences that give rise to significant portions of the deferred income tax assets are as follows:

	March 31,	
	2006	2007
	RMB	RMB
Deferred income tax assets:		
Net operating loss carryforwards	2,685,899	2,208,133
Pre-operating expenses	57,959	32,200
Investment in an affiliate	48,771	62,809
Property and equipment	124,466	141,821
Total gross deferred income tax assets	**2,917,095**	**2,444,963**
Less: Valuation allowance	(2,348,786)	(57,309)
Net deferred income tax assets	**568,309**	**2,387,654**
Current deferred income tax assets, included in prepaid expenses and other current assets	456,620	2,179,206
Non-current deferred income tax assets, included in other non-current assets	111,689	208,448
Total	**568,309**	**2,387,654**

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Tax loss operating carryforwards of the Group amounted to RMB15,640,901 as of March 31, 2007 of which RMB2,526,847, RMB6,664,859, RMB218,737 and RMB6,230,458 will expire if unused during the years ending March 31, 2008, 2009, 2012 and 2013, respectively.

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or tax carryforwards are utilized. Management considers projected future taxable income and tax planning strategies in making this assessment. The largest component of deferred income tax assets is the net operating loss carryforwards generated by ATA Testing. ATA Testing incurred operating losses through 2004. ATA Testing utilized tax loss carryforwards, which were previously provided for, amounting to RMB1,185,570 and RMB957,566, respectively, in the years ended March 31, 2006 and 2007. Management believes that ATA Testing's cumulative operating losses for the three-year period ended March 31, 2006 constituted significant evidence that deferred income tax assets would not be realizable and this evidence outweighed the Group's expectations that ATA Testing would generate future taxable income. Therefore, a valuation allowance of RMB2,348,786 has been provided against ATA Testing's deferred income tax assets as of March 31, 2006. The deferred income tax assets of RMB430,861 recognized on net operating loss generated during the three months ended March 31, 2006 was expected to be recovered within the tax year of 2006, thus no valuation allowance was provided. For the year ended March 31, 2007, management considered the continuous realization of tax loss carryforwards, the marginal cumulative operating losses for the three-year period ended March 31, 2007, the level of non-deductible permanent differences and the Group's expectations of ATA Testing's generation of future taxable income, and concluded that ATA Testing's deferred income tax assets as of March 31, 2007 are more likely than not realizable. Therefore, the Company released the valuation allowance of RMB1,391,220 attributable to ATA Testing's tax loss carryforwards and recognized an income tax benefit in the consolidated statements of operations. The valuation allowance of RMB57,309 as of March 31, 2007 was provided for the net operating loss carryforwards of ATA Online. Due to the short operating history of ATA Online, management does not believe that its deferred income tax assets are more likely than not realizable and therefore, a full valuation allowance was provided against ATA Online's deferred income tax assets as of March 31, 2007. The amount of the net deferred income tax assets considered realizable as of March 31, 2007 could be reduced in the near term if estimates of future taxable income are reduced.

(12) SHARE BASED COMPENSATION

Options granted to officers

In May 2003, the Company entered into agreements with two executives to grant share options as a reward for their services. The options entitled the executives to purchase up to 1,369,863 common shares at USD0.545 (RMB4.50) per share. The options have a contractual term of 10 years. 50%, 25% and 25% of the options will be vested after the first, second and third anniversary of the date of the grant of the options, respectively. Unvested options expire if the holders cease to be employees of the Group.

On April 12, 2005, the Board of Directors of the Company resolved to accelerate the vesting of the above mentioned options, which would have fully vested in 2006. The accelerated options resulted in compensation expense of RMB296,115 being recognized in the year ended March 31, 2006.

2005 Share incentive plan

In April 2005, the Company adopted a share incentive plan (the "Plan"), pursuant to which the Company's Board of Directors may grant share options to officers, employees, directors and consultants of the Group. The Plan authorizes the Company to grant options to purchase up to 2,894,000 common

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shares. The Plan expires in ten years. Options awards provide for accelerated vesting if there is a change in control (as defined in the Plan).

On April 12, 2005, 1,312,600 share options were granted to employees and a consultant at an exercise price of USD2.263 (RMB17.48) per share. 25% of options granted vest on May 1, 2006 and the remaining 75% vest ratably each month over the following 36-month period. The contractual term of these share options is 10 years. Of the 1,312,600 options, 860,800 share options become fully vested to the extent the holders cease to be employees, directors or a consultant of the Group.

On December 16, 2005, 951,000 share options were granted to employees at an exercise price of USD3.60 (RMB27.80) per share. 25% of options granted vest on January 1, 2007 and the remaining 75% vest ratably each month over the following 36-month period. The contractual term of these options is 10 years.

On May 26, 2006, 330,400 share options were granted to an officer at an exercise price of USD3.60 (RMB27.80) per share. 25% of options granted vest on May 1, 2007 and the remaining 75% vest ratably each month over the following 36-month period. The contractual term of these options is 10 years.

On December 27, 2006, 250,000 share options were granted to employees at an exercise price of USD3.60 (RMB27.80) per share. 25% of options granted vest on October 31, 2007 and the remaining 75% vest ratably each month over the following 36-month period. The contractual term of these options is 10 years.

A summary of all the option activities for the years ended March 31, 2006 and 2007 is presented below:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregated intrinsic value
		USD		
Outstanding at April 1, 2005	1,369,863	0.545		
Granted	2,263,600	2.825		
Exercised	—	—		
Forfeited	(120,000)	3.600		
Expired	—	—		
Outstanding at March 31, 2006	3,513,463	1.909		
Granted	580,400	3.600		
Exercised	—	—		
Forfeited	(41,000)	3.600		
Expired	—	—		
Outstanding at March 31, 2007	4,052,863	2.134	7.7 years	USD1,527,397
Fully vested and exercisable as of March 31, 2007	2,694,026	1.512	7.1 years	USD1,527,397

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The following is additional information relating to options outstanding as of March 31, 2007:

Options outstanding as of March 31, 2007			Options exercisable as of March 31, 2007		
Number of shares	Exercise price per share	Remaining contractual life	Number of shares	Exercise price per share	Remaining contractual life
	USD			USD	
1,369,863	0.545	6.1 years	1,369,863	0.545	6.1 years
1,312,600	2.263	8.0 years	1,077,288	2.263	8.0 years
790,000	3.600	8.7 years	246,875	3.600	8.7 years
330,400	3.600	9.2 years			
250,000	3.600	9.7 years			
4,052,863	2.134	7.7 years	2,694,026	1.512	7.1 years

Management determined the estimated fair value of each option award to executives, directors, consultants and employees using the Binomial option-pricing valuation model under the assumptions noted in the following table:

	2005 April	2005 December	2006 May	2006 December
Expected volatility	64%	60%	57%	56%
Expected dividends	—	—	—	—
Expected life	9.0 years	9.5 years	9.3 years	8.9 years
Risk-free interest rate (per annum)	4.38%	4.45%	5.06%	4.66%
Estimated fair value at grant date of underlying common shares (per share)	USD0.89	USD0.99	USD1.14	USD1.66

Because the Company does not have an internal market for its shares, the expected volatility was based on the historical volatilities of comparable publicly traded training and testing services companies operating in the United States. The expected term is the period of time the options are expected to be outstanding. Since the share options, once exercised, will primarily trade in the United States capital market and there was no comparable PRC zero coupon rate, the risk-free rate for periods within the contractual life of the option is based on the United States treasury yield curve in effect at the time of grant.

The estimated fair value of the underlying common shares on the date of grant was determined by management based on valuations conducted by Sallmanns (Far East) Limited, an independent third-party valuation firm, on the Company's common shares as of the dates of grant, supplemented by the forecasted profitability and cash flows of the Group estimated by the Company.

The weighted-average grant-date fair value of options granted during the years ended March 31, 2006 and 2007 was USD0.378 (RMB3.095) and USD0.538 (RMB4.258) per share, respectively. The Company recorded share-based compensation expense of RMB4,182,233 and RMB2,497,318 for the years ended March 31, 2006 and 2007, respectively.

As of March 31, 2007, there was RMB2,614,644 of total unrecognized compensation cost related to non-vested share options. This cost is expected to be recognized over the next 4 years.

(13) CONVERTIBLE PREFERRED SHARES

The Company is authorized to issue Series A redeemable convertible preferred shares ("Series A Shares") and Series A-1 redeemable convertible preferred shares ("Series A-1 Shares"), which both carry

the same rights and are designated as the same class of preferred shares. Series A Shares and Series A-1 Shares are referred to collectively as the "Preferred Shares."

On January 16, 2005, the Company obtained a bridge loan of USD5,000,000 (RMB41,382,500) from SB Asia Investment Fund II, L.P. ("SAIF") in contemplation of the issuance of Series A Shares.

On March 31, 2005, the Company issued 6,628,369 Series A Shares to two investors — SAIF and Winning King Ltd. at USD2.263 (RMB18.730) per share (the "Series A issue price") for a total cash consideration of USD15,000,000 (RMB124,147,500), including conversion of the bridge loan of USD5,000,000 (RMB41,382,500) and accrued interest of USD50,313 (RMB416,416). The accrued interest was added to the initial carrying amount of the Series A Shares.

Total direct external incremental costs of issuing the Series A Shares and warrant of RMB6,191,974 were charged against the proceeds of the Series A Shares.

Prior to March 9, 2006, the Series A Shares were redeemable at the option of the majority of the holders for cash any time after 4 years from the issuance at a redemption price equal to 150% of the Series A issue price, plus accrued but unpaid dividends. Consequently, the Series A Shares were classified outside of permanent equity of the Company at issuance and until March 9, 2006. The accretion to the redemption value was reported as a reduction to earnings to arrive at net loss applicable to common shareholders in the accompanying consolidated statements of operations and amounted to RMB13,889,483 for the year ended March 31, 2006.

On March 9, 2006, the holders of Series A Shares and warrant waived their rights to redeem the then outstanding Series A and Series A-1 Shares. Upon waiver of the redemption feature, the Company reclassified the carrying amount of the Series A Shares amounting to RMB123,286,791 to shareholders' equity.

The significant terms of the Preferred Shares are as follows:

Conversion

The holders of Preferred Shares have the right to convert all or any portion of their holdings into common shares of the Company at any time. In addition, each Preferred Share will automatically be converted into common share upon vote or written consent of the holders of more than two-thirds of the then outstanding Preferred Shares or the consummation of a Qualified Public Offering, as defined in the preferred share agreement.

Each Preferred Share is convertible into one common share, subject to a contingent conversion price adjustment if the audited US GAAP consolidated net income of the Group for the year ended December 31, 2005 is less than USD6,000,000 (RMB46,339,200) or the Company does not close or complete a Qualified Public Offering by March 31, 2006. The contingent conversion price adjustment is based on a formula which considers the net income of the Group for the 12 months period ended December 31, 2005 and the valuation of the Company as a result of an initial public offering. As of March 31, 2007, the contingency was not resolved with respect to determining the adjusted conversion price because one of the conditions, the valuation of the Company as a result of an initial public offering, was unknown as of March 31, 2007. Based on the Company's best estimate of the company value, 4,218,402 common shares would have been issuable, if the contingency (the valuation of the Company as a result of an initial public offering) was resolved on March 31, 2007.

The Company has determined that there was no beneficial conversion feature attributable to the Preferred Shares at the date of issuance. The contingent conversion price adjustment may provide the holders of the Preferred Shares with a beneficial conversion feature; however, any such beneficial

conversion feature relating to the conversion ratio adjustment will be recognized when the contingency is resolved.

On March 31, 2005, in conjunction with the issuance of Series A Shares, the Company also issued a warrant to SAIF to purchase an aggregate of 883,783 Series A-1 Shares at an exercise price of USD3.3945 (RMB27.2119). The warrant is exercisable until the earlier of: (i) March 31, 2010; or (ii) the date of closing of a qualified initial public offering.

The warrant permits SAIF to acquire Series A-1 Shares that are redeemable at its option. Therefore, the warrant has been classified separately as a liability (with a corresponding reduction to the carrying amount of the Series A Shares) on the date of issuance at its fair value of RMB5,705,410 (or RMB6.46 per share). The fair value of warrant was determined by first valuing the Company's enterprise value as a whole and then using a top-down approach to allocate the enterprise's equity value, probability weighted to reflect the respective contractual provisions of certain capital or equity transactions of the Company, to different classes of equity, including the warrant. The Black-Scholes option-pricing model under certain capital or equity transactions was used to determine the allocation of equity value to the warrant. Subsequent changes to the fair value of the warrant were reported in the consolidated statements of operations. Immediately prior to the elimination of the redemption feature on March 9, 2006, the Company remeasured the warrant to its fair value of RMB5,916,546 with the increase in fair value of RMB211,136 being recognized as loss from revaluation of preferred share warrant in the consolidated statements of operations. The Company then reclassified the preferred shares into shareholders' equity. The warrant was also reclassified into shareholders' equity at its fair value of RMB5,916,546.

The common shares that will be issued upon conversion of the Preferred Shares as of March 31, 2007 would be 7,512,152, which had been reserved by the Company to satisfy the conversion.

Voting Rights

The holders of the Preferred Shares have voting rights equivalent to the common shareholders on an "if converted" basis.

Dividends

Prior to March 9, 2006, holders of the Preferred Shares were entitled to receive preferred dividends at an annual rate of 6% of the issue price per annum, out of any funds legally available for this purpose, when and if declared by the Board of Directors of the Company. On March 9, 2006, the holders of Series A Shares and warrant waived their rights to receive dividends prior to any other class or series of shares.

Appointment of Directors

Two directors shall be elected by the holders of a majority of the Preferred Shares, voting separately as a class.

Liquidation Preference

Prior to March 9, 2006, in the event of any liquidation event (as defined in the Company's Articles of Association), the holders of the Preferred Shares were entitled to receive, prior to any distribution to the holders of any other class or series of shares, an amount per share equal to the 150% of Series A issue price of USD2.263 (RMB18.730), as adjusted for any share splits, share dividends and recapitalization, and the amount payable to common shareholders on an as-converted basis. On March 9, 2006, the holders of Series A Shares and warrant waived their rights to receive 150% of original issue price

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of Series A and Series A-1 preferred shares upon Liquidation events to instead, receive an amount equal to 100% of the original issue price of Series A and Series A-1 preferred shares upon Liquidation events.

Restrictions

The Company may not undertake any of the following actions without the prior approval of directors nominated by the holders of Preferred Shares:

(i) Undertake merger, amalgamation or consolidation ("Transaction") of the Company with any person who does not own or control at least a majority of the voting power of the combined entity before the Transaction;

(ii) Sell all or substantially all of the assets of the Company;

(iii) Liquidate, wind up or dissolve the Company;

(iv) Authorize, create or issue shares of any class of shares with rights senior to or in parity with the Preferred Shares;

(v) Reclassify any outstanding shares into shares having preferences or priority as to dividends or assets senior to or in parity with the Preferred Shares; and

(vi) Increase and decrease the number of directors above seven directors.

On May 1, 2006, SAIF exercised the warrant and purchased 883,783 Series A-1 Shares at USD3.3945 (RMB27.2119) per share. The exercise of the warrant resulted in the issuance of Series A-1 shares at RMB24,049,448 (USD3,000,000).

(14) COMMON SHARES

Common share warrants granted to third parties

On May 23, 2003, the Company issued a warrant to the Lender in connection with a debt modification (See Note 7) to purchase 5,479,452 common shares of the Company for RMB19,000,000. The warrant was initially set to expire on May 23, 2005, but was extended on that date to expire at the earlier of: i) 30 days after ATA Testing repays the note payable of RMB19,000,000; or ii) 30 days after the Company completes its initial public offering. The fair value of the warrant granted on May 23, 2003 was determined to be RMB8,651,061, which was the present value of the total forgiven interest payable under the original terms of the note payable. The Company believes that the present value of the forgiven interest based on the contractual interest rate is a more reliable evidence for the fair value of the warrant than any other valuation of the warrant on a stand-alone basis. The value of this warrant has been recognized as additional paid-in capital in connection with the loan modification.

On May 23, 2005, as a result of a further loan modification and the extension of the warrant's maturity, the Company re-determined the fair value of the warrant to be RMB22,379,656, based on an independent valuation by Sallmanns (Far East) Limited using the Black-Scholes option pricing model. The fair value of this warrant has been recognized as additional paid-in capital in connection with the second loan modification.

In June 2006, the Lender exercised the warrant and purchased 5,479,452 common shares at a total price of RMB19,000,000. The excess of the total price over the par value of the common shares of RMB438,564 amounting to RMB18,561,436 was charged against additional paid-in capital.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(15) COMMITMENTS AND CONTINGENCIES

The Group entered into non-cancelable operating leases, primarily for office buildings, for initial terms of one to five years, without renewal options.

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease, including any periods of free rent.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of March 31, 2007 are:

	Minimum Lease Amount
	RMB
Year ended March 31, 2008	4,110,167
Year ended March 31, 2009	4,899,390
Year ended March 31, 2010	4,070,714
Year ended March 31, 2011	1,664,742
	14,745,013

Rental expense for operating leases (except those with lease terms of a month or less that were not renewed) for the years ended March 31, 2006 and 2007 were RMB3,162,284 and RMB4,259,792, respectively.

(16) LOSS PER SHARE

Basic and diluted loss per common share is as follows:

	Year Ended March 31,	
	2006	2007
	RMB	RMB
Net loss applicable to common shareholders	35,429,358	16,789,852
Denominator for basic and diluted loss per share:		
Weighted average common shares outstanding	16,420,680	20,594,071
Basic and diluted loss per share	2.16	0.82

The Company's common equivalent shares for the years ended March 31, 2006 and 2007 consist of 645,033 and 920,119 common shares issuable upon exercise of share options, respectively (using the treasury stock method); 3,436,529 and 1,143,994 common shares issuable upon exercise of warrants, respectively (using the treasury stock method); and 10,846,771 and 11,655,493 common shares issuable upon conversion of Preferred Shares (using the as-converted method), respectively. For the years ended March 31, 2006 and 2007, all common equivalent shares in the diluted loss per share computation were excluded as their effect would be anti-dilutive.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(17) RELATED PARTY TRANSACTIONS

The principal related party transactions during the years ended March 31, 2006 and 2007 were as follows:

	Note	Year Ended March 31, 2006 RMB	Year Ended March 31, 2007 RMB
Loan collection from Yinchuan Holding and Yinchuan Holding's subsidiary, including interest and business tax	(a)	21,378,898	—
Loans to (collection from) Keying Shiji Co., Ltd. ("Keying")	(e)	540,000	(540,000)
Loan repaid to Yinchuan Holding	(b)	3,000,000	—
Financing repaid to Yinchuan Holding including accrued interest expenses	(h)	37,630,670	—
Income from assigned interests in service contracts from ATA Jiangsu, net of business tax	(f)	4,373,958	—
Expenses paid by (repaid to) ATA Jiangsu	(g)	43,869	(60,857)
Forgiveness of a liability to ATA Jiangsu	(g)	—	1,480,087
Collection from ATA Jiangsu as a result of the liquidation	(g)	—	29,141
Advances to shareholders and management:			
- Operations related	(c)	984,543	2,631,924
- Other	(d)	602,554	1,655,213
Collection of advances to shareholders and management:			
- Operations related	(c)	178,296	3,501,960
- Other	(d)	—	4,593,746
Advances from shareholders and management:			
- Operations related	(c)	102,772	—
Repayment of advances from shareholders and management:			
- Operations related	(c)	67,471	102,776
- Other	(d)	4,081,480	—

Amounts due from and due to related parties were as follows:

	Note	March 31, 2006 RMB	March 31, 2007 RMB
Current assets:			
Due from Keying	(e)	540,000	—
Due from shareholders and management	(c)&(d)	3,828,339	19,770
Total		**4,368,339**	**19,770**
Current liabilities:			
Due to ATA Jiangsu	(g)	1,540,944	—
Due to shareholders and management	(d)	102,776	—
Total		**1,643,720**	**—**

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Notes:

(a) Yinchuan Holding held 60% of the equity interest of ATA Learning prior to May 9, 2005. Yinchuan Holding and its subsidiary borrowed RMB20,000,000 from ATA Learning in December 2003. The loan was unsecured and interest accrued at bank lending rate prescribed by the PBOC, originally due for collection on December 31, 2004 and was subsequently extended until collected with interest on June 1, 2005.

(b) In February 2003, ATA Testing borrowed RMB5,000,000 from Yinchuan Holding. The borrowing was unsecured, interest free and repayable on demand. Yinchuan Holding agreed to forgive RMB2,000,000 out of the total loan balance of RMB5,000,000. Such forgiveness was connected to the exercise of call option for RMB30,000,000 by ATA BVI (See (h)). Upon the extinguishment of this obligation, ATA Testing recognized a RMB2,000,000 gain in the consolidated statement of operations for the year ended March 31, 2005. ATA Testing repaid the remaining RMB3,000,000 on June 1, 2005.

(c) The management and shareholders of the Group received business advances from the Group for the Group's daily operation purposes. The amounts are unsecured, interest free and repayable on demand. The balances due from management and shareholders were charged in the consolidated statements of operations when expenses were incurred.

(d) The management and shareholders of the Group periodically provided advances to the Group for working capital purposes or received advances from the Group for their personal use. The amounts are unsecured, interest free and repayable on demand. The balances due to/from management and shareholders were settled periodically and were fully settled as of March 31, 2007.

(e) Two executive officers of the Group, own 90% and 10% shares, respectively, of Keying. The loans made during the year ended March 31, 2006 were to finance Keying's working capital and were interest free, unsecured and repayable on demand. Keying repaid the loan in full during the year ended March 31, 2007.

(f) In March 2002, ATA Testing entered into an agreement with ATA Jiangsu (an affiliate of the Company) to assign ATA Testing's interests and rights in certain services contracts. ATA Testing collected RMB6,500,000 related to the assignment of these contracts. ATA Testing estimated that these service contracts would generate revenue for 10 years and would provide ongoing technical support during the period of service contracts. As a result, ATA Testing initially deferred the recognition of such revenue and was recognizing the RMB6,500,000 into income ratably over the 10 year period. In December 2005, ATA Jiangsu commenced a voluntary winding up, which was completed in May 2006. Consequently, ATA determined it would no longer be required to provide ongoing technical support. Therefore, ATA Testing recognized the remaining portion of the deferred revenue into income during the year ended March 31, 2006. For the years ended March 31, 2006 and 2007, the Group recognized revenue from assignment of interest in service contracts of RMB4,373,958 and RMBNil, respectively.

(g) ATA Jiangsu paid certain operating expenses on behalf of ATA Testing. Such expenses were charged into the consolidated statements of operations when incurred. RMB60,857 of March 31, 2006 balance was settled by cash and the remaining balance of RMB1,480,087 was recognized as a gain from the liquidation of ATA Jiangsu's net assets.

(h) Upon the formation of ATA Learning in 2003, Yinchuan Holding contributed RMB30,000,000 in cash for a 60% equity ownership interest. ATA BVI was granted a call option that allowed it to acquire Yinchuan Holding's 60% equity interest for RMB30,000,000, and Yinchuan Holding was granted a put option that, upon exercise, obligated ATA BVI to purchase Yinchuan Holding's 60% equity interest for RMB30,000,000. Both the call option and put option expired the earlier of (i) the

end of the fourth fiscal year end since ATA Learning's formation or (ii) the point when ATA Learning reaches an accumulative net income of RMB30,000,000. Since ATA BVI was the primary beneficiary of ATA Learning and was consolidating ATA Learning in accordance with FIN 46R, Yinchuan Holding's RMB30,000,000 cash contribution was accounted for by ATA BVI as a financing arrangement pursuant to the provisions of EITF Issue No. 00-04 *"Majority Owner's Accounting for a Transaction in the Share of a Consolidated Subsidiary and a Derivative Indexed to the Minority Interest in That Subsidiary."* To the extent that the financing was repaid at any time prior to the end of a calendar year (as effected through exercise of the option), Yinchuan Holding was not entitled to receive a pro rata share of ATA Learning's earnings for that calendar year. On May 9, 2005, ATA BVI exercised the call option to acquire the remaining 60% of the equity interest in ATA Learning from Yinchuan Holding for RMB30,000,000, and the accrued unpaid "interest" of RMB7,630,670 was paid by June 1, 2005. Consequently, upon exercise of the call option in May 2005 that resulted in the repayment of the financing arrangement, no interest expense with respect to this arrangement was recognized for the period from January 2005 to May 2005.

(18) ATA INC. ("Parent Company")

Relevant PRC statutory laws and regulations permit payments of dividends by the Group's PRC subsidiaries and VIE only out of their retained earnings, if any, as determined in accordance with the PRC accounting standards and regulations. There are no retained earnings available for distribution as of March 31, 2007 as ATA Testing, ATA Learning and ATA Online all recorded accumulated losses in their financial statements prepared in accordance with the PRC accounting standards and regulations.

In accordance with the relevant laws and regulations for sino-foreign investment enterprises incorporated under the Law of the PRC on Joint Venture Using Chinese and Foreign Investment, ATA Learning is required to make appropriation of net income to general reserve fund, enterprise expansion fund and staff and workers' welfare and bonus fund ("Funds") at the discretion of the board of directors. ATA Learning decided not to appropriate after tax income to Funds for the year ended December 31, 2004 (the statutory financial year for all PRC enterprises is from January 1 to December 31). In May 2005, ATA Learning was converted to a wholly-owned foreign enterprise after acquisition of 60% of its equity interest by ATA BVI (See Note 1). Under the PRC Company Law and the Law of the PRC on Enterprises with Wholly Owned Foreign Investment, ATA Testing, ATA Learning and ATA Online are required to allocate at least 10% of their after tax income, after making good of accumulated losses as reported in their PRC statutory financial statements, to the general reserve fund/statutory surplus reserve and have the right to discontinue allocations to the general reserve fund/statutory surplus reserve if the balance of such reserve has reached 50% of their registered capital. These statutory reserves are not available for distribution to the shareholders (except in liquidation) and may not be transferred in the form of loans, advances, or cash dividend.

No after tax income were appropriated from retained earnings and set aside for these statutory reserves by ATA Testing, ATA Learning and ATA Online on or before March 31, 2007.

As a result of these PRC laws and regulations, the Group's PRC subsidiaries and VIE are restricted in their ability to transfer a portion of their net assets either in the form of dividends, loans or advances, which restricted portion, consisted of paid-up capital, capital surplus and accumulated deficit, amounted to RMB39,833,084 as of March 31, 2007.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following presents condensed unconsolidated financial information of the Parent Company only.

Condensed Balance Sheets

	March 31,	
	2006	2007
	RMB	RMB
Cash	2,281,186	6,640,823
Prepaid expenses and other current assets	101,489	48,380
Investments in subsidiaries and variable interest entity	62,367,930	75,240,501
Deferred initial public offering costs	—	9,462,485
Total assets	**64,750,605**	**91,392,189**
Other payables	1,502,207	3,030,352
Guaranteed obligation for losses of subsidiaries and variable interest entity	37,356,647	33,713,172
Shareholders' equity:		
Convertible preferred shares	533,451	604,299
Common shares	1,655,313	2,093,877
Treasury shares	(16,106,940)	(16,106,940)
Additional paid-in capital	158,102,092	203,139,446
Accumulated deficit	(118,292,165)	(135,082,017)
Total shareholders' equity	**25,891,751**	**54,648,665**
Total liabilities and shareholders' equity	**64,750,605**	**91,392,189**

The Company had no contingent obligations other than guaranteed obligation for losses of subsidiaries and variable interest entity, as discussed above, as of March 31, 2006 and 2007.

Condensed Statements of Operations

	Year Ended March 31,	
	2006	2007
	RMB	RMB
General and administrative expenses	(5,921,927)	(16,187,897)
Other expenses	(1,507,890)	(2,922,571)
Interest expenses	(22,713,422)	—
Loss from revaluation of preferred share warrant	(211,136)	—
Interest income	159,929	432,306
Equity in income from subsidiaries and variable interest entity	5,385,347	1,888,310
Net loss	**(24,809,099)**	**(16,789,852)**
Accretion of Series A redeemable convertible preferred shares to redemption value	(13,889,483)	—
Foreign currency exchange translation adjustment on Series A redeemable convertible preferred shares	3,269,224	—
Net loss applicable to common shareholders	**(35,429,358)**	**(16,789,852)**

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Condensed Statements of Cash Flows

	Year Ended March 31,	
	2006	2007
	RMB	RMB
Cash flows from operating activities:		
Net loss	(24,809,099)	(16,789,852)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of loan discount	22,713,422	—
Unrealized foreign currency exchange loss	535,741	1,567,582
Loss on revaluation of preferred share warrant	211,136	—
Share-based compensation	4,182,233	2,497,318
Equity in income of subsidiaries and variable interest entity	(5,385,347)	(1,888,310)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(101,489)	53,109
Other payables	(1,456,563)	85,340
Net cash used in operating activities	**(4,109,966)**	**(14,474,813)**
Cash flows from investing activities:		
Contribution made to ATA Testing	(19,384,391)	—
Advances to subsidiaries	(26,046,003)	(15,032,756)
Loans to related parties	—	(1,000,000)
Net cash used in investing activities	**(45,430,394)**	**(16,032,756)**
Cash flows from financing activities:		
Proceeds from issuance of common shares	—	19,000,000
Proceeds from issuance of preferred shares	—	24,049,448
Cash paid to settle a debt from an investor of ATA Learning	(30,000,000)	—
Cash paid for preferred shares and warrants issuance cost	(4,061,003)	—
Cash paid for initial public offering costs	—	(8,019,680)
Net cash (used in) provided by financing activities	**(34,061,003)**	**35,029,768**
Effect of foreign exchange rate changes on cash	**(73,341)**	**(162,562)**
Net (decrease) increase in cash	(83,674,704)	4,359,637
Cash at beginning of year	85,955,890	2,281,186
Cash at end of year	**2,281,186**	**6,640,823**

(19) SUBSEQUENT EVENTS

(a) Adjustment to the conversion price of Series A Shares

On July 2, 2007, the Company and the holders of the Series A Shares agreed to adjust the conversion price of Series A Shares to common shares from USD2.263 to USD1.3829 per share according to the mechanism stipulated in the Company's memorandum and articles of association. Accordingly, on a fully–converted basis, Series A Shares will be converted to 10,846,771 common shares under the adjusted conversion price.

ATA INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Company has also determined that the non-detachable conversion feature had no intrinsic value on July 2, 2007, when the contigency was resolved, as the commitment-date fair value (USD0.89) of the underlying common shares of the Company issuable upon conversion is lower than the adjusted conversion price of Series A Shares. Therefore, no beneficial conversion feature was recognised. The fair value of the underlying common shares of the Company was determined by Sallmanns (Far East) Limited, an independent third-party valuation firm, using an income approach. Since the Company's capital structure comprised a warrant, common shares and Preferred Shares, the equity value was allocated between each class of equity securities using the option pricing method. The option pricing method treats the warrant, common shares and Preferred Shares as call options on the equity value with exercise prices based on the warrant's exercise price and liquidation preferences of the Preferred Shares.

On July 2, 2007, the Company also resolved that the number of common shares, which were reserved for the purpose of issuing upon conversion of the Series A and Series A-1 shares, were adjusted to 11,730,554.

(b) Grant of stock options

On October 1, 2007, the Group's board of directors approved the grant of 391,800 options to purchase common shares at an exercise price of USD3.60 per common share. 25% of the options granted vest on January 1, 2008 and the remaining 75% vest ratably at the end of each month over the following 30-month period. The contractual term of these options is 10 years. Based on the preliminary valuation performed by Sallmanns (Far East) Limited, an independent valuation firm, the grant-date fair value of the 391,800 options is estimated at approximately RMB18,500,000 (unaudited). Sallmanns (Far East) Limited used the binomial option pricing model. The assumptions used in determining the fair value of the options were as follows: expected volatility of 43%, expected dividend rate of 0%, expected life of 1.8 years, risk-free interest rate of 4.56% per annum, and estimated fair market value of underlying shares of USD9.52 (the mid-point of the estimated range of the initial public offering price of this offering after a discount of 9.16% to account for inherent business risk and lack of marketability)(Unaudited).

(c) Acquisition of equity interests in Beijing Jindixin Software Technology Company Limited ("Beijing Jindixin") and JDX Holdings Limited

On October 15, 2007, the Company entered into definitive agreements to purchase the entire equity interests of Beijing Jindixin and JDX Holdings Limited for total cash consideration of RMB10 million. Beijing Jindixin is a PRC incorporated entity primarily engaged in the development and marketing of software for computer-based tests. JDX Holdings Limited is a British Virgin Islands incorporated entity established by the equity holders of Beijing Jindixin to receive permanent and exclusive licensing rights for the use of technology owned by Beijing Jindixin. On October 15, 2007, a deposit of RMB2 million in the aggregate was made to the sellers with the remainder of the consideration due upon closing. The transaction is expected to close within 90 days of the date of the agreements, subject to satisfaction of customary closing conditions. In conjunction with the acquisition, the Company also issued to certain of the sellers warrants for the purchase of an aggregate of 126,803 of the Company's common shares at a strike price of USD5.25 per share, which warrants are exercisable upon the closing of the transaction and expire on January 13, 2008. On the date of issuance, the estimated intrinsic value of the warrants granted to certain of the sellers approximated RMB 4.1 million (USD0.5 million) based on the estimated fair market value of underlying shares of USD9.52 (the mid-point of the estimated range of the initial public offering price of this offering after a discount of 9.16% to account for inherent business risk and lack of marketability).

The acquisition of the equity interest of Beijing Jindixin and JDX Holdings Limited will be accounted for in accordance with SFAS No. 141, *"Business Combinations."* The results of Beijing Jindixin

and JDX Holdings Limited will be included in the consolidated results and financial position of the Group for the periods subsequent to the consummation of the acquisition.

This acquisition is being made to expand the Group's business by allowing the Group to market test delivery services to test sponsors that are using test and content management software developed by Beijing Jindixin, expand our scope of services to test sponsors that wish to outsource their test management systems, and leverage the relationship developed by the management of Beijing Jindixin with test sponsors.

(d) Extension of warrants

In connection with the warrants issued related to the acquisition of JDX Holding Limited as disclosed in Note 19(c) above, on January 5, 2008, the expiration date of the warrants was extended to April 30, 2008.

(20) PRO FORMA LOSS PER SHARE (UNAUDITED)

If the Company completes an initial public offering under the terms presently anticipated, all of the Preferred Shares will be converted to 11,730,554 common shares immediately prior to the completion of the offering. The pro forma basic loss per share data gives full effect as if the conversion of the Preferred Shares had taken place on April 1, 2006 to reflect the pro forma presentation for the year ended March 31, 2007.

Securities that could potentially dilute pro forma basic loss per share include share options. The computation of pro forma diluted loss per share for the year ended March 31, 2007, did not assume exercise of share options because their effect would all be anti-dilutive.

The pro forma basic and diluted loss per share has been calculated as follows:

	Year Ended March 31, 2007
	RMB
Net loss applicable to common shareholders as reported	16,789,852
Denominator for basic loss per share:	
Weighted average common share outstanding	20,594,071
Conversion of Preferred Shares	11,730,554
	32,324,625
Pro forma basic and diluted loss per share	0.52

ATA INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	March 31, 2007	September 30, 2007	September 30, 2007
		RMB	RMB	(Note 1) USD
ASSETS				
Current assets:				
Cash		45,019,114	52,567,487	7,015,733
Accounts receivable, net	(3)	16,977,651	29,611,903	3,952,048
Due from related parties		19,770	—	—
Inventories		2,405,912	2,435,439	325,037
Prepaid expenses and other current assets		12,233,295	13,129,413	1,752,271
Total current assets		**76,655,742**	**97,744,242**	**13,045,089**
Investment in an affiliate	(4)	3,162,548	—	—
Property and equipment, net	(5)	7,543,184	8,641,821	1,153,350
Goodwill		6,880,123	6,880,123	918,231
Deferred initial public offering costs		9,462,485	12,777,888	1,716,850
Other assets		4,461,368	4,990,251	654,512
Total assets		**108,165,450**	**131,034,325**	**17,488,032**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable		5,546,140	4,297,789	573,589
Accrued expenses and other payables	(6)	13,732,392	27,782,741	3,707,925
Deferred revenues		26,341,019	27,177,105	3,627,096
Total current liabilities		**45,619,551**	**59,257,635**	**7,908,610**
Deferred revenues		7,897,234	7,547,070	1,007,243
Total liabilities		**53,516,785**	**66,804,705**	**8,915,853**
Shareholders' equity:				
Convertible preferred shares: USD0.01 par value; 10,000,000 shares authorized, including:	(10)			
Series A preferred shares:				
6,628,369 issued and outstanding USD15,000,000 liquidation value		533,451	533,451	71,195
Series A-1 preferred shares:				
883,783 issued and outstanding USD3,000,000 liquidation value		70,848	70,848	9,456
Common shares:				
USD0.01 par value 40,000,000 shares authorized 25,479,452 shares issued and outstanding		2,093,877	2,093,877	279,452
Treasury shares — 3,579,320 common shares, at cost		(16,106,940)	(16,106,940)	(2,149,656)
Additional paid-in capital	(9)	203,139,446	204,190,236	27,251,526
Accumulated deficit		(135,082,017)	(126,551,852)	(16,889,794)
Total shareholders' equity		**54,648,665**	**64,229,620**	**8,572,179**
Commitments and contingencies	(11)			
Total liabilities and shareholders' equity		**108,165,450**	**131,034,325**	**17,488,032**

See the accompanying notes to unaudited condensed consolidated financial statements.

ATA INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Six-month Period Ended September 30,		
		2006	2007	2007
		RMB	RMB	(Note 1) USD
Net revenues	(7)	32,368,428	76,248,429	10,176,226
Cost of revenues		18,750,871	32,777,269	4,374,502
Gross profit		**13,617,557**	**43,471,160**	**5,801,724**
Operating expenses:				
Research and development		4,017,439	5,286,358	705,525
Sales and marketing		10,842,730	12,094,238	1,614,115
General and administrative		12,316,047	17,354,747	2,316,189
Total operating expenses		**27,176,216**	**34,735,343**	**4,635,829**
Income (loss) from operations		**(13,558,659)**	**8,735,817**	**1,165,895**
Equity in net loss of an affiliate	(4)	(320,515)	—	—
Gain from sale of an affiliate	(4)	—	2,837,451	378,690
Gains from liquidation of an affiliate	(4)	1,509,228	988,133	131,878
Interest income		349,157	270,097	36,048
Foreign currency exchange losses, net		(519,235)	(186,299)	(24,864)
Income (loss) before income taxes		**(12,540,024)**	**12,645,199**	**1,687,647**
Income tax benefit (expense)	(8)	683,128	(4,115,034)	(549,199)
Net income (loss)		**(11,856,896)**	**8,530,165**	**1,138,448**
Basic earnings (loss) per common share	(12)	(0.61)	0.39	0.05
Diluted earnings (loss) per common share	(12)	(0.61)	0.23	0.03
Proforma basic earnings per common share	(14)		0.25	0.03
Proforma diluted earnings per common share	(14)		0.23	0.03

See the accompanying notes to unaudited condensed consolidated financial statements.

ATA INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Convertible Preferred Shares				Common Shares					
	Number of Series A Shares	Amount	Number of Series A-1 Shares	Amount	Number of Shares	Amount	Treasury Shares	Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
		RMB		RMB		RMB	RMB	RMB	RMB	RMB
Balance as of March 31, 2007	6,628,369	533,451	883,783	70,848	25,479,452	2,093,877	(16,106,940)	203,139,446	(135,082,017)	54,648,665
Share option expense (See Note 9)	—	—	—	—	—	—	—	1,050,790	—	1,050,790
Net income	—	—	—	—	—	—	—	—	8,530,165	8,530,165
Balance as of September 30, 2007	6,628,369	533,451	883,783	70,848	25,479,452	2,093,877	(16,106,940)	204,190,236	(126,551,852)	64,229,620
Balance as of September 30, 2007 — USD (See Note 1)		71,195		9,456		279,452	(2,149,656)	27,251,526	(16,889,794)	8,572,179

See the accompanying notes to unaudited condensed consolidated financial statements.

ATA INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six-month Period Ended September 30,		
	2006	2007	2007
	RMB	RMB	(Note 1) USD
Cash flows from operating activities:			
Net income (loss)	(11,856,896)	8,530,165	1,138,448
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Equity in net loss of an affiliate	320,515	—	—
Gain from liquidation of an affiliate	(1,509,228)	(988,133)	(131,878)
Gain from sale of an affiliate	—	(2,837,451)	(378,690)
Unrealized foreign currency exchange loss	460,521	163,175	21,778
Bad debt expense	44,984	467,997	62,460
Inventory write-down	—	17,437	2,327
Depreciation and amortization	737,714	1,216,059	162,297
Gain from disposal of property and equipment	—	(150,841)	(20,131)
Share-based compensation	1,239,532	1,050,790	140,240
Deferred income tax expense (benefit)	(683,128)	2,216,293	295,790
Changes in operating assets and liabilities:			
Accounts receivable	(3,598,947)	(13,102,249)	(1,748,645)
Due from related parties	(637,404)	19,770	2,639
Inventories	(421,761)	(46,964)	(6,268)
Prepaid expenses and other current assets	(795,628)	(2,990,091)	(399,062)
Other assets	447,542	(309,701)	(41,333)
Accounts payable	3,688,494	(1,248,351)	(166,607)
Due to related parties	(163,633)	—	—
Accrued expenses and other payables	484,158	13,563,831	1,810,247
Deferred revenues	(11,267,571)	485,922	64,852
Net cash provided by (used in) operating activities	**(23,510,736)**	**6,057,658**	**808,464**
Cash flows from investing activities:			
Capital expenditures	(3,348,028)	(2,558,407)	(341,449)
Proceeds from disposal of property and equipment	—	53,050	7,080
Deposit from sale of an affiliate	2,000,000	4,000,000	533,846
Proceeds from liquidation of an affiliate	29,141	988,133	131,878
Proceeds from disposal of an affiliate	250,000	—	—
Advances and loans to related parties	(1,571,850)	—	—
Collection of advances and loans to related parties	2,354,450	—	—
Net cash provided by (used in) investing activities	**(286,287)**	**2,482,776**	**331,355**
Cash flows from financing activities:			
Proceeds from issuance of common shares	19,000,000	—	—
Proceeds from issuance of preferred shares	24,049,448	—	—
Cash paid for initial public offering costs	(2,138,542)	(828,886)	(110,624)
Repayment of note payable	(19,000,000)	—	—
Net cash provided by (used in) financing activities	**21,910,906**	**(828,886)**	**(110,624)**
Effect of foreign exchange rate changes on cash	**(460,521)**	**(163,175)**	**(21,778)**
Net increase in cash	(2,346,638)	7,548,373	1,007,417
Cash at beginning of period	44,624,314	45,019,114	6,008,316
Cash at end of period	**42,277,676**	**52,567,487**	**7,015,733**
Supplemental disclosures of cash flow information:			
Cash paid for income tax	—	12,543	1,674
Non-cash investing and financing activities:			
Forgiven liability due to ATA Jiangsu	1,480,087	—	—
Deferred initial public offering costs included in accrued expenses	5,294,839	3,315,403	442,479

See the accompanying notes to unaudited condensed consolidated financial statements.

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION, DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SIGNIFICANT CONCETRATIONS OF RISK

Organization and Description of Business

The accompanying unaudited condensed consolidated financial statements include the financial statements of ATA Inc. (the "Company"), its subsidiaries, ATA Testing Authority (Holdings) Limited ("ATA BVI"), ATA Testing Authority (Beijing) Limited ("ATA Testing") and ATA Learning (Beijing) Inc. ("ATA Learning"), and a consolidated variable interest entity ("VIE"), ATA Online (Beijing) Education Technology Limited ("ATA Online"). The Company, its consolidated subsidiaries and consolidated VIE are collectively referred to as the "Group." The Group is a provider of computer-based testing services, test-based educational services, test preparation solutions and other related services in the People's Republic of China (the "PRC").

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted under the rules and regulations of the U.S. Securities and Exchange Commission. The March 31, 2007 condensed consolidated balance sheet was derived from the audited financial statements of the Group. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements and the notes thereto for the years ended March 31, 2006 and 2007.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of the financial position as of September 30, 2007, and the results of operations and cash flows for the six-month periods ended September 30, 2006 and 2007, have been made.

The preparation of financial statements in conformity with U.S. GAAP requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the fair value of share-based payments, expected service period for course programs, expected licensing period for perpetual ATA Test centers, collectibility of accounts receivable, realization of deferred income tax assets, useful lives and residual values of long-lived assets, recovery of the carrying values of long-lived assets and goodwill, and the fair values of financial and certain equity instruments. Actual results could differ from those estimates.

The Group has experienced, and expects to continue to experience, seasonal fluctuations in revenue, primarily due to the seasonal changes in student enrollments and completion of examinations by test takers. Consequently, the Group's financial position, operating results, cash flows and trends in these unaudited condensed consolidated financial statements are not necessarily indicative of future results that may be expected for any other interim period or for the full year.

For the convenience of readers, certain Renmibi ("RMB") amounts as of and for the six-month period ended September 30, 2007 included in the accompanying unaudited condensed consolidated financial statements have been translated into United States dollars ("USD") at the rate of USD1.00 = RMB7.4928, being the noon buying rate of USD in effect on September 28, 2007 in the City of New York for cable transfer in RMB per USD as certified for custom purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into USD at that rate or at any other certain rate on September 28, 2007.

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Significant Concentrations and Risks

The success of the Group's business going forward will rely in large part on its ability to continue to obtain business from its existing clients and maintain its relationships with key Chinese governmental agencies. The Group's success will depend to a large extent on its ability to convince its clients that the Group's technologies and services are valuable and that it is more cost-effective for those clients to utilize the Group's services than for them to develop similar services in-house. RMB19.3 million and RMB16.4 million, representing 59.6% and 20.6 %, of its total net revenues for the six months ended September 30, 2006 and 2007, respectively, were generated from licensing and service fees from Chinese governmental agencies and educational institutions controlled by the PRC government. Demand and ability to pay for the Group's products and services by these agencies and institutions are affected by government budgetary cycles, funding availability and government policies. Funding reductions, reallocations or delays could adversely impact demand for the Group's products and services or reduce the fees the Group's clients are willing to pay for such products and services. The Chinese markets for testing services, test-based educational services and test preparation solutions are still emerging and evolving rapidly.

In November 2006, the Group launched sales of its NTET Tutorial Platform. NTET revenue of RMB20 million accounted for 26.3% of the Group's total net revenues for the six-month period ended September 30, 2007.

Net revenues to clients which individually exceeded 10% of the Group's net revenue are as follows:

	Six-month Period Ended September 30,			
	2006		2007	
	RMB	%	RMB	%
PRC Ministry of Labor	5,539,637	17.1%	6,455,167	8.5%
China Banking Association	—	0%	14,860,585	19.5%
Chengdu Shiguang Co., Ltd. (NTET distributor)	—	0%	8,205,128	10.8%

No other client accounted for 10% or more of the Group's total net revenues for the six-month periods ended September 30, 2006 and 2007.

Accounts receivable from clients which individually exceeded 10% of the Group's accounts receivable are as follow:

	March 31, 2007		September 30, 2007	
	RMB	%	RMB	%
Hefei Huaxing Co., Ltd. (NTET distributor)	—	0%	8,400,000	28.4%
Chengdu Shiguang Co., Ltd. (NTET distributor)	—	0%	6,000,000	20.3%

No other client accounted for 10% or more of the Group's accounts receivable as of March 31 or September 30, 2007.

As of March 31 and September 30, 2007, RMB38,320,167 and RMB38,282,203, respectively, in cash was held in major financial institutions located in the PRC, and cash of RMB6,640,823 and RMB14,138,071, respectively, was held in major financial institutions located in the Hong Kong Special Administration Region. Management believes that these major financial institutions are of high credit quality. Cash denominated in currencies other than RMB is subject to foreign currency risk due to the appreciation or depreciation of RMB under the current exchange rate regime in the PRC.

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Group does not have concentrations of available sources of labor, services, franchises or other rights that could, if suddenly eliminated, severely impact its operations.

(2) RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"* ("FIN 48"), which, among other things, requires applying a "more likely than not" threshold to the recognition and derecognizing of tax positions. The Group's adoption of FIN 48 as of April 1, 2007 did not have any effect on its financial position or results of operations. The Group has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of operations. No interest or penalties have been accrued at the date of adoption. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined. In the case of a related party transaction, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion.

In September 2006, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, *"Fair Value Measurements"* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about the fair value measurements. The provisions of SFAS No. 157 will be effective for the Group on April 1, 2008. Although the Group will continue to evaluate the impact of adopting SFAS No. 157 on the consolidated financial statements, management does not currently expect its adoption will have a material transition effect on the consolidated financial statements.

In November 2006, the FASB issued Emerging Issues Task Force ("EITF") Issue No. 06-6, *"Debtor's Accounting for a Modification (or Exchange) of Convertible Debt Instruments"* ("EITF 06-6"), which applies to modifications and exchanges of debt instruments that (a) either add or eliminate an embedded conversion option or (b) affect the fair value of an existing embedded conversion option. The Group's adoption of EITF 06-6 as of April 1, 2007 did not have any effect on its financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159 *"The Fair Value Option for Financial Assets and Financial Liabilities"* ("SFAS No. 159"), which permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The provisions of SFAS No. 159 will be effective for the Group on April 1, 2008. Management is currently evaluating whether to elect the fair value option as permitted under SFAS No. 159.

(3) ACCOUNTS RECEIVABLE, NET

Accounts receivable, net is summarized as follows:

	March 31, 2007	September 30, 2007
	RMB	RMB
Accounts receivable	19,417,802	32,400,291
Less: Allowance for doubtful accounts	(2,440,151)	(2,788,388)
Accounts receivable, net	**16,977,651**	**29,611,903**

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As of March 31 and September 30, 2007, accounts receivable of RMB9,427,729 and RMB2,676,616 respectively, represented amounts that the Group had the right to bill according to the contract terms, primarily relating to degree major course programs, but related revenue was not recognized until earned.

The activity in the allowance for doubtful accounts for accounts receivable for the six-month periods ended September 30, 2006 and 2007 were as follows:

	Six-month Period Ended September 30,	
	2006	2007
	RMB	RMB
Beginning allowance for doubtful accounts	1,940,422	2,440,151
Additions charged to bad debt expense	44,984	467,997
Write-off of accounts receivable	—	(119,760)
Ending allowance for doubtful accounts	**1,985,406**	**2,788,388**

(4) INVESTMENTS IN AFFILIATES

The Group's investments in affiliated companies which are all non-listed PRC companies were as follows:

Name of Company	Form of Business Structure	Percentage of Equity Held		Principal Activities
		March 31, 2007	September 30, 2007	
		%	%	
Jiangsu ATA Software Co., Ltd. ("ATA Jiangsu")	Limited liability	—	—	Computer-based testing service
Xiamen Wendu Software Education Investment ("Wendu Education")	Limited liability	40	—	Investment in software related education industry

ATA Jiangsu had incurred substantial operating losses and as of March 31, 2003, the Group's carrying amount in that investment was reduced to zero. The Group suspended the application of the equity method of accounting since that time. As a result of the completion of ATA Jiangsu's liquidation on May 10, 2006, the Group recognized a gain of RMB1,509,228, including RMB29,141 cash collection and RMB1,480,087 forgiveness of a liability. In April 2007, the Group received liquidation proceeds of RMB988,133 in cash from ATA Jiangsu's major shareholder which was recognized as a gain upon receipt.

In April 2005, ATA Learning, with other unrelated investors, established Wendu Education. ATA Learning contributed cash in the amount of RMB4,000,000 in exchange for a 40% equity ownership interest. In June 2006, ATA Learning resolved to sell its equity interest of Wendu Education for RMB6,000,000 to an unrelated buyer. On September 22, 2006, a deposit of RMB2,000,000 was received but the sale of Wendu Education had not been consummated as of March 31, 2007. In April 2007, the remaining balance of RMB4,000,000 was collected. On August 26, 2007, upon the approval of the shareholders of Wendu Education the sale was consummated and ATA Learning recognized a gain of RMB 2,837,451 on the sale of Wendu Education.

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(5) PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	March 31, 2007	September 30, 2007
	RMB	RMB
Computer equipment	9,345,563	9,641,050
Furniture, fixtures and office equipment	409,134	270,160
Software	993,501	993,501
Motor vehicles	992,931	694,211
Leasehold improvements	2,478,169	2,478,169
	14,219,298	14,077,091
Less: Accumulated depreciation and amortization	(6,676,114)	(5,435,270)
Property and equipment, net	**7,543,184**	**8,641,821**

(6) ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables consist of the following:

	March 31, 2007	September 30, 2007
	RMB	RMB
Accrued payroll and welfare	2,786,524	2,274,816
Accrued fees for professional services	1,498,273	5,342,312
Accrued initial public offering costs	1,442,805	3,929,322
Business and other taxes payable	2,296,018	3,375,323
Value added tax payable	1,888,356	5,165,912
Income taxes payable	26,187	1,912,385
Deposits due to customers	—	3,123,184
Deposit received toward the sale of Wendu Education (see Note 4)	2,000,000	—
Other current liabilities	1,794,229	2,659,487
Total accrued expenses and other payables	**13,732,392**	**27,782,741**

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(7) NET REVENUES

Components of net revenues for the six month periods ended September 30, 2007 and 2006 were as follows:

	Six-month Period Ended September 30,	
	2006	2007
	RMB	RMB
Testing services	10,622,263	29,471,779
Test based educational services	18,748,427	20,891,624
Test preparation solutions	5,000	21,632,092
Other revenue	2,992,738	4,252,934
Total revenues, net	**32,368,428**	**76,248,429**

(8) INCOME TAXES

The income tax expense (benefit) recognized in the interim condensed consolidated statements of operations consists of the following:

	Six-month Period Ended September 30,	
	2006	2007
	RMB	RMB
Current income tax expense	—	1,898,741
Deferred income tax expense (benefit)	(683,128)	2,216,293
Total income tax expense (benefit)	**(683,128)**	**4,115,034**

The actual income tax expense (benefit) as reported in the consolidated statements of operations differs from the amounts computed by applying the PRC foreign enterprise income tax rate of 33% to pretax income (loss) as a result of the following:

	Six-month Period Ended September 30,	
	2006	2007
	RMB	RMB
Computed “expected” income tax expense (benefit)	(4,138,208)	4,172,915
Increase in valuation allowance	4,177	403,713
Tax holiday	182,622	230,941
Preferential tax rate	1,065,766	(3,981,866)
Foreign tax differential	2,108,912	3,006,903
Deductible software amortization	(165,000)	(165,000)
Non-deductible entertainment expenses	407,763	158,744
Non-deductible bad debt and inventory write-offs	14,845	160,193
Non-deductible value added tax late payment surcharge	—	76,730
Taxable inter-company licensing fees	334,041	377,845
Non-taxable equity income in affiliates	(498,046)	(326,084)
Actual income tax expense (benefit)	**(683,128)**	**4,115,034**

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The PRC statutory rate has been used since substantially all of the Group's operations, taxable income and income tax expense are generated in the PRC.

The Group's tax holiday increased the actual income tax benefit by RMB182,622 and decreased the actual income tax expense by RMB230,941 for the six-month periods ended September 30, 2006 and 2007, respectively. Basic (loss) earnings per common share effect of the tax holiday for the six-month periods ended September 30, 2006 and 2007 were RMB0.009 and RMB0.011, respectively. Diluted (loss) earnings per common share effect of tax holiday for the six-month periods ended September 30, 2006 and 2007 were RMB0.009 and RMB0.006, respectively.

(9) SHARE BASED COMPENSATION

A summary of all the options activities for the six-month period ended September 30, 2007 is as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of March 31, 2007	4,052,863	2.134		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	(5,000)	3.600		
Outstanding as of September 30, 2007	4,047,863	2.133	7.2 years	USD29,903,227
Exercisable as of September 30, 2007	2,964,080	1.751	6.8 years	USD23,248,124

The Group recorded share-based compensation expense of RMB1,239,532 and RMB1,050,790 for the six-month periods ended September 30, 2006 and 2007, respectively.

As of September 30, 2007, there was RMB1,588,815 of total unrecognized compensation cost related to non-vested share options. This cost is expected to be recognized over the next 4 years.

(10) CONVERTIBLE PREFERRED SHARES

On July 2, 2007, the Company and the holders of the Series A Shares agreed to adjust the conversion price of Series A Shares to common shares from USD2.263 to USD1.3829 per share according to the mechanism stipulated in the Company's memorandum and articles of association. Accordingly, on a fully-converted basis, Series A Shares will be converted to 10,846,771 common shares under the adjusted conversion price.

The company has also determined that the non-detachable conversion feature had no intrinsic value on July 2, 2007, when the contingency was resolved, as the commitment-date fair value (USD0.89) of the underlying common shares of the Company issuable upon conversion is lower than the adjusted conversion price of Series A Shares. Therefore, no beneficial conversion feature was recognized. The fair value of the underlying common shares of the Company was determined by Sallmanns (Far East) Limited, an independent third-party valuation firm, using an income approach. Since the Company's capital structure comprised a warrant, common shares and Convertible Preferred Shares, the equity value was allocated between each class of equity securities using the option pricing method. The option pricing

method treats the warrant, common shares and Convertible Preferred Shares as call options on the equity value with exercise prices based on the warrant's exercise price and liquidation preferences of the Convertible Preferred Shares.

On July 2, 2007, the Company also resolved that the number of common shares, which were reserved for the purpose of issuing upon conversion of the Series A and Series A-1 shares, were adjusted to 11,730,554.

(11) COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Group entered into non-cancelable operating leases, primarily for office buildings, for initial terms of one to five years, without renewal options.

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease, including any periods of free rent.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of September 30, 2007 are:

	Minimum Lease Amount
	RMB
From October 1, 2007 to March 31, 2008	2,288,513
Year ended March 31, 2009	4,899,390
Year ended March 31, 2010	4,070,714
Year ended March 31, 2011	1,664,742
	12,923,359

Rental expense for operating leases (except those with lease terms of a month or less that were not renewed) for the six-month periods ended September 30, 2006 and 2007 was RMB2,113,427 and RMB2,427,703, respectively.

Other Commitments

In August 2007, the Company entered into a cooperation agreement with Tsinghua University to develop IT degree major course programs to be taught at post-secondary educational institutions incorporating course content developed by Tsinghua University. Under the agreement, which expires on October 14, 2010, the Company is obligated to pay Tsinghua University at least RMB15.0 million in license fees by the end of the contract, of which RMB5.0 million was payable prior to October 31, 2007. The license fees are paid to Tsinghua University quarterly based on actual usage.

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(12) EARNINGS (LOSS) PER COMMON SHARE

Basic and diluted earnings (loss) per common share has been calculated as follows:

	Six-month Period Ended September 30,	
	2006	2007
	RMB	RMB
Net income (loss) available (applicable) to common shareholders	(11,856,896)	8,530,165
Denominator for basic and diluted earnings (loss) per common share:		
Weighted average common shares outstanding	19,343,054	21,900,132
Plus weighted average issuable option shares	—	3,118,875
Plus weighted average issuable warrants	—	516,576
Plus convertible preferred shares outstanding	—	11,730,554
Weighted average common shares outstanding used in computing diluted earnings (loss) per common share	19,343,054	37,266,137
Basic earnings (loss) per common share	(0.61)	0.39
Diluted earnings (loss) per common share	(0.61)	0.23

The Company's dilutive common equivalent shares for the six-month periods ended September 30, 2006 and 2007 consist of 920,119 and 3,118,875 common shares issuable upon exercise of outstanding share options, respectively (using the treasury stock method); 2,294,549 and 516,576 common shares issuable upon exercise of warrants, respectively (using the treasury stock method), and 11,593,077 and 11,730,554 common shares issuable upon the conversion of the convertible preferred shares, respectively (using the as-converted method). These potentially dilutive securities were not included in the calculation of dilutive loss per share for the period ended September 30, 2006 due to their anti-dilutive effect.

(13) SUBSEQUENT EVENTS

(a) Grant of stock options

On October 1, 2007, the Group's board of directors approved the grant of 391,800 options to purchase common shares at an exercise price of USD3.60 per common share. 25% of the options granted vest on January 1, 2008 and the remaining 75% vest ratably at the end of each month over the following 30-month period. The contractual term of these options is 10 years. Based on the preliminary results of Sallmanns (Far East) Limited, an independent third party valuation firm using the binomial option pricing model, the grant-date fair value of the 391,800 options is estimated at approximately RMB18,500,000. The assumptions used in determining the fair value of the options were as follows: expected volatility of 43%, expected dividend rate of 0%, expected life of 1.8 years, risk-free interest rate of 4.56% per annum, and estimated fair market value of underlying shares of USD9.52 (the mid-point of the estimated range of the initial public offering price of this offering after a discount of 9.16% to account for inherent business risk and lack of marketability.

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(b) Acquisition of equity interests in Beijing Jindixin Software Technology Company Limited ("Beijing Jindixin") and JDX Holdings Limited

On October 15, 2007, the Company entered into definitive agreements to purchase the entire equity interests of Beijing Jindixin and JDX Holdings Limited for total cash consideration of RMB10 million. Beijing Jindixin is a PRC incorporated entity primarily engaged in the development and marketing of software for computer-based tests. JDX Holdings Limited is a British Virgin Islands incorporated entity established by the equity holders of Beijing Jindixin to receive permanent and exclusive licensing rights for the use of technology owned by Beijing Jindixin. On October 15, 2007, a deposit of RMB2 million in the aggregate was made to the sellers with the remainder of the consideration due upon closing. The transaction is expected to close within 90 days of the date of the agreements, subject to satisfaction of customary closing conditions. In conjunction with the acquisition, the Company also issued to certain of the sellers warrants for the purchase of an aggregate of 126,803 shares of the Company's common stock at a strike price of USD5.25 per share, which warrants are exercisable upon the closing of the transaction and expire on January 13, 2008. On the date of issuance, the estimated intrinsic value of the warrants granted to certain of the sellers approximated RMB4.1 million (USD0.5 million) based on the estimated fair market value of underlying shares of USD9.52 (the mid-point of the estimated range of the initial public offering price of this offering after a discount of 9.16% to account for inherent business risk and lack of marketability). On January 5, 2008, the expiration date of the warrants was extended to April 30, 2008.

The acquisition of the equity interest of Beijing Jindixin and JDX Holdings Limited will be accounted for in accordance with SFAS No. 141,*"Business Combinations."* The results of Beijing Jindixin and JDX Holdings Limited will be included in the consolidated operating results and financial position of the Group for the periods subsequent to the consummation of the acquisition.

This acquisition is being made to expand the Group's business by allowing the Group to market test delivery services to test sponsors that are using test and content management software developed by Beijing Jindixin, expand its scope of services to test sponsors that wish to outsource their test management systems, and leverage the relationship developed by the management of Beijing Jindixin with test sponsors.

(14) PRO FORMA EARNINGS PER COMMON SHARE

If the Company completes an initial public offering under the terms presently anticipated, all of the Convertible Preferred Shares will be converted to 11,730,554 common shares immediately prior to the completion of the offering. The pro forma basic earnings per share data gives full effect as if the conversion of the Preferred Shares had taken place on April 1, 2007 to reflect the pro forma presentation for the six-month period ended September 30, 2007.

Securities that could potentially dilute pro forma basic earnings per share include share options and warrants.

ATA INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The pro forma basic and diluted earnings per common share has been calculated as follows:

	Six-month Period Ended September 30, 2007
	RMB
Net income applicable to common shareholders as reported	8,530,165
Denominator for pro forma basic earnings per common share:	
Weighted average common shares outstanding	21,900,132
Conversion of Preferred Shares	11,730,554
Computing pro forma basic earnings per share	33,630,686
Denominator for pro forma diluted earnings per common share:	
Plus weighted average issuable option shares	3,118,875
Plus weighted average issuable warrants	516,576
Computing pro forma diluted earnings per common share	37,266,137
Pro forma basic earnings per common share	0.25
Pro forma diluted earnings per common share	0.23

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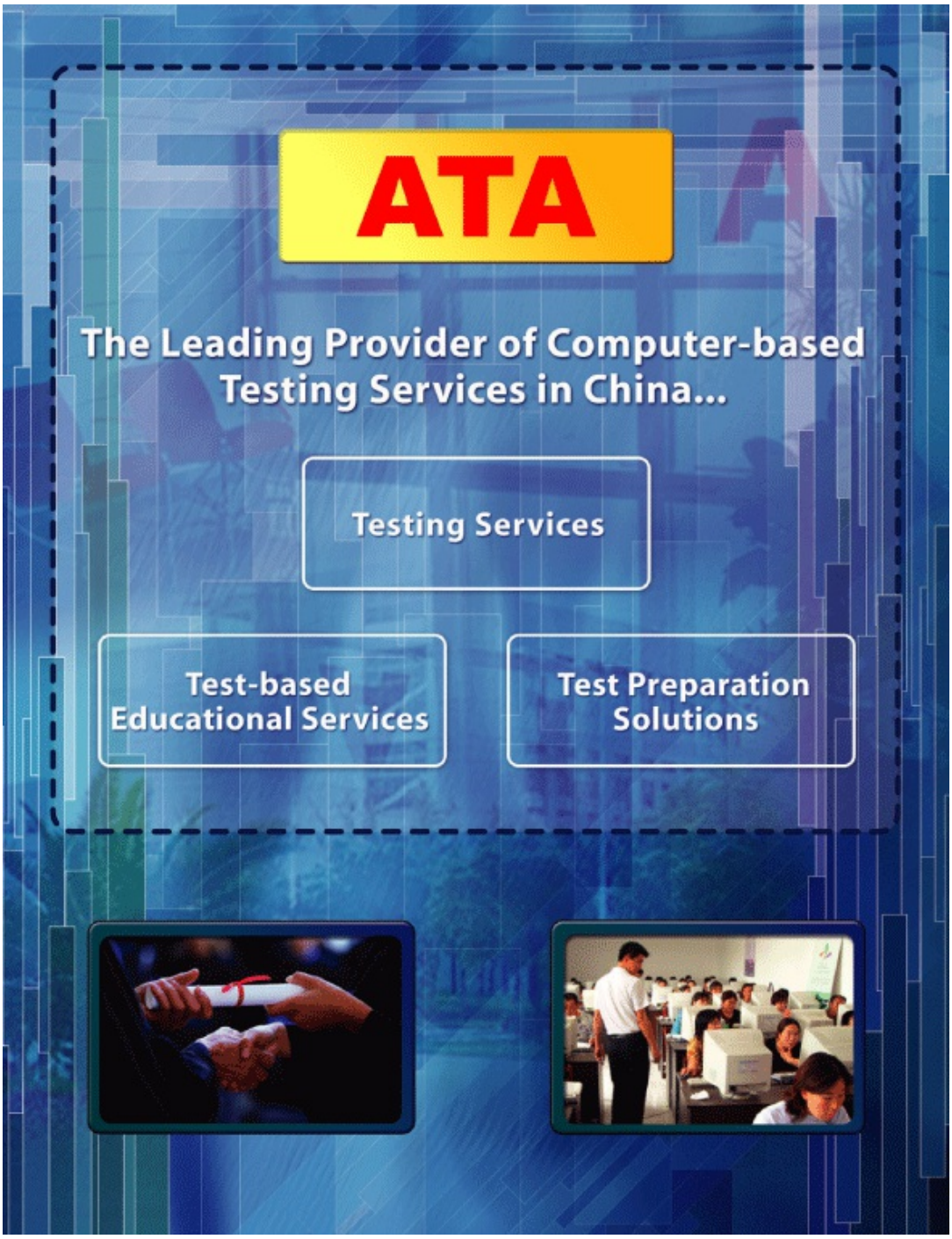

Through and including , 2008 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

American Depositary Shares

ATA Inc.

Representing Common shares

PROSPECTUS

Merrill Lynch & Co.
Piper Jaffray

, 2008

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. *Indemnification of Directors and Officers*

Cayman Islands law does not limit the extent to which a company's articles of association may provide indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Island courts to be contrary to the public interest, such as providing indemnification against civil fraud or the consequences of committing a crime. The registrant's articles of association provide that each officer or director of the registrant shall be indemnified out of the assets of the registrant against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favor, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part, or in which he or she is acquitted or in connection with any application in which relief is granted to him or her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the registrant.

Item 7. *Recent Sales of Unregistered Securities*

During the past three years, we have issued and sold the securities listed below without registering the securities under the Securities Act. None of these transactions involved any underwriters' underwriting discounts or any public offering. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S or Rule 701 under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Purchaser	Date of Issuance	Number of Securities Originally Issued	Number of Common Shares as Converted(1)	Consideration
Kevin Xiaofeng Ma	March 31, 2005	8,246,808 common shares	N/A	None (result of share split, share dividend, and compensation for prior services)
Walter Lin Wang	March 31, 2005	4,086,936 common shares	N/A	None (result of share split and share dividend)
Ming Guo	March 31, 2005	3,601,840 common shares	N/A	None (result of share split and share dividend)
Zhenxiu Zheng.	March 31, 2005	485,096 common shares	N/A	None (result of share split and share dividend)
SB Asia Investment Fund II, L.P.	March 31, 2005	6,186,478 Series A Convertible Preferred Shares	6,186,478	$2.2630 per share
	May 1, 2006	883,783 Series A-1 Convertible Preferred Shares	883,783	$3.3945 per share
Winning King Ltd.	March 31, 2005	441,897 Series A Convertible Preferred Shares	441,897	$2.2630 per share
Lijun Mai	June 26, 2006	5,479,452 common shares	N/A	RMB19,000,000 ($2.54 million)
Certain Directors, Officers, and Employees.	April 12, 2005	Options to purchase a total of 1,312,600 common shares	N/A	N/A
	December 16, 2005	Options to purchase a total of 951,000 common shares	N/A	N/A
	May 8, 2006	Options to purchase a total of 330,400 common shares	N/A	N/A
	December 27, 2006	Options to purchase a total of 250,000 common shares	N/A	N/A
	October 1, 2007	Options to purchase a total of 391,800 common shares	N/A	N/A
Yong Chai	October 15, 2007	Warrants to purchase 45,655 common shares	N/A	Selling of Beijing Jindixin Software Technology Company Limited and JDX Holdings Limited to us
Xia Li	October 15, 2007	Warrants to purchase 20,287 common shares	N/A	Selling of Beijing Jindixin Software Technology Company Limited and JDX Holdings Limited to us

Purchaser	Date of Issuance	Number of Securities Originally Issued	Number of Common Shares as Converted(1)	Consideration
Zhenghong Chen	October 15, 2007	Warrants to purchase 20,287 common shares	N/A	Selling of Beijing Jindixin Software Technology Company Limited and JDX Holdings Limited to us
Yansheng Jiang	October 15, 2007	Warrants to purchase 20,287 common shares	N/A	Selling of Beijing Jindixin Software Technology Company Limited and JDX Holdings Limited to us
Lin Wu	October 15, 2007	Warrants to purchase 20,287 common shares	N/A	Selling of Beijing Jindixin Software Technology Company Limited and JDX Holdings Limited to us

(1) Based on a one-to-one conversion ratio.

Item 8. ***Exhibits and Financial Statement Schedules***

(a) Exhibits

Exhibit No.	Description of Exhibit
1.1	— Form of Underwriting Agreement.*
3.1	— Second Amended and Restated Memorandum and Articles of Association of the Registrant.
3.2	— Third Amended and Restated Memorandum and Articles of Association of the Registrant.
4.1	— Form of Common Share Certificate.
4.2	— Second Amended and Restated Memorandum and Articles of Association of the Registrant (Filed as Exhibit 3.1 hereto).
4.3	— Third Amended and Restated Memorandum and Articles of Association of the Registrant (Filed as Exhibit 3.2 hereto).
4.4	— Form of Deposit Agreement between the Registrant and Citibank, N.A., as depositary.*
4.5	— Form of American depositary receipt evidencing American depositary shares (included in Exhibit 4.4).*
4.6	— Shareholders Agreement, dated November 10, 2006, among the Registrant and its shareholders party thereto.
4.7	— Right of First Refusal and Co-Sale Agreement, dated November 10, 2006, among the Registrant and its shareholders party thereto.
5.1	— Form of opinion of Conyers, Dill & Pearman, Cayman regarding the issue of common shares being registered.
5.2	— Form of opinion of Patterson Belknap Webb & Tyler LLP, counsel to the depositary, regarding the validity of the American depositary shares and American depositary receipts.
8.1	— Form of opinion of O'Melveny & Myers LLP regarding certain U.S. tax matters.*
8.2	— Form of opinion of Conyers, Dill & Pearman regarding certain Cayman Islands tax matters.
10.1	— 2005 Share Incentive Plan of ATA Testing Authority (Holdings) Limited.
10.2	— 2008 Employee Share Incentive Plan of the Registrant and form of ISO Option Agreement and NQSO Option Agreement.
10.3	— Form of Indemnification Agreement between the Registrant and its directors.
10.4	— Master Service Agreement between Microsoft (China) Co., Ltd. and ATA Testing Authority, (Beijing) Limited, dated May 16, 2003 and the Addendum to Master Service Agreement, dated June 8, 2006.*†
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10.8	— Loan Agreement between ATA Testing Authority (Holdings) Limited and Lin Wang, dated October 27, 2006, which was amended on February 12, 2007.
10.9	— Call Option and Cooperation Agreement among ATA Testing Authority (Holdings) Limited, Xiaofeng Ma, Lin Wang, Jianguo Wang and ATA Online (Beijing) Education Technology Limited, dated October 27, 2006.
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21.1	— Subsidiaries of Registrant.
23.1	— Consent of KPMG.
23.2	— Consent of Conyers, Dill and Pearman, Cayman (included in Exhibit 8.2).
23.3	— Consent of Jincheng & Tongda Law Firm.
23.4	— Consent of IDC.
23.5	— Consent of Sallmanns (Far East) Limited.
23.6	— Consent of Hope Ni.
23.7	— Consent of Alec Tsui.
24.1	— Powers of Attorney (included on the signature page of this registration statement).
99.1	— Code of Conduct.

* To be filed by amendment.

† Confidential treatment has been requested for portions of this exhibit.

(b) Financial Statement Schedules.

All supplement schedules are omitted because of the absence of conditions under which they are required or because the information is shown in the financial statements or notes thereto.

Item 9. ***Undertakings***

(a) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, China on January 8, 2008.

ATA Inc.

By: /s/ Carl Yeung

Name: Carl Yeung

Title: Director and Chief Financial Officer

Each of the undersigned officers and directors of ATA Inc. hereby severally constitutes and appoints Kevin Xiaofeng Ma and Carl Yeung, and each of them singly, the true and lawful attorney with full power to them, and each of them singly, to sign for the undersigned and in his or her name in the capacities indicated below, any and all amendments, including post-effective amendments, to this Registration Statement, and generally to do all such things in the undersigned's name and behalf in such capacities to enable ATA Inc. to comply with the applicable provisions of the Securities Act of 1933, as amended, and all rules and regulation thereunder, and all requirements of the Securities and Exchange Commission, and each of the undersigned hereby ratifies and confirms all that said attorneys or any of them shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated in Beijing, China on January 8, 2008.

Signature	Capacity
/s/ Kevin Xiaofeng Ma Kevin Xiaofeng Ma	Director and Chief Executive Officer (principal executive officer)
/s/ Walter Lin Wang Walter Lin Wang	Director and President
/s/ Carl Yeung Carl Yeung	Director and Chief Financial Officer (principal financial and accounting officer)
/s/ Andrew Yan Andrew Yan	Director
/s/ Lynda Lau Lynda Lau	Director

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of ATA Inc. has signed this registration statement or amendment thereto in Newark, Delaware, on January 8, 2008.

Authorized Representative

By: /s/ Donald J. Puglisi

Name: Donald J. Puglisi
Title: Managing Director, Puglisi & Associates

EXHIBIT INDEX

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99.1	— Code of Conduct.

* To be filed by amendment.

† Confidential treatment has been requested for portions of this exhibit.

Exhibit 3.1

THE COMPANIES LAW
EXEMPTED COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

ATA INC.
(adopted by a special resolution passed on 10 November, 2006)

1. NAME

The name of the Company is ATA Inc.

2. REGISTERED OFFICE

The Registered Office of the Company shall be at the offices of Codan Trust Company (Cayman) Limited, Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.

3. OBJECTS

Subject to the following provisions of this Amended and Restated Memorandum of Association (the "Memorandum"), the objects for which the Company is established are unrestricted.

4. POWERS

Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of The Companies Law.

5. NO BUSINESS WITHIN CAYMAN ISLANDS

Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.

6. CONTRACT SIGNING IN CAYMAN ISLANDS

The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. LIMITATION OF LIABILITY

The liability of each member is limited to the amount from time to time unpaid on such member's shares.

8. AUTHORISED CAPITAL

The authorised capital of the Company is US$500,000.00.

9. CLASSES, NUMBER AND PAR VALUE OF SHARES

The authorised capital of the Company is made up of two classes of shares each divided into:

(i) 40,000,000 common shares, par value US$0.01 per share (the "Common Shares");

(ii) 10,000,000 preferred shares, par value US$0.01 per share, 6,628,369 of which are Series A Preferred Shares (the "Series A Preferred Shares"),

and 883,783 of which are Series A-1 Preferred Shares (the "Series A-1 Preferred Shares"). The Series A Preferred Shares and the Series A-1 Preferred Shares shall be referred to collectively as the "Preferred Shares".

10. DESIGNATIONS, POWERS, PREFERENCES ETC OF SHARES

The Common Shares and the Preferred Shares shall have the following rights and be subject to the following restrictions:

(i) Dividend Rights

(a) Each holder of a Preferred Share shall be entitled to receive dividends at the rate of (i) 6% of the Series A Original Issue Price (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions) per annum for each Series A Preferred Share held by such holder and (ii) 6% of the Series A-1 Original Issue Price (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions) per annum for each Series A-1 Preferred Share held by such holder, payable out of funds or assets when and as such funds or assets become legally available therefor on parity with each other, prior and in preference to any dividend (payable other than in Common Shares) on the Junior Shares; provided that such dividends shall be payable only when, as, and if declared by the Board of Directors, and all such dividends per Preferred Share shall be cumulative from the date of issuance of such Preferred Share.

(b) No dividends (other than those payable solely in Common Shares) shall be declared or paid on any Junior Shares during any previous or current fiscal year of the Company until all accrued dividends in the amounts set forth in subsection (a) above shall have been paid or declared and set apart during that fiscal year and unless and until a dividend in like amount as is declared or paid on such Junior Share has been declared or paid on each outstanding Preferred Share (on an as if converted basis).

(c) Notwithstanding anything to the contrary contained herein, all holders of Preferred Shares irrevocably waive the dividend preference set forth in this Clause 10(i) such that no holder of Preferred Shares shall enjoy any dividend preference contained in this Clause 10(i).

(ii) Voting Rights

(a) General Rights. Subject to the provisions of the Memorandum and the Articles, at all general meetings of the Company: (a) the holder of each Common Share issued and outstanding shall have one vote in respect of each Common Share held, and (b) the holder of each Preferred Share shall be entitled to such number of votes as equals the whole number of Common Shares into which such holder's collective Preferred Shares are convertible immediately after the close of business on the record date of the determination of the Company's shareholders entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Company's shareholders is first solicited. Subject to provisions to the contrary elsewhere in the Memorandum and Articles of Association, including the limitation set forth in Clause 10(ii)(b)(1) and 10(ii)(b)(2), or as required by the Law, the holders of Preferred Shares shall vote together with the holders of Common Shares, and not as a separate class or series, on all matters put before the Members.

(b) Protective Provisions

1. Acts of the Company. For so long as any Preferred Share remains outstanding, in addition to any other vote or consent required elsewhere in the Memorandum and Articles of Association or by the Law, the Company shall not take any of the following actions without the prior approval of a majority of the Board of Directors of the Company, which

shall include the prior approval of the Series A Directors, if any:

(1) Any alteration of the rights, powers, preferences or restrictions for the Preferred Shares, or the creation or authorization (by reclassification or otherwise) of any new class or series of securities having rights, powers, preferences or restrictions senior to or on a parity with the Preferred Shares;

(2) The authorization, creation or issuance of any equity or debt securities, warrants, options or other rights of the Company, other than the issuance of (i) Employee Securities, (ii) Common Shares upon conversion of any Preferred Shares, (iii) securities in a Qualified IPO, or (iv) securities issued in connection with any share splits, share dividends, combinations, recapitalizations and similar transactions;

(3) The payment or declaration of a distribution or dividend with respect to any of the shares or other equity interest in the Company, including, without limitation, the repurchase or redemption of any such shares or equity interest, except (i) for a redemption as provided in Clause 10(vi) in the Memorandum, and (ii) an Exempted Distribution;

(4) The merger, amalgamation or consolidation of the Company or any Group Company with any Person or any transaction in which the members of the Company or any Group Company immediately before such transaction together with their Affiliates do not own or control at least a majority of the voting power of the surviving entity immediately after such transaction (excluding any transaction effected solely for tax purposes or to change the Company's or any Group Company's domicile), or the sale, lease, exchange, transfer, contribution, mortgage, pledge, encumbrance or other disposition of all or substantially all of the assets of the Company or any Group Company (whether in an individual transaction or a series of related transactions), or the purchase or other acquisition by any Group Company (whether individually or in combination with the Company or

any other Group Company) of all or substantially all of the assets of another Person, or the making of any joint venture or partnership arrangement, or the formation of any subsidiary, or any voluntary dissolution, winding-up, liquidation of the Company or any Group Company, or any reduction of authorized share capital of the Company or any Group Company;

(5) The effectuation of any recapitalization, reclassification, reorganization, split-off, spin-off, or filing for bankruptcy with respect to the Company or any Group Company;

(6) Any sale, mortgage, pledge, lease, transfer or other disposition of any assets of the Company or any Group Company (i) if such sale, mortgage, pledge, lease, transfer or other disposition is outside the ordinary course of business of the Company or any Group Company, or (ii) if the total value of such assets, when combined with the total value of assets otherwise sold, mortgaged, pledged, leased, transferred or otherwise disposed of during the immediately preceding 12 months, exceeds US$100,000; provided that the foregoing shall not apply to any liens created by operation of law;

(7) The approval or material amendment of any quarterly or annual budget, business plan, or operating plan

(including any capital expenditure budget, operating budget and financial plan);

(8) The undertaking of any business activities materially different from that described in the then current business plan, any change of the name of the Company or any Group Company, or the cessation of any material business undertaking of the Company or any Group Company;

(9) The incurrence of any indebtedness for borrowed money or the issuance, assumption, guarantee or creation of any liability for borrowed money, the aggregate outstanding amount of which at any given time is in excess of US$100,000 unless such liability is incurred in the ordinary course of business of the Company or any Group Company or unless such liability is incurred pursuant to the then current business plan;

(10) The expenditure or other purchase of any tangible or intangible assets in excess of US$100,000 in aggregate over any twelve-month period unless such expenditure or other purchase is made pursuant to the then current business plan;

(11) The engagement or entry into any material agreement or material contract under which the Company's or any Group Company's aggregate payments would reasonably be expected to exceed US$250,000 in aggregate over any twelve-month period;

(12) The acquisition through purchase, lease, or rental of any automobile with a purchase value greater than US$30,000 or of any real estate (including office space used by the Company or any Group Company), whether or not accounted for as a capital expenditure;

(13) The engagement or entry into any agreement or transaction with any of the Company's or any Group Company's Affiliates, shareholders, members or other related parties;

(14) Any increase or decrease of the authorized size of the Board of Directors of the Company or any Group Company or any committee thereof;

(15) The hiring, dismissal, or determination of compensation of, any of the chair person, chief executive officer, president, chief operating officer, chief financial officer, chief technology officer or any senior manager at or above the corporate vice president level of the Company or any Group Company;

(16) The increase of the compensation of any of the five most highly compensated employees of the Company or any Group Company by more than 15% within any twelve-month period unless such increases are specified to and discussed by the Board in the approved budget and business plan;

(17) The approval, amendment or administration of any employee stock option, share purchase, share bonus or other equity incentive plans, agreements or arrangements of the Company or any Group Company;

(18) Any material change in accounting principles of the Company or any Group Company, except as required by applicable law, or the appointment or change of the auditors of the Company or any Group Company;

(19) The amendment or waiver of any provision of the memorandum of association, articles of association or

any other constitutional documents of the Company or any Group Company; or

(20) The selection of any listing exchange and any underwriters for an underwritten public offering of the Company's securities, or the approval of the valuation or other material terms and conditions for such offering.

2. Election of the Board of Directors. The maximum number of persons comprising the Board of Directors shall be seven (7). As long as any Preferred Shares are outstanding, (i) the holders of outstanding Preferred Shares, voting together as a separate class and on an as converted to Common Shares basis, shall be exclusively entitled to vote on a resolution of members for the appointment of two (2) directors (the "Series A Directors") to serve on the Board of Directors of the Company, (ii) the holders of the Preferred Shares and the Common Shares, voting together as a single class and on an as-converted to Common Shares basis, shall be exclusively entitled to vote on a resolution of members for the appointment of two (2) directors (the "Independent Directors") to serve on the Board of Directors of the Company, and (iii) the holders of the Common Shares, voting together as a separate class (and not with the Preferred Shares), shall be exclusively entitled to vote on a resolution of members for the appointment of three (3) directors (the "Common Directors") to serve on the Board of Directors of the Company. When no Preferred Shares are outstanding, all directors shall instead be elected by the holders of Common Shares.

(iii) Liquidation Rights

(a) Liquidation Preferences. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary:

1. Before any distribution or payment shall be made to the holders of any Junior Shares, each holder of Preferred Shares shall be entitled to receive, on parity with each other, an amount equal to one hundred percent (100%) of the Series A

Original Issue Price or the Series A-1 Original Issue Price, as applicable (in each case as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus all dividends declared and unpaid with respect thereto (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions) per Series A Preferred Share or Series A-1 Preferred Share, as applicable, then held by such holder. If, upon any such liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Preferred Shares, then such assets shall be distributed among the holders of Preferred Shares, ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

2. After distribution or payment in full of the amount distributable or payable on the Preferred Shares pursuant to Clause 10(iii)(a)(1), the remaining assets of the Company available for distribution to members shall be distributed ratably among the holders of outstanding Common Shares and the holders of outstanding Preferred Shares in proportion to the number of outstanding Common Shares held by them (with outstanding Preferred Shares treated on an as-if-converted basis).

(b) Liquidation on Sale or Merger. The following events shall be treated as a liquidation under this Clause 10(iii) unless waived by the holders of at least a majority of the outstanding

Preferred Shares, voting together as a single group on an as-converted basis:

1. any consolidation, amalgamation or merger of the Company with or into any other Person or other corporate reorganization, in which the members of the Company immediately prior to such consolidation, amalgamation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger, amalgamation or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred, but excluding any transaction effected solely for tax purposes or to change the Company's domicile;

2. a sale, lease or other disposition of all or substantially all of the assets of the Company; or

3. the exclusive licensing of all or substantially all of the Company's intellectual property to a third party,

and upon any such event, any proceeds resulting to the shareholders of the Company therefrom shall be distributed in accordance with the terms of paragraph (a) of this Clause 10(iii).

(iv) Conversion Rights

The holders of the Preferred Shares shall have the following rights described below with respect to the conversion of the Preferred Shares into Common Shares. The number of Common Shares to which a holder shall be entitled upon conversion of any Series A Preferred Share shall be the quotient of the Series A Original Issue Price divided by the then-effective Series A Conversion Price, and the number of Common Shares to which a holder shall be entitled upon conversion of any Series A-1 Preferred Share shall be the quotient of the Series A-1 Original Issue Price divided by the then-effective Series A-1 Conversion Price. For the avoidance of doubt, the initial conversion ratio for Series A Preferred Shares to Common Shares shall be 1:1, and the initial conversion ratio for Series A-1 Preferred Shares to Common Shares shall be 1:1, and both shall be subject to adjustments based on adjustments of the Series A Conversion Price or the

Series A-1 Conversion Price, as applicable (the "Applicable Conversion Price" and each a "Conversion Price"), as set forth below:

(a) Optional Conversion

1. Subject to and in compliance with the provisions of this Clause 10(iv)(a) and subject to complying the requirements of the Law, any Preferred Share may, at the option of the holder thereof, be converted at any time into fully-paid and nonassessable Common Shares based on the then-effective Applicable Conversion Price.

2. The holder of any Preferred Shares who desires to convert such shares into Common Shares shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Preferred Shares, and shall give written notice to the Company at such office that such holder has elected to convert such shares. Such notice shall state the number of Preferred Shares being converted. Thereupon, the Company shall promptly issue and deliver to such holder at such office a certificate or certificates for the number of Common Shares to which the holder is entitled. No fractional Common Shares shall be issued upon conversion of the Preferred Shares, and the number of Common Shares to be so issued to a holder of Preferred Shares upon the conversion of such Preferred Shares (after aggregating all fractional Common Shares that would be issued to such holder) shall be rounded to the nearest whole share (with one-half being

rounded upward). Such conversion shall be deemed to have been made at the close of business on the date of the surrender of the certificates representing the Preferred Shares to be converted, and the person entitled to receive the Common Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Common Shares on such date.

(b) Automatic Conversion

1. Without any action being required by the holder of such share and whether or not the certificates representing such share are surrendered to the Company or its transfer agent, each Preferred Share shall automatically be converted, based on the then-effective Applicable Conversion Price, into Common Shares upon the earlier of (i) the closing of a Qualified IPO or (ii) the vote or written consent of the holders of more than two-thirds of the then outstanding Preferred Shares (voting together as a single class). Any conversion pursuant to this Clause 10(iv)(b)(1) shall be referred to as an "Automatic Conversion."

2. The Company shall not be obligated to issue certificates for any Common Shares issuable upon the automatic conversion of any Preferred Shares unless the certificate or certificates evidencing such Preferred Shares is either delivered as provided below to the Company or any transfer agent for the Preferred Shares, or the holder notifies the Company or its transfer agent that such certificate has been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificate. The Company shall, as soon as practicable after receipt of certificates for Preferred Shares, or satisfactory agreement for indemnification in the case of a lost certificate, promptly issue and deliver at its office to the holder thereof a certificate or certificates for the number of Common Shares to which the holder is entitled. No fractional Common Shares shall be issued upon conversion of the Preferred Shares, and the number of Common Shares to be so issued to a holder of converting Preferred Shares (after aggregating all fractional Common Shares

that would be issued to such holder) shall be rounded to the nearest whole share (with one-half being rounded upward). Any person entitled to receive Common Shares issuable upon the automatic conversion of the Preferred Shares shall be treated for all purposes as the record holder of such Common Shares on the date of such conversion.

(c) Conversion Mechanism. The conversion hereunder of any Preferred Share (the "Conversion Share") shall be effected in the following manner:

1. The Company shall redeem the Conversion Share for aggregate consideration (the "Redemption Amount") equal to (a) the aggregate par value of any shares of the Company to be issued upon such conversion and (b) the aggregate value, as determined by the Board of Directors, of any other assets which are to be distributed upon such conversion.

2. Concurrent with the redemption of the Conversion Share, the Company shall apply the Redemption Amount for the benefit of the holder of the Conversion Share to pay for any shares of the Company issuable, and any other assets distributable, to such holder in connection with such conversion.

3. Upon application of the Redemption Amount, the Company shall issue to the holder of the Conversion Share all shares issuable, and distribute to such holder all other assets distributable, upon such conversion.

(d) Conversion Price. The "Series A Conversion Price" shall initially equal the Series A Original Issue Price, the "Series A-1 Conversion Price" shall initially equal the Series A-1 Original Issue Price, and each shall be adjusted from time to time as provided below:

1. Adjustment for Share Splits and Combinations. If the Company shall at any time, or from time to time, effect a subdivision of the outstanding Common Shares, each of the Conversion Prices in effect immediately prior to such subdivision shall be proportionately decreased. Conversely, if the Company shall at any time, or from time to time, combine the outstanding Common Shares into a smaller number of shares, each of the Conversion Prices in effect immediately prior to the combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

2. Adjustment for Common Share Dividends and Distributions. If the Company makes (or fixes a record date for the determination of holders of Common Shares entitled to receive) a dividend or other distribution to the holders of Common Shares payable in additional Common Shares, each of the Conversion Prices then in effect shall be decreased as of the time of such issuance (or in the event such record date is fixed, as of the close of business on such record date) by multiplying such Conversion Price then in effect by a fraction (i) the numerator of which is the total number of Common Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of Common Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of Common Shares issuable in payment of such dividend or distribution.

3. Adjustments for Other Dividends. If the Company at any time, or from time to time, makes (or fixes a record date for the determination of holders of Common Shares entitled to receive) a dividend or other distribution payable in securities of

the Company other than Common Shares or Common Share Equivalents, then, and in each such event, provision shall be made so that, upon conversion of any Preferred Share thereafter, the holder thereof shall receive, in addition to the number of Common Shares issuable thereon, the amount of securities of the Company which the holder of such share would have received had the Preferred Shares been converted into Common Shares immediately prior to such event, all subject to further adjustment as provided herein.

4. Reorganizations, Mergers, Consolidations, Reclassifications, Exchanges, Substitutions. If at any time, or from time to time, any capital reorganization or reclassification of the Common Shares (other than as a result of a share dividend, subdivision, split or combination otherwise treated above) occurs or the Company is consolidated, merged or amalgamated with or into another Person (other than a consolidation, merger or amalgamation treated as a liquidation in paragraph (b) of Clause 10(iii)), then in any such event, provision shall be made so that, upon conversion of any Preferred Share thereafter, the holder thereof shall receive the kind and amount of shares and other securities and property which the holder of such share would have received had the Preferred Shares been converted into Common Shares on the date of such event, all subject to further adjustment as provided herein, or with respect to such other securities or property, in accordance with any terms applicable thereto.

5. Sale of Shares below the Conversion Price.

(a) If at any time, or from time to time, the Company shall issue or sell Additional Common Shares for a consideration per share less than the then existing Series A Conversion Price, then, the Series A Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale, to a price equal to the price per share of such Additional Common Shares.

(b) For the purpose of making any adjustment in a Conversion Price or number of Common Shares issuable upon conversion of the Preferred Shares, as provided above:

(i) To the extent it consists of cash, the consideration received by the Company for any issue or sale of securities shall be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensations, discounts or concessions paid or allowed by the Company in connection with such issue or sale;

(ii) To the extent it consists of property other than cash, consideration other than cash received by the Company for any issue or sale of securities shall be computed at the fair market value thereof (as determined in good faith by a majority of the Board of Directors including at least one Series A Director, if any), as of the date of the adoption of the resolution specifically authorizing such issue or sale, irrespective of any accounting treatment of such property; and

(iii) If Additional Common Shares or Common Share Equivalents exercisable, convertible or exchangeable for Additional Common Shares are issued or sold together with other stock or securities or other assets of the Company for consideration which covers both, the consideration received for the Additional Common Shares or

such Common Share Equivalents shall be computed as that portion of the consideration received (as determined in good faith by a majority of the Board of Directors including at least one Series A Director, if any) to be allocable to such Additional Common Shares or Common Share Equivalents.

(c) For the purpose of making any adjustment in a Conversion Price provided in this sub-clause 5, if at any time, or from time to time, the Company issues any Common Share Equivalents exercisable, convertible or exchangeable for Additional Common Shares and the Effective Conversion Price of such Common Share Equivalents is less than a Conversion Price in effect immediately prior to such issuance, then, for purposes of calculating any adjustment with respect to such Conversion Price, at the time of such issuance the Company shall be deemed to have issued the maximum number of Additional Common Shares issuable upon the exercise, conversion or exchange of such Common Share Equivalents and to have received in consideration for each Additional Common Share deemed issued an amount equal to the Effective Conversion Price.

(i) In the event of any increase in the number of Common Shares deliverable or any reduction in

consideration payable upon exercise, conversion or exchange of any Common Share Equivalent where the resulting Effective Conversion Price is less than a Conversion Price at such date, including, but not limited to, a change resulting from the antidilution provisions thereof, such Conversion Price, shall be recomputed to reflect such change as if, at the time of issue for such Common Share Equivalent, such Effective Conversion Price applied.

(ii) If any right to exercise, convert or exchange any Common Share Equivalents shall expire without having been fully exercised, each of the Conversion Prices as adjusted upon the issuance of such Common Share Equivalents shall be readjusted to the Conversion Price which would have been in effect had such adjustment been made on the basis that (A) the only Additional Common Shares to be issued on such Common Share Equivalents were such Additional Common Shares, if any, as were actually issued or sold in the exercise, conversion or exchange of any part of such Common Share Equivalents prior to the expiration thereof and (B) such Additional Common Shares, if any, were issued or sold for (x) the consideration actually received by the Company upon such exercise, conversion or exchange, plus (y) (1) where the Common Share Equivalents consist of options, warrants or rights to purchase Common Shares, the consideration, if any, actually received by the Company for the grant of such Common Share Equivalents, whether or not exercised, or (2) where the Common Share Equivalents consist of shares or securities convertible or exchangeable for Common Shares, the consideration received for the issue or sale of Common Share Equivalents actually converted.

(iii) For any Common Share Equivalent with respect to which a Conversion Price has been adjusted under this subclause (c), no further adjustment of such Conversion Price shall be made solely

as a result of the actual issuance of Common Shares upon the actual exercise or conversion of such Common Share Equivalent.

6. Performance-Based Adjustment to Conversion Price. On March 31, 2006, or, if later, upon the final delivery to the Company of the audited consolidated financial statements of BVI Co. for the fiscal year ended on December 31, 2005 prepared in accordance with United States generally accepted accounting principles and audited by one of the "big four" international accounting firms (the "2005 Account"):

(a) If the consolidated after-tax net income of BVI Co. as reflected in the 2005 Account but without giving effect to any accrued or paid dividends (the "2005 NI") is at least US$6,000,000, or if the Company closes a Qualified IPO by March 31, 2006, no adjustment shall be made to the Conversion Price under this Clause 10(iv)(6).

(b) If the 2005 NI is less than US$6,000,000, or if by March 31, 2006, with the consent of two-thirds of the holders of the Preferred Shares required under the Memorandum of the Articles, the Company closes an initial public offering of its Common Shares which is not a Qualified IPO, the Series A Conversion Price shall be adjusted by multiplying it by a fraction the numerator of which shall be the "New Valuation" (as

defined below) of the Company and the denominator of which shall be US$72,000,000.

For purposes of this paragraph, the New Valuation shall be the greatest of (i) an amount equal to (x) the 2005 NI (rounded to the nearest US$100,000) multiplied by 8.5 plus (y) US$10,000,000 and (ii) an amount equal to 33% of the bona fide estimate of the valuation of the Company as a result of such initial public offering (giving effect to such initial public offering) and (iii) US$44,000,000; provided that in no event shall the New Valuation be greater than US$72,000,000.

7. Other Dilutive Events. In case any event shall occur as to which the other provisions of this Clause 10(iv) are not strictly applicable, but the failure to make any adjustment to a Conversion Price would not fairly protect the conversion rights of the applicable series of Preferred Shares in accordance with the essential intent and principles hereof, then, in each such case, the Company, in good faith, shall determine the appropriate adjustment to be made, on a basis consistent with the essential intent and principles established in this Clause 10(iv), necessary to preserve, without dilution, the conversion rights of such series of Preferred Shares.

8. Certificate of Adjustment. In the case of any adjustment or readjustment of a Conversion Price, the Company, at its sole expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of such series of Preferred Shares at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any Additional Common Shares issued or sold or deemed to have been issued or sold, (ii) the number of Additional Common Shares issued or sold or deemed to be issued or sold, (iii) the Conversion Price in effect before and after

such adjustment or readjustment, and (iv) the number of Common Shares and the type and amount, if any, of other property which would be received upon conversion of such series of Preferred Shares after such adjustment or readjustment.

9. Notice of Record Date. In the event the Company shall propose to take any action of the type or types requiring an adjustment to a Conversion Price or the number or character of the Preferred Shares as set forth herein, the Company shall give notice to the holders of such series of Preferred Shares, which notice shall specify the record date, if any, with respect to any such action and the date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Conversion Price and the number, kind or class of shares or other securities or property which shall be deliverable upon the occurrence of such action or deliverable upon the conversion of Preferred Shares. In the case of any action which would require the fixing of a record date, such notice shall be given at least twenty (20) days prior to the date so fixed, and in the case of all other actions, such notice shall be given at least thirty (30) days prior to the taking of such proposed action.

10. Reservation of Shares Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its

authorized but unissued Common Shares, solely for the purpose of effecting the conversion of the Preferred Shares, such number of its Common Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares. If at any time the number of authorized but unissued Common Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Common Shares to such number of shares as shall be sufficient for such purpose.

11. Notices. Any notice required or permitted pursuant to this Clause 10(iv) shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to each holder of record at the address of such holder appearing on the books of the Company. Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a confirmation of delivery, and to have been effected at the expiration of two days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid.

12. Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of Common Shares upon conversion of Preferred Shares, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of Common Shares in a name other than that in which the Preferred Share so converted were registered.

(v) No Reissuance of Preferred Shares

No Preferred Share acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

(vi) Redemption

Except as provided for in this Clause 10(vi), the Preferred Shares shall not be redeemable.

(a) Optional Redemption. Beginning on 31 March 2009, at the written request to the Company made by the holders of at least a majority of the then outstanding Preferred Shares, acting together as a single class on an as-converted basis, such holders may require that the Company redeem all of the then outstanding Preferred Shares in accordance with the following terms. Following receipt of the request for redemption from such holders, the Company shall within fifteen (15) business days give written notice (the "Redemption Notice") to each holder of record of a Preferred Share, at the address last shown on the records of the Company for such holder(s). Such notice shall indicate that the holders of Preferred Shares have elected redemption of all of the Preferred Shares pursuant to the provisions of this Clause 10(vi)(a), shall specify the redemption date, and shall direct the holders of such shares to submit their share certificates to the Company on or before the scheduled redemption date. The redemption price for each Series A Preferred Share redeemed pursuant to this Clause 10(vi)(a) shall be equal to one hundred fifty percent (150%) of the Series A Original Issue Price, plus all dividends accrued and unpaid with respect to such shares (as adjusted for any share splits, share dividends, combinations,

recapitalizations and similar transactions) (the "Series A Redemption Price"), and the redemption price for each Series A-1 Preferred Share redeemed pursuant to this Clause 10(vi)(a) shall be equal to one hundred fifty percent (150%) of the Series A-1 Original Issue Price, plus all dividends accrued and unpaid with respect to such shares (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions) (the "Series A-1 Redemption Price"). The closing (the "Redemption Closing") of the redemption of the Preferred Shares pursuant to this Clause 10(vi) will take place within one hundred and twenty (120) days of the date of the Redemption Notice at the offices of the Company, or such earlier date or other place as the holders of a majority of the Preferred Shares and the Company may mutually agree in writing. At the Redemption Closing, subject to applicable law, the Company will, from any source of assets or funds legally available therefor, redeem each Preferred Share by paying in cash therefor the Series A Redemption Price or the Series A-1 Redemption Price, as applicable, against surrender by such holder at the Company's principal office of the certificate representing such share. From and after the Redemption Closing, if the Company makes the Series A Redemption Price or Series A-1 Redemption Price, as applicable, available to a holder of Preferred Share, all rights of the holder of such Preferred Share (except the right to receive the Series A Redemption Price or Series A-1 Redemption Price therefor, as applicable) will cease with respect to such Preferred Share, and such Preferred Share will not thereafter be transferred on the books of the Company or be deemed outstanding for any purpose whatsoever.

(b) Insufficient Funds. If the Company's assets or funds which are legally available on the date that any redemption payment under this Clause 10(vi) is due are insufficient to pay in full all redemption payments to be paid at the Redemption Closing, or if the Company is otherwise prohibited by applicable law from making such redemption, those assets or funds which are legally available shall be used to the extent permitted by applicable law to pay all redemption payments due on such date ratably in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon. Thereafter, all assets or funds of the Company that become

legally available for the redemption of shares shall immediately be used to pay the redemption payment which the Company did not pay on the date that such redemption payments were due. Without limiting any rights of the holders of Preferred Shares which are set forth in the Memorandum and the Articles of Association, or are otherwise available under law, the balance of any shares subject to redemption hereunder with respect to which the Company has become obligated to pay the redemption payment but which it has not paid in full shall continue to have all the powers, designations, preferences and relative participating, optional, and other special rights (including, without limitation, rights to accrue dividends) which such shares had prior to such date, until the redemption payment has been paid in full with respect to such shares.

(c) Notwithstanding anything to the contrary contained herein, all holders of Preferred Shares irrevocably waive the redemption feature set forth in this Clause 10(vi) such that no holder of Preferred Shares shall enjoy any redemption feature contained in this Clause 10(vi).

As used herein, the following terms shall have the meanings specified below:

Words	Meanings
"Additional Common Shares"	All Common Shares issued by the Company; provided that the term "Additional Common Shares" does not include (i) Employee Securities; (ii) securities

	issued upon conversion of the Preferred Shares or upon exercise of any outstanding warrants or options; (iii) securities issued in connection with any share split, share dividend, combination, recapitalization or other similar transaction of the Company; or (iv) any other security that is issued with the approval of a majority of the Board of Directors (including all of the Series A Directors, if any).
"Affiliate"	With respect to a Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person.
"Articles" or "Articles of Association"	The Articles of Association of the Company as originally registered or as from time to time amended.
"Board of Directors"	The Board of Directors of the Company.
"BVI Co."	ATA Testing Authority (Holdings) Limited, a wholly owned subsidiary of the Company organized under the laws of the British Virgin Islands.
"Common Share Equivalent"	Any share or security convertible or exchangeable for Common Shares or any option, warrant or right exercisable for Common Shares.
"Company"	The above named Company.
"Control"	of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes
	entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors of such Person; the term "Controlled" has the meaning correlative to the foregoing.
"Effective Conversion Price"	With respect to any Common Share Equivalent at a given time, an amount equal to the quotient of (i) the sum of any consideration, if any, received by the Company with respect to the issuance of such Common Share Equivalent and the lowest aggregate consideration receivable by the Company, if any, upon the exercise, exchange or conversion of the Common Share Equivalent over (ii) the number of Common Shares issuable upon the exercise, conversion or exchange of the Common Share Equivalent.
"Employee Securities"	Any securities (including but not limited to options and shares) issued to employees, consultants, officers or directors of the Company pursuant to any stock option, share purchase, share bonus or other equity incentive plans, agreements or arrangements of the Company, each as approved by the Board.
"Exempted Distribution"	(a) A dividend payable solely in Common Shares, (b) the repurchase of Common Shares from terminated employees, officers or consultants pursuant to contractual arrangements with the Company and (c) any exercise, conversion or

	exchange of Common Share Equivalents.
"Governmental Authority"	A nation or government or any province or state or any other political subdivision thereof, and any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.
"Group Company"	A Person (other than a natural person) that is Controlled by the Company.
"Junior Shares"	All classes and series of shares that are junior in rights and preferences to the Preferred Shares, including the Common Shares.
"law"	All national, state, local, municipal, and other laws, statutes, constitutions, ordinances, codes, edicts, decrees, injunctions, stipulations, judgments, orders, rulings, rules, regulations, assessments, writs, and requirements, whether temporary, preliminary or permanent, issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental or Regulatory Authority.
"Law"	The Companies Law of the Cayman Islands and every modification, re-enactment or extension thereof for the time being in force.
"member"	A person who holds shares in the Company.
"Memorandum"	The Memorandum of Association of the Company as originally registered or as from time to time amended.
"Person"	An individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.
"Qualified IPO"	(i) a firm commitment underwritten registered public offering by the Company of its Common Shares in the United States or Hong Kong, or on any combination of such jurisdictions, or in any other jurisdiction acceptable to the holders of a majority of the then outstanding Preferred Shares and to the Company, in any case with total offering proceeds to the Company and selling shareholders, if any, of not less than US$100 million (or any cash proceeds of other currency of equivalent value) (before deduction of underwriters commissions and expenses) and with a valuation of the Company as a result of such public offering (giving effect to such public offering) of not less than US$300 million.
"resolution of directors"	(a) A resolution approved at a duly convened and constituted meeting of directors of the Company or of a committee of directors of the Company by the affirmative vote of a simple majority of the directors present at the meeting who voted and did not abstain; or (b) A resolution consented to in writing by a majority of the directors or a majority of the members of a committee of directors,

unless there are only two directors or two members of a committee of directors in which case both directors or both members of the committee of directors must consent;

except that where a director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority.

"resolution of members" (a) A resolution approved at a duly convened and constituted meeting of the members of the Company by the affirmative vote of

(i) a simple majority of the votes of the shares entitled to vote thereon which were present at the meeting and were voted and not abstained, or

(ii) a simple majority of the votes of each class or series of shares which were present at the meeting and entitled to vote thereon as a class or series and were voted and not abstained and of a simple majority of the votes of the remaining shares entitled to vote thereon which were present at the meeting and were voted and not abstained; or

(b) a resolution consented to in writing by

(i) an absolute majority of the votes of shares entitled to vote thereon, or

(ii) an absolute majority of the votes of each class or series of shares entitled to vote thereon as a class or series and of an absolute majority of the votes of the remaining shares

entitled to vote thereon.

"Seal" Any seal which has been duly adopted as the seal of the Company.

"securities" Shares and debt obligations of every kind, and options, warrants and rights to acquire shares, or debt obligations.

"Series A Original Issue Price" US$2.2630 per share.

"Series A-1 Original Issue Price" US$3.3945 per share.

11. The Company may exercise the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.

SECOND AMENDED AND RESTATED

ARTICLES OF ASSOCIATION
OF
ATA INC.
(adopted by a special resolution passed on 10 November, 2006)

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TABLE A

The regulations in Table A in the First Schedule to the Law (as defined below) do not apply to the Company.

INTERPRETATION

1. DEFINITIONS

1.1 Capitalised terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Amended and Restated Memorandum of Association. In these Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Alternate Director	an alternate director appointed in accordance with these Articles;

Articles	these Articles of Association as altered from time to time;
Auditor	includes an individual or partnership;
Board	the board of directors appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum or by written resolution in accordance with these Articles;
Director	a director, including a sole director, for the time being of the Company and shall include an Alternate Director;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Memorandum	the memorandum of association of the Company as originally registered or as from time to time amended;
month	calendar month;
notice	written notice as further provided in these Articles unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
ordinary resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority of the votes cast, or a written resolution passed by the unanimous consent of all Members entitled to vote;
paid-up	paid-up or credited as paid-up;
Register of Directors and Officers	the register of directors and officers referred to in these Articles;
Register of Members	the register of Members referred to in these Articles;
Registered Office	the registered office for the time being of the Company;
Seal	the common seal or any official or duplicate seal of the Company;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
share	includes a fraction of a share;
special resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a majority of not less than two thirds of the vote cast, as provided in the Law, or a

	written resolution passed by unanimous consent of all Members entitled to vote;
written resolution	a resolution passed in accordance with Article 35 or 60; and
year	calendar year.

1.2 In these Articles, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and vice versa;

(b) words denoting the masculine gender include the feminine and neuter genders;

(c) words importing persons include companies, associations or bodies of persons whether corporate or not;

(d) the words:-

(i) "may" shall be construed as permissive; and

(ii) "shall" shall be construed as imperative;

(e) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof; and

(f) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in these Articles.

1.3 In these Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4 Headings used in these Articles are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. POWER TO ISSUE SHARES

2.1 Subject to receipt of all approvals required under the Memorandum and these Articles and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law.

3. REDEMPTION AND PURCHASE OF SHARES

3.1 Subject to the Law and the Memorandum, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.

3.2 Subject to receipt of all approvals required under the Memorandum, the Company is hereby authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Law.

3.3 The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Directors at or before the

time of issue.

3.4 Every share certificate representing a redeemable share shall indicate that the share is redeemable.

3.5 In the case of shares redeemable at the option of a Member a redemption notice from a Member may not be revoked without the agreement of the Directors.

3.6 At the time or in the circumstances specified for redemption the redeemed shares shall be cancelled and shall cease to confer on the relevant Member any right or privilege, without prejudice to the right to receive the redemption price, which price shall become payable so soon as it can with due despatch be calculated, but subject to surrender of the relevant share certificate for cancellation (and reissue in respect of any balance).

3.7 Subject to receipt of all approvals required under the Memorandum, the redemption price may be paid in any manner authorised by these Articles for the payment of dividends.

3.8 A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by Class A banks in the Cayman Islands for thirty day deposits in the same currency.

3.9 Subject to receipt of all approvals required under the Memorandum, the Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose).

3.10 Subject as aforesaid, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.

3.11 No share may be redeemed unless it is fully paid-up.

3.12 Subject to receipt of all approvals required under the Memorandum, the Board may exercise all the powers of the Company to purchase all or any part of its own shares in accordance with the Law. Shares purchased by the Company shall be cancelled and shall cease to confer any right or privilege on the Member from whom the shares are purchased.

4. RIGHTS ATTACHING TO SHARES

Subject to Article 2.1, the Memorandum and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the holders of shares of the Company shall, subject to the provisions of these Articles:

(a) be entitled to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

5. CALLS ON SHARES

5.1 The Board may make such calls as it thinks fit upon the Members in respect of any monies (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members and, if a

call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

5.2 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up.

5.3 The Company may make arrangements on the issue of shares for a difference between the Members in the amounts and times of payments of calls on their shares.

6. JOINT AND SEVERAL LIABILITY TO PAY CALLS

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

7. FORFEITURE OF SHARES

7.1 If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call
- (the "Company")

You have failed to pay the call of [amount of call] made on the [ ] day of [ ], 200[ ], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on the [ ] day of [ ], 200[ ], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [ ] per annum computed from the said [ ] day of [ ], 200[ ] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [ ] day of [ ], 200[ ]

[Signature of Secretary] By Order of the Board

7.2 If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Articles and the Law.

7.3 A Member whose share or shares have been forfeited as aforesaid shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture and all interest due thereon.

7.4 The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

8. SHARE CERTIFICATES

8.1 Every Member shall be entitled to a certificate under the seal of the Company (or a facsimile thereof) specifying the number and, where

appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, how much has been paid thereon. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.

8.2 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

8.3 Share certificates may not be issued in bearer form.

9. FRACTIONAL SHARES

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

REGISTRATION OF SHARES

10. REGISTER OF MEMBERS

The Board shall cause to be kept in one or more books a Register of Members which may be kept outside the Cayman Islands at such place as the Directors shall appoint and shall enter therein the following particulars:-

(a) the name and address of each Member, the number, and (where appropriate) the class of shares held by such Member and the amount paid or agreed to be considered as paid on such shares;

(b) the date on which each person was entered in the Register of Members; and

(c) the date on which any person ceased to be a Member.

11. REGISTERED HOLDER ABSOLUTE OWNER

11.1 The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

11.2 No person shall be entitled to recognition by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article, notice of any trust is at the holder's request entered in the Register or on a share certificate in respect of a share, then, except as aforesaid:

(a) such notice shall be deemed to be solely for the holder's convenience;

(b) the Company shall not be required in any way to recognise any beneficiary, or the beneficiary, of the trust as having an interest in the share or shares concerned;

(c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of whether anything done in relation to the shares may amount to a breach of trust or otherwise; and

(d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of

the trust in the Register or on a share certificate and continuing to recognise the holder as having an absolute right to the entirety of the share or shares concerned.

12. TRANSFER OF REGISTERED SHARES

12.1 An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares
- (the "Company")

FOR VALUE RECEIVED.....[amount], I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address], [number] of shares of the Company.

DATED this [ ] day of [ ], 200[ ]

Signed by:	In the presence of:
----------	----------
Transferor	Witness
----------	----------
Transferee	Witness

12.2 Such instrument of transfer shall be signed by or on behalf of the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been transferred to the transferee in the Register of Members.

12.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

12.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

12.5 The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

13. TRANSMISSION OF REGISTERED SHARES

13.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or

administrator of a deceased Member or such other person as the Board

may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

13.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member - (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [ ] day of [ ], 200[ ]

Signed by:	In the presence of:
---	---
Transferor	Witness
---	---
Transferee	Witness

13.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

13.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

ALTERATION OF SHARE CAPITAL

14. POWER TO ALTER CAPITAL

14.1 Subject to the Law and the Memorandum, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum of Association to increase its share capital by new shares of such amount as it thinks expedient or, if the Company has shares without par value, increase its share capital by such number of shares without nominal or par value, or increase the aggregate consideration for which its shares may be issued, as it thinks expedient.

14.2 Subject to the Law and the Memorandum, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum of Association to:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association; or

(c) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled or, in the case of shares without par value, diminish the number of shares into which its capital is divided.

14.3 For the avoidance of doubt it is declared that paragraph 14.2(a) and (b) above do not apply if at any time the shares of the Company have no par value.

14.4 Subject to the Law and the Memorandum, the Company may from time to time by special resolution reduce its share capital in any way or, subject to Article 77, alter any conditions of its Memorandum of Association relating to share capital.

15. VARIATION OF RIGHTS ATTACHING TO SHARES

If, at any time, the share capital is divided into different classes of shares and subject to the Memorandum, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

DIVIDENDS AND CAPITALISATION

16. DIVIDENDS

16.1 The Board may, subject to receipt of all approvals required under the Memorandum and these Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.

16.2 Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, or not in the same amount. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

16.3 Subject to receipt of all approvals required under the Memorandum and with the sanction of an ordinary resolution of the Company, the Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the foregoing generally, the Directors may fix the value of such specific assets, may determine that cash payments shall be made to some Members in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

16.4 The Company may pay dividends in proportion to the amount paid up on

each share where a larger amount is paid up on some shares than on others.

16.5 The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

16.6 The Board may fix any date as the record date for determining the Members entitled to receive any dividend or other distribution, but, unless so fixed, the record date shall be the date of the Directors' resolution declaring same.

17. POWER TO SET ASIDE PROFITS

17.1 Subject to receipt of all approvals required under the Memorandum, the Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose. Pending application, such sums may be employed in the business of the Company or invested, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.

17.2 Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Company's share premium account.

18. METHOD OF PAYMENT

18.1 Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.

18.2 In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

18.3 The Board may deduct from the dividends or distributions payable to any Member all monies due from such Member to the Company on account of calls or otherwise.

19. CAPITALISATION

19.1 The Board may resolve to capitalise any sum for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss

account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

19.2 The Board may resolve to capitalise any sum for the time being standing to the credit of a reserve account or sums otherwise available for dividend or distribution by applying such amounts in paying up in full partly paid or nil paid shares of those Members who would have been entitled to such sums if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

20. ANNUAL GENERAL MEETINGS

The Company may in each year hold a general meeting as its annual general meeting. The annual general meeting of the Company may be held at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint.

21. EXTRAORDINARY GENERAL MEETINGS

21.1 General meetings other than annual general meetings shall be called extraordinary general meetings.

21.2 The Chairman or any two Directors or any Director and the Secretary or the Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary.

22. REQUISITIONED GENERAL MEETINGS

22.1 The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings of the Company, forthwith proceed to convene an extraordinary general meeting of the Company. To be effective the requisition shall state the objects of the meeting, shall be in writing, signed by the requisitionists, and shall be deposited at the Registered Office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

22.2 If the Directors do not within twenty-one days from the date of the requisition duly proceed to call an extraordinary general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an extraordinary general meeting; but any meeting so called shall not be held more than ninety days after the requisition. An extraordinary general meeting called by requisitionists shall be called in the same manner, as nearly as possible, as that in which general meetings are to be called by the Directors.

23. NOTICE

23.1 At least five days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and if different, the record date for determining Members entitled to attend and vote at the general meeting, and, as far as practicable, the other business to be conducted at the meeting.

23.2 At least five days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting.

23.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a meeting, and any adjournment thereof, the record date shall be the date of the original meeting.

23.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in these Articles, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) in the case of an extraordinary general meeting, by seventy-five percent of the Members entitled to attend and vote thereat.

23.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

24. GIVING NOTICE

24.1 A notice may be given by the Company to any Member either by delivering it to such Member in person or by sending it to such Member's address in the Register of Members or to such other address given for the purpose. For the purposes of this Article, a notice may be sent by letter mail, courier service, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form.

24.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

24.3 Any notice shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, and the time when it was posted, delivered to the courier or to the cable company or transmitted by telex, facsimile, electronic mail, or such other method as the case may be.

25. POSTPONEMENT OF GENERAL MEETING

The Board may postpone any general meeting called in accordance with the provisions of these Articles provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each member in accordance with the provisions of these Articles.

26. PARTICIPATING IN MEETINGS BY TELEPHONE

Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

27. QUORUM AT GENERAL MEETINGS

27.1 Subject to receipt of all approvals required under the Memorandum, at any general meeting of the Company two or more persons present in person and representing in person or by proxy in excess of 50% of the total issued voting shares of each class in the Company throughout the

meeting shall form a quorum for the transaction of business, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy shall form a quorum for the transaction of business at any general meeting of the Company held during such time.

27.2 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Board may determine.

28. CHAIRMAN TO PRESIDE

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, if there be one, shall act as chairman at all meetings of the Members at which such person is present. In his absence a chairman shall be appointed or elected by those present at the meeting and entitled to vote.

29. VOTING ON RESOLUTIONS

29.1 Subject to the provisions of the Law and these Articles, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with the provisions of these Articles and in the

case of an equality of votes the resolution shall fail.

29.2 No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.

29.3 At any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to the provisions of these Articles, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his hand.

29.4 At any general meeting if an amendment shall be proposed to any resolution under consideration and the chairman of the meeting shall rule on whether the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

29.5 At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to the provisions of these Articles, be conclusive evidence of that fact.

30. POWER TO DEMAND A VOTE ON A POLL

30.1 Notwithstanding the foregoing, a poll may be demanded by the Chairman or at least one Member.

30.2 Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has

been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

30.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith and a poll demanded on any other question shall be taken in such manner and at such time and place at such meeting as the chairman of the meeting may direct and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

30.4 Where a vote is taken by poll, each person present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialed or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. At the conclusion of the poll, the ballot papers shall be examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman for the purpose and the result of the poll shall be declared by the chairman.

31. VOTING BY JOINT HOLDERS OF SHARES

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

32. INSTRUMENT OF PROXY

32.1 An instrument appointing a proxy shall be in writing or transmitted by electronic mail in substantially the following form or such other form as the chairman of the meeting shall accept:

Proxy
- (the "Company")

I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members held on the [ ] day of [ ], 200[ ] and at any adjournment thereof. (Any restrictions on voting to be inserted here.)

Signed this [ ] day of [ ], 200[ ]

Member(s)

32.2 The instrument of proxy shall be signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman, by the appointor or by the appointor's attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman, by a duly authorised officer or attorney.

32.3 A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf.

32.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

33. REPRESENTATION OF CORPORATE MEMBER

33.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting of the Members and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

33.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

34. ADJOURNMENT OF GENERAL MEETING

The chairman of a general meeting may, with the consent of a majority in number of those present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. Unless the meeting is adjourned for more than 60 days fresh notice of the date, time and place for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat, in accordance with the provisions of these Articles.

35. WRITTEN RESOLUTIONS

35.1 Anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting and without any previous notice being required, be done by resolution in writing signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Law, on behalf of, all the Members who at the date of the resolution would be entitled to attend the meeting and vote on the resolution.

35.2 A resolution in writing may be signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of

the Law, on behalf of, all the Members, or all the Members of the relevant class thereof, in as many counterparts as may be necessary.

35.3 A resolution in writing made in accordance with this Article is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Article to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

35.4 A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.

35.5 For the purposes of this Article, the date of the resolution is the date when the resolution is signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Law, on behalf of, the last Member to sign and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

36. DIRECTORS ATTENDANCE AT GENERAL MEETINGS

The Directors of the Company shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

37. ELECTION OF DIRECTORS

37.1 The Board shall be elected or appointed in writing in the first place by the subscribers to the Memorandum of Association or by a majority of them. There shall be no shareholding qualification for Directors unless prescribed by special resolution.

37.2 The Company shall be managed by a Board of Directors consisting of not more than seven (7) members, which number shall not be changed except pursuant to an amendment to these Articles, subject to receipt of all approvals required under the Memorandum or these Articles. As long as any Preferred Shares are outstanding, (i) the holders of outstanding Preferred Shares, voting together as a separate class and on an as converted to Common Shares basis, shall be exclusively entitled to vote on a resolution of members for the appointment of two (2) directors (the "Series A Directors") to serve on the Board of Directors of the Company, (ii) the holders of the Preferred Shares and the Common Shares, voting together as a single class and on an as-converted to Common Shares basis, shall be exclusively entitled to vote on a resolution of members for the appointment of two (2) directors (the "Independent Directors") to serve on the Board of Directors of the Company, and (iii) the holders of the Common Shares, voting together as a separate class (and not with the Preferred Shares), shall be exclusively entitled to vote on a resolution of members for the appointment of three (3) directors (the "Common Directors") to serve on the Board of Directors of the Company. When no Preferred Shares are outstanding, all directors shall instead be elected by the holders of Common Shares.

37.3 The Directors may at any time appoint any person to be a Director either to fill a vacancy (other than vacancies in the seats of the Series A Directors, Independent Directors or Common Directors, which may only be filled pursuant to Article 37.2) or as an addition to the existing Directors. A vacancy occurs through the death, resignation or removal of a Director but a vacancy or vacancies shall not be deemed to exist where one or more Directors shall resign after having appointed his or their successor or successors.

38. NUMBER OF DIRECTORS

The Board shall consist of not less than one Director and subject to receipt of all approvals required under the Memorandum, not more than seven Directors.

39. TERM OF OFFICE OF DIRECTORS

An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period; but no such term shall be implied in the absence of express provision.

40. ALTERNATE DIRECTORS

40.1 A Director may at any time appoint any person (including another Director) to be his Alternate Director and may at any time terminate such appointment. An appointment and a termination of appointment shall be by notice in writing signed by the Director and deposited at the Registered Office or delivered at a meeting of the Directors.

40.2 The appointment of an Alternate Director shall determine on the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor ceases for any reason to be a Director.

40.3 An Alternate Director shall be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his appointor is not personally present and generally at such meeting to perform all the functions of his appointor as a Director; and for the purposes of the proceedings at such meeting these Articles shall apply as if he (instead of his appointor) were a Director, save that he may not himself appoint an Alternate Director or a proxy.

40.4 If an Alternate Director is himself a Director or attends a meeting of the Directors as the Alternate Director of more than one Director, his voting rights shall be cumulative.

40.5 Unless the Directors determine otherwise, an Alternate Director may also represent his appointor at meetings of any committee of the Directors on which his appointor serves; and the provisions of this Article shall apply equally to such committee meetings as to meetings of the Directors.

40.6 If so authorised by an express provision in his notice of appointment, an Alternate Director may join in a written resolution of the Directors adopted pursuant to these Articles and his signature of such resolution shall be as effective as the signature of his appointor.

40.7 Save as provided in these Articles an Alternate Director shall not, as such, have any power to act as a Director or to represent his appointor and shall not be deemed to be a Director for the purposes of these Articles.

40.8 A Director who is not present at a meeting of the Directors, and whose Alternate Director (if any) is not present at the meeting, may be represented at the meeting by a proxy duly appointed, in which event the presence and vote of the proxy shall be deemed to be that of the Director. All the provisions of these Articles regulating the appointment of proxies by Members shall apply equally to the appointment of proxies by Directors.

41. REMOVAL OF DIRECTORS

The Series A Directors, Independent Directors, and Common Directors may be removed from office without cause only by resolution passed by a majority of the votes cast at a duly convened class meeting of the holders entitled to appoint such directors pursuant to Article 37.2 or by resolution in writing in one or more counterparts signed by the holders of a majority of the shares of the class or classes entitled to appoint such directors pursuant to Article 37.2. Each director may also be removed with cause by a resolution of directors or by resolution of members. Any removal of a Series A Director, Independent Director or Common Director will not affect the right of the applicable members to fill the vacancy resulting from such removal pursuant to Article 37.2.

42. VACANCY IN THE OFFICE OF DIRECTOR
The office of Director shall be vacated if the Director:

(a) is removed from office pursuant to these Articles;

(b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;

(c) is or becomes of unsound mind or an order for his detention is made under the Mental Health Law of the Cayman Islands or any analogous law of a jurisdiction outside the Cayman Islands, or dies; or

(d) resigns his office by notice in writing to the Company.

43. REMUNERATION OF DIRECTORS
The remuneration (if any) of the Directors shall, subject to any direction that may be given by the Company in general meeting, be determined by the Directors as they may from time to time determine and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally.

44. DEFECT IN APPOINTMENT OF DIRECTOR
All acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

45. DIRECTORS TO MANAGE BUSINESS
Subject to receipt of all approvals required under the Memorandum, the business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by the Memorandum or by these Articles, required to be exercised by the Company in general meeting subject, nevertheless, to the Memorandum and these Articles, the provisions of the Law and to such directions as may be prescribed by the Company in general meeting.

46. POWERS OF THE BOARD OF DIRECTORS
Without limiting the generality of Article 45 but subject to receipt of all approvals required under the Memorandum, the Board may:

(a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

(b) exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

(c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;

(d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;

(e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such

purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised under the seal of the Company, execute any deed or instrument under such attorney's person seal with the same effect as the affixation of the seal of the Company;

(f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;

(g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Directors for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board, including provisions for written resolutions;

(h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board sees fit;

(i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;

(j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and

(k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

47. REGISTER OF DIRECTORS AND OFFICERS

47.1 The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers in accordance with the Law and shall enter therein the following particulars with respect to each Director and Officer:

(a) first name and surname; and

(b) address.

47.2 The Board shall, within the period of thirty days from the occurrence of:-

(a) any change among its Directors and Officers; or

(b) any change in the particulars contained in the Register of Directors and Officers,

cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies of any such change that takes place.

48. OFFICERS

The Officers shall consist of a Secretary and such additional Officers as

the Board may determine all of whom shall be deemed to be Officers for the purposes of these Articles.

49. APPOINTMENT OF OFFICERS
Subject to receipt of all approvals required under the Memorandum, the Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

50. DUTIES OF OFFICERS
The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

51. REMUNERATION OF OFFICERS
The Officers shall receive such remuneration as the Board may determine subject to receipt of all approvals required under the Memorandum.

52. CONFLICTS OF INTEREST

52.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director's firm, partner or company to act as Auditor to the Company.

52.2 A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by law.

52.3 Following a declaration being made pursuant to this Article, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum for such meeting.

53. INDEMNIFICATION AND EXCULPATION OF DIRECTORS AND OFFICERS

53.1 The Directors, Officers and Auditors of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer, auditor or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of

the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty with may attach to such

Director or Officer.

53.2 The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

MEETINGS OF THE BOARD OF DIRECTORS

54. BOARD MEETINGS
The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

55. NOTICE OF BOARD MEETINGS
A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director verbally (in person or by telephone) or otherwise communicated or sent to such Director by post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.

56. PARTICIPATION IN MEETINGS BY TELEPHONE
Directors may participate in any meeting of the Board by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

57. QUORUM AT BOARD MEETINGS
Subject to receipt of all approvals required under the Memorandum, the quorum necessary for the transaction of business at a meeting of the Board shall be two Directors, provided that if there is only one Director for the time being in office the quorum shall be one.

58. BOARD TO CONTINUE IN THE EVENT OF VACANCY
The Board may act notwithstanding any vacancy in its number.

59. CHAIRMAN TO PRESIDE
Unless otherwise agreed by a majority of the Directors attending, the Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected by the Directors present at the meeting.

60. WRITTEN RESOLUTIONS
60.1 Anything which may be done by resolution of the Directors may, without a meeting and without any previous notice being required, be done by resolution in writing signed by, or in the case of a

Director that is a corporation whether or not a company within the meaning of the Law, on behalf of, all the Directors.

60.2 A resolution in writing may be signed by, or in the case of a Director that is a corporation whether or not a company within the meaning of the Law, on behalf of, all the Directors in as many counterparts as may be necessary.

60.3 A resolution in writing made in accordance with this Article is as valid as if it had been passed by the Directors in a directors' meeting, and any reference in any Article to a meeting at which a resolution is passed or to Directors voting in favour of a resolution shall be construed accordingly.

60.4 A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.

60.5 For the purposes of this Article, the date of the resolution is the date when the resolution is signed by, or in the case of a Director that is a corporation whether or not a company within the meaning of the Law, on behalf of, the last Director to sign (or Alternate Director to sign if so authorised under Article 40.6), and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

61. VALIDITY OF PRIOR ACTS OF THE BOARD
No regulation or alteration to these Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

62. MINUTES
The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and

(c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

63. REGISTER OF MORTGAGES AND CHARGES
63.1 The Directors shall cause to be kept the Register of Mortgages and Charges required by the Law.

63.2 The Register of Mortgages and Charges shall be open to inspection in accordance with the Law, at the office of the Company on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

64. FORM AND USE OF SEAL
64.1 The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.

64.2 Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

64.3 The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

ACCOUNTS

65. BOOKS OF ACCOUNT

65.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:-

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

65.2 Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

65.3 No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company.

66. FINANCIAL YEAR END

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than eighteen months.

AUDITS

67. AUDIT

Nothing in these Articles shall be construed as making it obligatory to appoint Auditors.

68. APPOINTMENT OF AUDITORS

68.1 Subject to receipt of all approvals required under the Memorandum, the Company may in general meeting appoint Auditors to hold office for such period as the Members may determine.

68.2 Whenever there are no Auditors appointed as aforesaid the Directors may appoint Auditors to hold office for such period as the Directors may determine or earlier removal from office by the Company in general meeting.

68.3 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

69. REMUNERATION OF AUDITORS

Unless fixed by the Company in general meeting the remuneration of the Auditor shall be as determined by the Directors.

70. DUTIES OF AUDITOR

The Auditor shall make a report to the Members on the accounts examined by him and on every set of financial statements laid before the Company in general meeting, or circulated to Members, pursuant to this Article during the Auditor's tenure of office.

71. ACCESS TO RECORDS

71.1 The Auditor shall at all reasonable times have access to the Company's books, accounts and vouchers and shall be entitled to require from the Company's Directors and Officers such information and explanations as the Auditor thinks necessary for the performance of the Auditor's

duties and, if the Auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of their audit, he shall state that fact in his report to the Members.

71.2 The Auditor shall be entitled to attend any general meeting at which any financial statements which have been examined or reported on by him are to be laid before the Company and to make any statement or explanation he may desire with respect to the financial statements.

72. FINANCIAL STATEMENTS

72.1 Subject to any waiver by the Company in general meeting of the requirements of this Article, the Directors shall lay before the Company in general meeting, or circulate to Members, financial statements in respect of each financial year of the Company, consisting of:

(a) a profit and loss account giving a true and fair view of the profit or loss of the Company for the financial year; and

(b) a balance sheet giving a true and fair view of the state of affairs of the Company at the end of the financial year.

together with a report of the Board reviewing the business of the Company during the financial year.

72.2 The financial statements provided for by these Articles shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting.

73. DISTRIBUTION OF AUDITOR'S REPORT

The Auditor's report, if any, shall be laid before the Company in general meeting, or circulated to Members, no more than 180 days after the end of the financial year.

74. DISTRIBUTION OF FINANCIAL STATEMENTS AND DIRECTORS' REPORT

The financial statements and Directors' report shall be laid before the Company in general meeting, or circulated to Members, no more than 180 days after the end of the financial year.

VOLUNTARY WINDING-UP AND DISSOLUTION

75. WINDING-UP

75.1 Subject to receipt of all approvals required under the Memorandum, the Company may be voluntarily wound-up by a special resolution of the Members.

75.2 If the Company shall be wound up the liquidator may, with the sanction of a special resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

76. CHANGES TO ARTICLES

Subject to the Law and to the conditions contained in its memorandum, the Company may, by special resolution, alter or add to its Articles.

77. CHANGES TO THE MEMORANDUM OF ASSOCIATION

Subject to the Law and the Memorandum, the Company may from time to time by special resolution alter its Memorandum of Association with respect to any objects, powers or other matters specified therein.

78. DISCONTINUANCE

The Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.

Exhibit 3.2

THE COMPANIES LAW
EXEMPTED COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

ATA INC.
(adopted by a special resolution passed on [-])

1. NAME

The name of the Company is ATA Inc.

2. REGISTERED OFFICE

The Registered Office of the Company shall be at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

3. OBJECTS

Subject to the following provisions of this Amended and Restated Memorandum of Association (the "Memorandum"), the objects for which the Company is established are unrestricted.

4. POWERS

Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of The Companies Law.

5. NO BUSINESS WITHIN CAYMAN ISLANDS

Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.

6. CONTRACT SIGNING IN CAYMAN ISLANDS

The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. LIMITATION OF LIABILITY

The liability of each member is limited to the amount from time to time unpaid on such member's shares.

8. AUTHORISED CAPITAL

The authorised capital of the Company is US$5,000,000.00.

9. CLASSES, NUMBER AND PAR VALUE OF SHARES

The authorised capital of the Company is made up of one class of shares each divided into:

(i) 500,000,000 common shares, par value US$0.01 per each.

10. The Company may exercise the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.

The Companies Law (Revised)
Company Limited by Shares

THIRD AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

ATA INC.
(Adopted by way of a special resolution passed on [-])

I N D E X

<Table>
<Caption>

TABLE A

1. The regulations in Table A in the Schedule to the Companies Law (Revised) do not apply to the Company.

INTERPRETATION

2. (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

WORD	MEANING
"Audit Committee"	the audit committee of the Company formed by the Board pursuant to Article 114) hereof, or any successor audit committee.
"Auditor"	the independent auditor of the Company which shall be an internationally recognized firm of independent accountants.
"Articles"	these Articles in their present form or as supplemented or amended or substituted from time to time.
"Board" or "Directors"	the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.
"capital"	the share capital from time to time of the Company.
"clear days"	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
"clearing house"	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction.
"Company"	ATA Inc.
"competent regulatory authority"	a competent regulatory authority in the territory where the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such territory.

"debenture" and "debenture holder"	include debenture stock and debenture stockholder respectively.
"Designated Stock Exchange"	the Global Market of The Nasdaq Stock Market, Inc.
"dollars" and "$"	U.S. dollars, the legal currency of the United States of America.
"Exchange Act"	the Securities Exchange Act of 1934, as amended.
"head office"	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
"Law"	The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
"Member"	a duly registered holder from time to time of the shares in the capital of the Company.
"month"	a calendar month.
"Notice"	written notice unless otherwise specifically stated and as further defined in these Articles.
"Office"	the registered office of the Company for the time being.
"ordinary resolution"	a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days' Notice has been duly given;
"paid up"	paid up or credited as paid up.
"Register"	the principal register and where applicable, any branch register of Members to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.
"Registration Office"	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board

	otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.
"SEC"	the United States Securities and Exchange Commission.

"Seal"	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the Cayman Islands or in any place outside the Cayman Islands.
"Secretary"	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
"special resolution"	a resolution shall be a special resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days' Notice, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five (95) per cent in nominal value of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than ten (10) clear days' Notice has been given; a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.
"Statutes"	the Law and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum of Association and/or these Articles.
"year"	a calendar year.

(2) In these Articles, unless there be something within the subject or context inconsistent with such construction:

(a) words importing the singular include the plural and vice versa;

(b) words importing a gender include both gender and the neuter;

(c) words importing persons include companies, associations and bodies of persons whether corporate or not;

(d) the words:

(i) "may" shall be construed as permissive;

(ii) "shall" or "will" shall be construed as imperative;

(e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member's election comply with all applicable Statutes, rules and regulations;

(f) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;

(g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context;

(h) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Articles come into effect shall be divided into shares of a par value of $0.01 each.

(2) Subject to the Law, the Company's Memorandum and Articles of Association and, where applicable, the rules of the Designated Stock Exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own

shares shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit.

(3) No share shall be issued to bearer.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with the Law alter the conditions of its Memorandum of Association to:

(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;

(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(c) without prejudice to the powers of the Board under Article 12, divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that, for the avoidance of doubt, where a class of shares has been authorized by the Company no resolution of the Company in general meeting is required for the issuance of shares of that class and the Directors may issue shares of that class and determine such rights, privileges, conditions or restrictions attaching thereto as aforesaid, and further provided that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights,

the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Company's Memorandum of Association (subject, nevertheless, to the Law), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

(e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.

7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. Subject to the provisions of the Law, the rules of the Designated Stock Exchange and the Company's Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, and without prejudice to Article 12 hereof, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine, including without limitation on terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.

9. Subject to the Law, any preferred shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Board, either generally or with regard to specific purchases. If purchases are by tender, tenders shall comply with applicable laws.

VARIATION OF RIGHTS

10. Subject to the Law and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise

provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, mutatis mutandis, apply, but so that:

(a) the necessary quorum (whether at a separate general meeting or at its adjourned meeting) shall be a person or persons (or in the case of a Member being a corporation, its duly authorized representative) together holding or representing by proxy not less than one-third in nominal value of the issued shares of that class;

(b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and

(c) any holder of shares of the class present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy may demand a poll.

11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking pari passu therewith.

SHARES

12. (1) Subject to the Law, these Articles and, where applicable, the rules of the Designated Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount. In particular and without prejudice to the generality of the foregoing, the Board is hereby empowered to authorize by resolution or resolutions from time to time the issuance of one or more classes or series of preferred shares and to fix the designations, powers, preferences and relative, participating, optional and other rights, if any, and the qualifications, limitations and restrictions thereof, if any, including, without limitation, the number of shares constituting each such class or series, dividend rights, conversion rights, redemption privileges, voting powers, full or limited or no voting powers, and liquidation preferences, and to increase or decrease the size of any such class or series (but not below the number of shares of any class or series of preferred shares then outstanding) to the extent permitted by Law. Without limiting the generality of the foregoing, the resolution or resolutions providing for the establishment of any class or series of preferred shares may, to the extent permitted by law, provide that such class or series shall be superior to, rank equally with or be junior to the preferred shares of any other class or series.

(2) Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series

of preferred shares, no vote of the holders of preferred shares or common shares shall be a prerequisite to the issuance of any shares of any class or series of the preferred shares authorized by and complying with the conditions of the Memorandum and Articles of Association.

(3) The Board may issue options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Law. Subject to the Law, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. Subject to the Law and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.

19. Share certificates shall be issued within the relevant time limit as prescribed by the Law or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.

20. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article.

If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.

(2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.

21. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Company may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Board has determined that the original has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every

share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article.

23. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of

premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.

27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:

(a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and

(b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.

36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.

37. Any share so forfeited shall be deemed the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall

not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:

(a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;

(b) the date on which each person was entered in the Register; and

(c) the date on which any person ceased to be a Member.

(2) The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

44. The Register and branch register of Members, as the case may be, shall be open to inspection for such times and on such days as the Board shall determine by Members without charge or by any other person, upon a maximum payment of $2.50 or such other sum specified by the Board, at the Office or such other place at which the Register is kept in accordance with the Law or, if appropriate, upon a maximum payment of $1.00 or such other sum specified by the Board at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of the Designated

Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

RECORD DATES

45. For the purpose of determining the Members entitled to notice of or to vote at any general meeting, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of Members, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board does not fix a record date for any general meeting, the record date for determining the Members entitled to a notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with these Articles notice is waived, at the close of business on the day next preceding the day on which the meeting is held. If corporate action without a general meeting is to be taken, the record date for determining the Members entitled to express consent to such corporate action in writing, when no prior action by the Board is necessary, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its head office. The record date for determining the Members for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of the Members of record entitled to notice of or to vote

at a meeting of the Members shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

TRANSFER OF SHARES

46. Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

47. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to the last preceding Article, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the

name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

48. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.

(2) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.

(3) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the Law.

49. Without limiting the generality of the last preceding Article, the Board may decline to recognise any instrument of transfer unless:-

(a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;

(b) the instrument of transfer is in respect of only one class of share;

(c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Law or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other

person on his behalf, the authority of that person so to do); and

(d) if applicable, the instrument of transfer is duly and properly stamped.

50. If the Board refuses to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.

51. The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper or any other newspapers or by any other means in accordance with the requirements of the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

TRANSMISSION OF SHARES

52. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

53. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.

54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 75(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

55. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

(2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

(a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;

(b) so far as it is aware at the end of the relevant period, the Company

has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and

(c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of, the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

(3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

56. An annual general meeting of the Company shall be held in each year other than the year of the Company's incorporation at such time and place as may be determined by the Board.

57. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held at such times and in any location in the world as may be determined by the Board.

58. Only a majority of the Board or the Chairman of the Board may call extraordinary general meetings, which extraordinary general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine.

NOTICE OF GENERAL MEETINGS

59. (1) An annual general meeting and any extraordinary general meeting may be called by not less than ten (10) clear days' Notice but a general meeting may be called by shorter notice, subject to the Law, if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

(2) The notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares

they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.

60. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. (1) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting with the exception of:

(a) the declaration and sanctioning of dividends;

(b) consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet;

(c) the election of Directors;

(d) appointment of Auditors (where special notice of the intention for such appointment is not required by the Law) and other officers;

(e) the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors;

(f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares in the capital of the Company representing not more than 20 per cent (20%) in nominal value of its existing issued share capital; and

(g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

(2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. At any general meeting of the Company, two (2) Members entitled to vote and present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy representing not less than one-third in nominal value of the total issued voting shares in the Company throughout the meeting shall form a quorum for all purposes.

62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

63. The chairman of the Company shall preside as chairman at every general meeting. If at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy and entitled to vote shall elect one of their number to be chairman.

64. The chairman may adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the

adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be

transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

65. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

66. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands every Member present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy shall have one vote and on a poll every Member present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by he rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three Members present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy for the time being entitled to vote at the meeting; or

(c) by a Member or Members present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

(d) by a Member or Members present in person, or (in the case of a Member being a corporation) by its duly authorised representative, or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

67. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the

Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

68. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.

69. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

70. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

71. On a poll votes may be given either personally or by proxy.

72. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

73. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the Law. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

74. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

75. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or

management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under these Articles to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

76. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in

respect of shares in the Company have been paid.

77. If:

(a) any objection shall be raised to the qualification of any voter; or

(b) any votes have been counted which ought not to have been counted or which might have been rejected; or

(c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

78. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an

individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.

79. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

80. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

81. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the

contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

82. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

83. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to

proxies and instruments appointing proxies shall apply mutatis mutandis in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

84. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

(3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

NO ACTION BY WRITTEN RESOLUTIONS OF MEMBERS

85. Any action required or permitted to be taken at any annual or extraordinary general meetings of the Company may be taken only upon the vote of the Members at an annual or extraordinary general meeting duly noticed and convened in accordance with these Articles and the Law and may not be taken by written resolution of Members without a meeting.

BOARD OF DIRECTORS

86. (1) Unless otherwise determined by the Company by special resolution, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting.

(2) Subject to the Articles and the Law, the Company may by ordinary resolution elect any person to be a Director to fill a casual vacancy, and by

special resolution elect any person to be a Director as an addition to the existing Board.

(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall, unless designated by the Board as a Class A Director, a Class B Director or a Class C Director, hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

(4) No Director shall be required to hold any shares of the Company by way of qualification and a Director who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.

(5) Subject to any provision to the contrary in these Articles, a Director may be removed by way of a special resolution of the Members at any time notwithstanding anything in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

(6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.

(7) The Company may from time to time in general meeting by special resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).

RETIREMENT OF DIRECTORS

87. (1) The Members shall designate the Directors into three different classes, namely Class A Directors, Class B Directors and Class C Directors provided that any Director appointed by the Board in accordance with Article 86(3) may be designated by the Board as a Class A Director, a Class B Director or a Class C Director.

(2) At the first annual general meeting after the adoption of these Articles, all Class A Directors shall retire from office and be eligible for re-election. At the second annual general meeting after the adoption of these Articles, all Class B Directors shall retire from office and be eligible for re-election. At the third annual general meeting after the adoption of these Articles, all Class C Directors shall retire from office and be eligible for re-election.

(3) At each subsequent annual general meeting after the third annual general meeting after the adoption of these Articles, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one third) shall retire from office by rotation. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of

directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to the Article above shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

(4) Notwithstanding anything herein, the chief executive officer of the

Company shall not, whilst holding such office, be subject to retirement or be taken into account in determining the number of Directors to retire in any year.

(5) For the avoidance of doubt, subject to the provisions of subparagraph (4) above, every Director shall be subject to retirement in accordance with this Article at least once every three years.

88. [Reserved.]

DISQUALIFICATION OF DIRECTORS

89. The office of a Director shall be vacated if the Director:

(1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;

(2) becomes of unsound mind or dies;

(3) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months and the Board resolves that his office be vacated; or

(4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(5) is prohibited by law from being a Director; or

(6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

EXECUTIVE DIRECTORS

90. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid

shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

91. Notwithstanding Articles 92, 93, 94 and 95, an executive director appointed to an office under Article 90 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

DIRECTORS' FEES AND EXPENSES

92. The Directors shall receive such remuneration as the Board may from time to time determine. The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.

93. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

94. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

DIRECTORS' INTERESTS

95. A Director may:

(a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of

salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;

(b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;

(c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Notwithstanding the foregoing, no "Independent Director" as defined in the rules of the Designated Stock Exchange, and with respect of whom the Board has determined constitutes an "Independent Director" for purposes of compliance with applicable law or the Company's listing requirements, shall without the consent of the Audit Committee take any of the foregoing actions or any other action that would reasonably be likely to affect such Director's status as an "Independent Director" of the Company.

96. Subject to the Law and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the

Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in

which he is interested in accordance with Article 97 herein. Any such transaction that would reasonably be likely to affect a Director's status as an "Independent Director", or that would constitute a "related party transaction" as defined by Item 7.B of Form 20F promulgated by the SEC, shall require the approval of the Audit Committee.

97. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:

(a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or

(b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

98. Following a declaration being made pursuant to the last preceding two Articles, subject to any separate requirement for Audit Committee approval under applicable law or the listing rules of the Company's Designated Stock Exchange, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.

GENERAL POWERS OF THE DIRECTORS

99. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case

may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

(3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:

(a) To give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed.

(b) To give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.

(c) To resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the Law.

100. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

101. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or

instrument under their personal seal with the same effect as the affixation of the Company's Seal.

102. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

103. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

104. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in

business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.

(2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement, and may be subject or not subject to any terms or conditions as the Board may determine.

BORROWING POWERS

105. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Law, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

106. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

107. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender,

drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

108. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.

(2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Law, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Law in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

109. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

110. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the president or chairman, as the case may be, or any Director.

111. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2). An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.

(2) Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

(3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

112. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in

accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.

113. The Chairman of the Board shall be the chairman of all meetings of the Board. If the Chairman of the Board is not present at any meeting within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

114. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

115. (1) The Board may delegate any of its powers, authorities and discretions to committees (including, without limitation, the Audit Committee), consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

(2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board (or if the Board delegates such power, the committee) shall have power to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.

116. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article, indicating, without limitation, any committee charter adopted by the Board for purposes or in respect of any such committee.

117. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors and for this purpose a facsimile signature of a Director shall be treated as valid.

118. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they

or any of them were disqualified or had

vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

AUDIT COMMITTEE

119. Without prejudice to the freedom of the Directors to establish any other committees, for so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the rules of the Designated Stock Exchange and the rules and regulations of the SEC.

120. (1) The Board shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis.

(2) The Audit Committee shall meet at least once every financial quarter, or more frequently as circumstances dictate.

121. For so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee for the review and approval of potential conflicts of interest. Specially, the Audit Committee shall approve any transaction or transactions between the Company and any f the following parties: (i) any shareholder owning an interest in the voting power of the Company or any subsidiary of the Company that gives such shareholder significant influence over the Company or any subsidiary of the Company, (ii) any director or executive officer of the Company or any subsidiary of the Company and any relative of such director or executive officer, (iii) any person in which a substantial interest in the voting power of the Company is owned, directly or indirectly, by any person described in (i) or (ii) or over which such a person is able to exercise significant influence, and (iv) any affiliate (other than a subsidiary) of the Company..

OFFICERS

122. (1) The officers of the Company shall consist of the Chairman of the Board, the Directors, the Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Law and these Articles.

(2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one Director is proposed for this office, the election to such office shall take place in such manner as the Directors may determine.

(3) The officers shall receive such remuneration as the Directors may from time to time determine.

123. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.

(2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Law or these Articles or as may be prescribed by the Board.

124. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.

125. A provision of the Law or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS AND OFFICERS

126. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Law or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the Law.

MINUTES

127. (1) The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of officers;

(b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

(c) of all resolutions and proceedings of each general meeting of the Members, meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.

(2) Minutes shall be kept by the Secretary at the Office.

SEAL

128. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Article shall be deemed to be sealed and executed with the authority of the Board previously given.

(2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

AUTHENTICATION OF DOCUMENTS

129. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any

books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

130. (1) The Company shall be entitled to destroy the following documents at the following times:

(a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;

(b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;

(c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;

(d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and

(e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Article to the destruction of any document include references to its disposal in any manner.

(2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Article and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

DIVIDENDS AND OTHER PAYMENTS

131. Subject to the Law, the Board may from time to time declare dividends in any currency to be paid to the Members.

132. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. The Board may also declare and pay dividends out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

133. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and

(b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

134. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

135. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

136. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

137. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

138. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

139. Whenever the Board has resolved that a dividend be paid or declared, the

Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

140. (1) Whenever the Board has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

(a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or

(b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.

(2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Article shall rank pari passu in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Article in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.

(b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(3) The Board may resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the

allotment of shares under paragraph (1) of this Article shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any Board resolution declaring a dividend on shares of any class may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without

prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

141. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the Law. The Company shall at all times comply with the provisions of the Law in relation to the share premium account.

(2) Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

142. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

143. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Article and in particular may issue certificates in respect of fractions of shares or authorise any person

to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as

may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

144. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Law:

(1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:

(a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Article) maintain in accordance with the provisions of this Article a reserve (the "Subscription Rights Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;

(b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;

(c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrantholder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:

(i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and

(ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription

rights to represent the right to subscribe for shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is

required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrantholders; and

(d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrantholder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrantholder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrantholder upon the issue of such certificate.

(2) Shares allotted pursuant to the provisions of this Article shall rank pari passu in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Article, no fraction of any share shall be allotted on exercise of the subscription rights.

(3) The provision of this Article as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrantholder or class of warrantholders under this Article without the sanction of a special resolution of such warrantholders or class of warrantholders.

(4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrantholders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrantholders and shareholders.

ACCOUNTING RECORDS

145. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

146. The accounting records shall be kept at the Office or at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

147. Subject to Article 148, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the

applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least ten (10) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with Article 56 provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

148. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 147 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

149. The requirement to send to a person referred to in Article 147 the documents referred to in that article or a summary financial report in accordance with Article 148 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 147 and, if applicable, a summary financial report complying with Article 148, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

AUDIT

150. Subject to applicable law and rules of the Designated Stock Exchange:

(1) At the annual general meeting or at a subsequent extraordinary general meeting in each year, the Members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the Members appoint another auditor. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.

(2) A person, other than a retiring Auditor, shall not be capable of being appointed Auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of Auditor has been given not less than fourteen (14) days before the annual general meeting and furthermore, the Company shall send a copy of any such notice to the retiring Auditor.

(3) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.

151. Subject to the Law the accounts of the Company shall be audited at least once in every year.

152. The remuneration of the Auditor shall be fixed by the Company in general meeting or in such manner as the Members may determine.

153. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.

154. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call

on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.

155. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or

jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

NOTICES

156. Except as otherwise provided in these Articles, any Notice or document to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

157. Any Notice or other document:

(a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;

(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;

(c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of

the relevant despatch or transmission; and in proving such service or delivery a certificate in writing

signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and

(d) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.

158. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

(2) A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

(3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

SIGNATURES

159. For the purposes of these Articles, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director in the terms in which it is received.

WINDING UP

160. (1) The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

(2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

161. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the

winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, a nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

(2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Law, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(3) In the event of winding-up of the Company in the People's Republic of China, every Member who is not for the time being in the People's Republic of China shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some person resident in the People's Republic of China and stating that person's full name, address and occupation upon whom all summonses, notices, process, orders and judgements in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee, whether appointed by the Member or the liquidator, shall be deemed to be good personal service on such Member for all purposes, and, where the liquidator makes any such appointment, he shall with all convenient speed give notice thereof to such Member by advertisement as he shall deem appropriate or by a registered letter sent through the post and addressed to such Member at his address as appearing in the register, and such notice shall be deemed to be service on the day following that on which the advertisement first appears or the letter is posted.

INDEMNITY

162. (1) The Directors, Secretary and other officers and every Auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

(2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company;

PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

163. No Article shall be rescinded, altered or amended and no new Article shall be made until the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the Memorandum of Association or to change the name of the Company.

INFORMATION

164. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

#222454

Exhibit 4.1

ATA Inc.

Matter	: 723600	Issued to:	
Type of Share	:		
Certificate #	:	Date of Record	:
# of Shares	:	Transfer to cert. #	:
Amount Paid	:	# of Shares	:
Par Value	: US$0.01	Transfer Date	:

INCORPORATED IN THE CAYMAN ISLANDS

ATA INC.

This is to certify that [name of shareholder]
of [address]

is the registered shareholder of:

<Table>

<S>	<C>	<C>
No. of Shares	Type of Share	Par Value
		US$0.01
Date of Record	Certificate Number	% Paid

The above shares are subject to the Memorandum and Articles of Association of the Company and transferrable in accordance therewith and the provisions appearing on the reverse hereof.

GIVEN UNDER THE COMMON SEAL OF THE COMPANY

</Table>

_____ Director _____ Director/Secretary

Exhibit 4.6

SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT (this "AGREEMENT") is entered into as of November 10, 2006 (the "EFFECTIVE DATE"), by and among ATA Inc., an exempted company duly incorporated and validly existing under the Laws of the Cayman Islands (the "COMPANY"), certain individuals listed under the heading "Common Shareholders" on Schedule A attached hereto (each a "COMMON SHAREHOLDER" and collectively, the "COMMON SHAREHOLDERS"), SB ASIA INVESTMENT FUND II, L.P., a limited partnership organized and existing under the Laws of the Cayman Islands ("SAIF"), and Winning King LTD, an international business company organized under the Laws of the British Virgin Islands ("WKL", and together with SAIF, each an "INVESTOR" and collectively, the "INVESTORS"). The Company, the Common Shareholders and the Investors are referred to herein as "PARTIES" collectively and a "PARTY" individually.

RECITALS

WHEREAS, the Company, the Common Shareholders and the Investors are parties to a Share Exchange Agreement dated November 10, 2006 (the "SHARE EXCHANGE AGREEMENT"), under which the Common Shareholders and Investors are to transfer their shares in ATA Testing Authority (Holdings) Limited, an international business company organized under the laws of the British Virgin Islands, to the Company in exchange for equivalent shares in the Company.

WITNESSETH

NOW, THEREFORE, in consideration of the premises set forth above, the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties agree as follows:

1. INTERPRETATION.

1.1 DEFINITIONS. The following terms shall have the meanings ascribed to them below:

"AFFILIATE", with regard to a given Person, means a Person that Controls, is Controlled by or is under common Control with the given Person; the term "Affiliated" has the meaning correlative to the foregoing.

"APPLICABLE SECURITIES LAW" means (i) with respect to any offering of securities in the United States, or any other act or omission within that jurisdiction, the securities Law of the United States, including the Exchange Act and the Securities Act, and any applicable securities Law of any state of the United States, and (ii) with respect to any offering of securities in any jurisdiction other than the United States, or any related act or omission in that jurisdiction, the applicable securities Laws of that jurisdiction.

"BOARD" or "BOARD OF DIRECTORS" means the board of directors of the Company.

"COMMISSION" means (i) with respect to any offering of securities in the United States, the Securities and Exchange Commission of the United States or any other federal agency at the time administering the Securities Act, and (ii) with respect to any offering of securities in a jurisdiction other than the United States, the regulatory body of the jurisdiction with authority to supervise and regulate the sale of securities in that jurisdiction.

"COMMON SHARES" means the common shares, par value US$0.01, of the Company.

"COMMON SHARE EQUIVALENTS" means warrants, options and rights exercisable for Common Shares or securities convertible into or exchangeable for Common Shares, including, without limitation, the Preferred Shares.

"CONTROL" of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at meetings of the members or shareholders of such Person or power to control the composition of the board of directors of such Person; the terms "Controlling" and "Controlled" have meanings correlative to the foregoing.

"EQUITY SECURITIES" means any Common Shares or Common Share Equivalents of the Company.

"EXCHANGE ACT" means the United States Securities Exchange Act of 1934, as amended.

"FORM F-3" means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

"FORM S-3" means Form S-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

"GOVERNMENTAL AUTHORITY" means a nation or government or any province or state or any other political subdivision thereof, and any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

"HOLDERS" means the holders of Registrable Securities who are parties to this Agreement from time to time.

"INFORMATION" has the meaning ascribed thereto in Section 8.6.

"INITIATING HOLDERS" means, with respect to a request duly made under Section 2.1 or Section 2.2 to Register any Registrable Securities, the Holders initiating such request.

"IPO" means the first firmly underwritten registered public offering by the Company of its Common Shares pursuant to a Registration Statement that is filed with and declared effective by either the Commission under the Securities Act or another Governmental Authority (as defined in the Share Purchase Agreement) for a Registration in a jurisdiction other than the United States.

"LAW" means any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any injunction, judgment, order, ruling, assessment or writ issued by any Governmental Authority.

"LIQUIDATION EVENT" means (i) any liquidation, winding-up, or dissolution of the Company, (ii) any consolidation, amalgamation or merger of the Company with or into any other Person, or any other corporate reorganization, in which the members of the Company immediately before such transaction own less than 50% of the Company's voting power immediately after such transaction (excluding any transaction effected solely for tax purposes

or to change the Company's domicile), (iii) sale of all or substantially all of the assets of the Company, or (iv) the exclusive licensing of all or substantially all of the Company's intellectual property to a third party.

"NEW SECURITIES" means, subject to the terms of Section 7 hereof, any newly issued Equity Securities of the Company, except for (i) securities issued to employees, consultants, officers or directors of the Company pursuant to any share option, share purchase or share bonus plan, agreement or arrangement approved by the Board; (ii) securities issued upon conversion of the Preferred Shares or exercise of any outstanding warrants

or options; (iii) securities issued in connection with a bona fide acquisition of another business; (iv) securities issued in a Qualified IPO; (v) securities issued in connection with any share split, share dividend, combination, recapitalization or similar transaction of the Company; or (vi) any other equity issuance unanimously approved by the Board, including the Series A Directors.

"PERSON" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"PRC" means the People's Republic of China, but solely for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and the islands of Taiwan.

"PREFERRED SHAREHOLDERS" means the Holders who then hold of record any Preferred Shares.

"PREFERRED SHARES" means, collectively, the Series A Preferred Shares and the Series A-1 Preferred Shares.

"QUALIFIED IPO" has the meaning given to such term in the Company's Memorandum and Articles of Association, as amended and restated from time to time.

"REGISTRABLE SECURITIES" means (i) the Common Shares issuable or issued upon conversion of the Preferred Shares, and (ii) any Common Shares of the Company issued as a dividend or other distribution with respect to, in exchange for, or in replacement of, the shares referenced in (i), excluding in all cases, however, any of the foregoing sold by a Person in a transaction other than an assignment pursuant to Section 10. For purposes of this Agreement, (i) Registrable Securities shall cease to be Registrable Securities when a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act by the Commission whether or not such Registrable Securities have been disposed of pursuant to such effective Registration Statement and (ii) the Registrable Securities of a Holder shall not be deemed to be Registrable Securities at any time when the entire amount of such Registrable Securities proposed to be sold by such Holder in a single sale are or, in the opinion of counsel satisfactory to the Company and such Holder, each in their reasonable judgment, may be, so distributed to the public pursuant to Rule 144 (or any successor provision then in effect) under the Securities Act in any three (3) month period or any such Registrable Securities have been sold in a sale made pursuant to Rule 144 of the Securities Act.

"REGISTRATION" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms "Register" and "Registered" have meanings concomitant with the foregoing.

"REGISTRATION STATEMENT" means a registration statement prepared on Form F-1, F-2, F-3, S-1, S-2 or S-3 under the Securities Act (including, without limitation, Rule 415 under

the Securities Act), or on any comparable form in connection with registration in a jurisdiction other than the United States.

"SECURITIES ACT" means the United States Securities Act of 1933, as amended.

"SELLING EXPENSES" means all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement.

"SERIES A DIRECTORS" has the meaning assigned to it in the Memorandum and Articles of Association of the Company, as amended and restated from time to time.

"SERIES A PREFERRED SHARES" means the Company's issued and outstanding Series A Preferred Shares, par value US$0.01 per share.

"SERIES A-1 PREFERRED SHARES" means the Company's Series A-1 Preferred Shares, par value US$0.01 per share.

"SHARE EXCHANGE AGREEMENT" has the meaning set forth in the Recitals hereof.

"SHARE PURCHASE AGREEMENT" means the Securities Purchase and Share Subscription Agreement, dated as March 31, 2005, by and among ATA Testing Authority (Holdings) Limited, certain Investors (as defined therein) and certain Founders (as defined therein), under which such Investors purchased Series A Preferred Shares of ATA Testing Authority (Holdings) Limited.

"SUBSIDIARY" means, with respect to any specified Person, any Person of which the specified Person, directly or indirectly, owns more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital.

"U.S. GAAP" means generally accepted accounting principles in the United States applied on a consistent basis.

1.2 INTERPRETATION. For all purposes of this Agreement, except as otherwise expressly provided, (i) the terms defined in this Section 1 shall have the meanings assigned to them in this Section 1 and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned under U.S. GAAP, (iii) all references in this Agreement to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (v) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision (vi) all references in this Agreement to designated Schedules, Exhibits and Annexes are to the Schedules, Exhibits and Annexes attached to this Agreement, (vii) "or" is not exclusive, (viii) the term "including" will be deemed to be followed by ", but not limited to,"; (ix) the terms "shall," "will," and "agrees" are mandatory, and the term "may" is permissive; (x) the term "day" means "calendar day", and (xi) all references to dollars are to currency of the United States of America.

1.3 JURISDICTION. The terms of this Agreement are drafted primarily in contemplation of an offering of securities in the United States of America. The parties recognize, however, the possibility that securities may be qualified or registered in a jurisdiction other than the United States of America for offering to the public or that the Company might effect an offering in the United States of America in the form of American Depositary Receipts or American Depositary Shares. Accordingly:

(a) It is their intention that, whenever this Agreement refers to a Law, form, process or institution of the United States of America but the parties wish to effectuate qualification or

registration in a different jurisdiction, reference in this Agreement to the Laws or institutions of the United States shall be read as referring, mutatis mutandis, to the comparable Laws or institutions of the jurisdiction in question; and

(b) It is agreed that the Company will not undertake any listing of American Depositary Receipts, American Depositary Shares or any other security derivative of the Company's Common Shares unless arrangements have been made reasonably satisfactory to a majority in interest of the Holders of then outstanding Registrable Securities to ensure that the spirit and intent of this Agreement will be realized and that the Company is committed to take such actions as are necessary such that the Holders will enjoy rights corresponding to the rights hereunder to sell their Registrable Securities in a public offering in the United States of America as if the Company had listed Common Shares in lieu of such derivative securities.

2. DEMAND REGISTRATION.

2.1 REGISTRATION OTHER THAN ON FORM F-3 OR FORM S-3. Subject to the terms of this Agreement, at any time or from time to time after the earlier of (i) March 31, 2008 and (ii) the date that is six (6) months after the closing of a

Qualified IPO, Holders holding twenty-five percent (25%) or more of the then outstanding Registrable Securities may request in writing that the Company effect a Registration in any jurisdiction in which the Company has had a registered underwritten public offering (or, if the Company has not yet had a registered underwritten public offering, then such request may be to effect such Registration on the New York Stock Exchange, the NASDAQ National Market, the Hong Kong Stock Exchange Main Board, the Hong Kong Stock Exchange GEM, or any other internationally recognized exchange that is approved by Company) of all or part of the Registrable Securities. Upon receipt of such a request, the Company shall (a) promptly give written notice of the proposed Registration to all other Holders and (b) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company's delivery of written notice, to be Registered and/or qualified for sale and distribution in such jurisdiction. The Company shall be obligated to effect no more than three (3) Registrations pursuant to this Section 2.1.

2.2 REGISTRATION ON FORM F-3 OR FORM S-3. Subject to the terms of this Agreement, at any time after a Qualified IPO, if the Company qualifies for registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), Holders may request the Company to file, in any jurisdiction in which the Company has had a registered underwritten public offering, a Registration Statement on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), for a public offering of Registrable Securities for which the reasonably anticipated aggregate price to the public, net of Selling Expenses, would exceed US$1,000,000. Upon receipt of such a request, the Company shall (i) promptly give written notice of the proposed Registration to all other Holders and (ii) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company's delivery of written notice, to be Registered and qualified for sale and distribution in such jurisdiction. The Holders may at any time, and from time to time, require the Company to effect the Registration of Registrable Securities under this Section 2.2. However, the Company shall not be required to effect more than four (4) Registrations pursuant to this Section 2.2 in any twelve (12) month period.

2.3 RIGHT OF DEFERRAL.

(a) The Company shall not be obligated to Register or qualify Registrable Securities pursuant to this Section 2:

(i) if, within ten (10) days of the receipt of any request of the Holders to Register any Registrable Securities under Section 2.1 or Section 2.2, the Company gives notice to the Initiating Holders of its bona fide intention to effect the filing for its own account of a Registration Statement of Common Shares within sixty (60) days of receipt of that request; provided that the Company is actively employing in good faith its reasonable best efforts to cause that Registration Statement to become effective within sixty (60) days of the initial filing; provided further that the Holders are entitled to join such Registration subject to Section 3;

(ii) during the period starting with the date of filing by the Company of, and ending six (6) months following the effective date of any Registration Statement pertaining to Common Shares of the Company; provided that the Holders are entitled to join such Registration subject to Section 3; or

(iii) in any jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such Registration or qualification, unless the Company is already subject to service of process in such jurisdiction;

(b) If, after receiving a request from Holders pursuant to Section 2.1 or Section 2.2 hereof, the Company furnishes to the Holders a certificate signed by the chief executive officer of the Company stating that, in the good faith judgment of the Board, there is a reasonable likelihood that it would be materially detrimental to the Company or its members for a Registration Statement to be filed in the near future, then the Company shall have the right to defer such filing for a period during which such filing would be materially

detrimental, provided that such deferral by the Company shall not exceed ninety (90) days from the receipt of any request duly submitted by Holders under Section 2.1 or Section 2.2 to Register Registrable Securities; provided further, that the Company may not Register any other of its Securities during such ninety (90) day period (except for Registrations contemplated by Section 3.4); provided, however, that the Company shall not utilize this right more than once in any twelve (12) month period.

2.4 UNDERWRITTEN OFFERINGS. (a) If, in connection with a request to Register Registrable Securities under Section 2.1 or Section 2.2, the Initiating Holders seek to distribute such Registrable Securities in an underwriting, they shall so advise the Company as a part of the request, and the Company shall include such information in the written notice to the other Holders described in Sections 2.1 and 2.2. In such event, the right of any Holder to include its Registrable Securities in such Registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the managing underwriter advises the Company that marketing factors (including without limitation the aggregate number of securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten in a Registration pursuant to Section 2.1 or 2.2, the underwriters may (i) in the event the offering is the Company's IPO, exclude from the underwriting all of the Registrable Securities (so long as the only securities included in such offering are those of the Company), or (ii) otherwise exclude up to seventy percent (70%) of the Registrable Securities requested to be Registered but only after excluding all other Equity Securities from the Registration and underwriting and so long as the number of shares to be included in the Registration on behalf of Holders is allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included, provided that if, as a result of such underwriter cutback, the Holders cannot include in the initial public offering all of the Registrable Securities that they have requested to be included therein, then such Registration shall not be deemed to constitute one of the three demand Registrations to

which the Holders are entitled pursuant to Section 2.1. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the Registration.

3. PIGGYBACK REGISTRATIONS.

3.1 REGISTRATION OF THE COMPANY'S SECURITIES. Subject to the terms of this Agreement, if the Company proposes to Register for its own account any of its Equity Securities, or for the account of any holder (other than a Holder) of Equity Securities any of such holder's Equity Securities, in connection with the public offering of such securities solely for cash (except as set forth in Section 3.4), the Company shall promptly give each Holder written notice of such Registration and, upon the written request of any Holder given within fifteen (15) days after delivery of such notice, the Company shall use its reasonable best efforts to include in such Registration any Registrable Securities thereby requested to be Registered by such Holder. If a Holder decides not to include all or any of its Registrable Securities in such Registration by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company, all upon the terms and conditions set forth herein.

3.2 RIGHT TO TERMINATE REGISTRATION. The Company shall have the right to terminate or withdraw any Registration initiated by it under Section 3.1 prior to the effectiveness of such Registration, whether or not any Holder has elected to participate therein. The expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 4.3.

3.3 UNDERWRITING REQUIREMENTS.

(a) In connection with any offering involving an underwriting of the Company's Equity Securities solely for cash, the Company shall not be required to Register the Registrable Securities of a Holder under this Section 3 unless such Holder's Registrable Securities are included in the underwriting and such Holder enters into an underwriting agreement in customary form with the underwriters selected by the Company and setting forth such terms for the underwriting as have been agreed upon between the Company and the underwriters. In the event the underwriters advise Holders seeking Registration of Registrable Securities pursuant to this Section 3 in writing that market factors (including the aggregate number of Registrable Securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten, the underwriters may (i) in the event the offering is the Company's IPO, exclude all of the Registrable Securities (so long as the only securities included in such offering are those of the Company and no securities of other selling shareholders are included), or (ii) otherwise exclude up to seventy percent (70%) of the Registrable Securities requested to be Registered but only after excluding all other Equity Securities (except for securities to be offered by the Company) from the Registration and underwriting and so long as the Registrable Securities to be included in such Registration on behalf of Holders are allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included.

(b) If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from the underwriting shall be withdrawn from the Registration.

3.4 EXEMPT TRANSACTIONS. The Company shall have no obligation to Register any Registrable Securities under this Section 3 in connection with a Registration by the Company (i) relating solely to the sale of securities to participants in a Company share plan, or (ii) relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under the Laws of another jurisdiction, as applicable).

4. PROCEDURES.

4.1 REGISTRATION PROCEDURES AND OBLIGATIONS. Whenever required under this Agreement to effect the Registration of any Registrable Securities held by the Holders, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the Commission a Registration Statement with respect to those Registrable Securities and use its reasonable best efforts to cause that Registration Statement to become effective, and, upon the request of the Holders holding a majority of the Registrable Securities Registered thereunder, keep the Registration Statement effective for up to one hundred and eighty (180) days or, if earlier, until the distribution thereunder has been completed; provided, however, that such one hundred and eighty (180) day period shall be extended for a period of time equal to the period any Holder refrains from selling any Registrable Securities included in such Registration at the written request of the underwriter(s) for such Registration.

(b) Prepare and file with the Commission amendments and supplements to that Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of Applicable Securities Law with respect to the disposition of all securities covered by the Registration Statement;

(c) Furnish to the Holders the number of copies of a prospectus, including a preliminary prospectus, required by Applicable Securities Law, and any other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) Use its reasonable best efforts to Register and qualify the securities covered by the Registration Statement under the securities Laws of any jurisdiction, as reasonably requested by the Holders, provided that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdictions;

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in customary form, with the managing underwriter(s) of the offering. Each shareholder participating in the underwriting shall also enter into and perform its obligations under such an agreement;

(f) Notify each Holder of Registrable Securities covered by the Registration Statement at any time when a prospectus relating thereto is required to be delivered under Applicable Securities Law of (i) the issuance of any stop order by the commission, or (ii) the happening of any event as a result of which any prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) Provide a transfer agent and registrar for all Registrable Securities Registered pursuant to the Registration Statement and, where applicable, a number assigned by the Committee on Uniform Securities Identification Procedures for all those Registrable Securities, in each case not later than the effective date of the Registration;

(h) Furnish, at the request of any Holder requesting Registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered for sale in connection with a Registration pursuant to this Agreement, (i) an opinion, dated the closing date of the sale, of the counsel representing the Company for the purposes of the Registration, in form and substance as is customarily given to underwriters in an underwritten public offering; (ii) (A) a comfort letter dated the signing date of the underwriting agreement; and (B) a bring down comfort letter dated the closing of the sale, each from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters; and

(i) Take all reasonable action necessary to list the Registrable Securities on the primary exchange on which the Company's securities are then traded or in connection with a Qualified IPO, the primary exchange on which the Company's securities will be traded.

4.2 INFORMATION FROM HOLDER. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the Registration of such Holder's Registrable Securities.

4.3 EXPENSES OF REGISTRATION. All expenses, other than the Selling Expenses (which shall be borne by the Holders requesting Registration on a pro rata basis in proportion to their respective numbers of Registrable Securities sold in such Registration), incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all Registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and reasonable fees and disbursement of one counsel for all selling Holders, shall be borne by the Company. The Company shall not, however, be required to pay for any expenses of any Registration proceeding begun pursuant to this Agreement if the Registration request is subsequently withdrawn at the request of a majority in interest of the Holders requesting such Registration (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be thereby Registered in the withdrawn Registration).

4.4 DELAY OF REGISTRATION. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any Registration as the result of any controversy that may arise with respect to the interpretation or implementation of this Agreement.

5. INDEMNIFICATION.

5.1 COMPANY INDEMNITY.

(a) To the maximum extent permitted by Law, the Company will indemnify and hold harmless each Holder, such Holder's officers, directors, shareholders, legal counsel and accountants, any underwriter (as defined in the Securities Act) for such Holder and each Person, if any, who controls (as defined in the Securities Act) such Holder or underwriter, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under Laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification, or compliance, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a "VIOLATION"): (i) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), (ii) the omission or alleged omission to state in the Registration Statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws. The Company will reimburse each such Holder, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action.

(b) The indemnity agreement contained in this Section 5.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and

in conformity with written information furnished for use in connection with such Registration by any such Holder, underwriter or controlling person.

5.2 HOLDER INDEMNITY.

(a) To the maximum extent permitted by Law, each selling Holder will indemnify and hold harmless the Company, its directors, officers, legal counsel and accountants, any underwriter, any other Holder selling securities in connection with such Registration and each Person, if any, who controls (within the meaning of the Securities Act) the Company, such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder for use in connection with such Registration; and each such Holder will reimburse any Person intended to be indemnified pursuant to this Section 5.2, for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability or action. No Holder's liability under this Section 5.2 shall exceed the net proceeds (less underwriting discounts and selling commissions) received by such Holder from the offering of securities made in connection with that Registration; provided, however, such limitation shall not apply in the case of willful fraud by such Holder.

(b) The indemnity contained in this Section 5.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed).

5.3 NOTICE OF INDEMNIFICATION CLAIM. Promptly after receipt by an indemnified party under Section 5.1 or Section 5.2 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under Section 5.1 or Section 5.2, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly

with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the indemnifying parties. An indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonably incurred fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 5, but the omission to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5.

5.4 CONTRIBUTION. If any indemnification provided for in Section 5.1 or Section 5.2 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the

omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

5.5 UNDERWRITING AGREEMENT. To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

5.6 SURVIVAL. The obligations of the Company and Holders under this Section 5 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement.

6. ADDITIONAL UNDERTAKINGS.

6.1 REPORTS UNDER THE EXCHANGE ACT. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any Applicable Securities Law that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3 or Form S-3 (or any comparable form in a jurisdiction other than the United States), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 (or comparable provision, if any, under Applicable Securities Laws in any jurisdiction where the Company's securities are listed), at all times following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under all Applicable Securities Laws; and

(c) at any time following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public by the Company, promptly furnish to any Holder holding Registrable Securities, upon request (i) a written statement by the Company that it has complied with the reporting requirements of

all Applicable Securities Laws at any time after it has become subject to such reporting requirements or, at any time after so qualified, that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company's securities are listed), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents as may be filed by the Company with the Commission, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission, that permits the selling of any such securities without Registration or pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company's Securities are listed).

6.2 LIMITATIONS ON SUBSEQUENT REGISTRATION RIGHTS. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any Equity Securities of the Company that would allow such holder or prospective holder (a) to include such Equity Securities in any Registration filed under Section 2 or 3, unless under the terms of such agreement such holder or prospective holder may include such Equity Securities in any such Registration only to the extent that the inclusion of such Equity Securities will not reduce the amount of the Registrable Securities of the Holders that are included, (b) to demand Registration of their securities, or (c) cause the Company to include such Equity Securities in any Registration filed under Section 2.2 or Section 3 hereof on a basis more favorable to such holder or prospective holder than is provided to the Holders thereunder.

6.3 "MARKET STAND-OFF" AGREEMENT. Each Holder agrees, if so required by the managing underwriter(s), that it will not during the period commencing on the date of the final prospectus relating to the Company's IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days from the date of such final prospectus) (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Equity Securities (other than those included in such offering) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Equity Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Equity Securities or such other securities, in cash or otherwise; provided, that (x) all directors, officers and holders of more than the lower of (a) 0.03% of the fully diluted, as converted share capital of the Company and (b) 5,000 Common Shares (as adjusted for share splits, share combinations, recapitalizations, reclassifications and similar transactions) must be bound by restrictions substantially identical to those applicable to any Holder pursuant to this Section 6.3, (y) all Holders will be released from any restrictions set forth in this Section 6.3 to the extent that any other members subject to substantially similar restrictions are released, and (z) the lockup agreements shall permit Holders to transfer their Registrable Securities to their respective Affiliates so long as the transferees enters into the same lockup agreement. The underwriters in connection with the Company's IPO are intended third party beneficiaries of this Section 6.3 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. In order to enforce the foregoing covenant, the Company may place restrictive legends on the certificates and impose stop-transfer instructions with respect to the Registrable Securities of each shareholder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

6.4 TERMINATION OF REGISTRATION RIGHTS. The registration rights set forth in Section 2 and Section 3 of this Agreement shall terminate on the later of (a) the date that is four (4) years from the date of closing of a Qualified IPO and (b) March 31, 2013.

6.5 EXERCISE OF PREFERRED SHARES. Notwithstanding anything to the contrary provided in this Agreement, the Company shall have no obligation to Register Registrable Securities which, if constituting Common Share Equivalents, have not been exercised, converted or exchanged, as applicable, for Common Shares.

6.6 APPROVAL OF BUSINESS PLAN. The Company and the Investors shall use their reasonable best efforts to cause each quarterly or annual budget, business plan or operating plan (including any capital expenditure budget, operating budget and financing plan) to be approved before the beginning of each quarter or year, as the case may be.

6.7 PROSPECTIVE SHAREHOLDERS.

(a) The Company shall perform all of its obligations, and shall use its reasonable best efforts to cause each of the Option Holders to perform all such Option Holder's obligations, under the agreements by and between the Company and the Option Holders entered into pursuant to Section 5.14 of the Share Purchase Agreement as of March 31, 2005.

(b) Unless an Option Holder, simultaneously with his or her exercise of his or her warrant(s) or option(s) to purchase Equity Securities of the Company, accedes to this Agreement and the Right of First Refusal and Co-Sale Agreement and agrees to be bound by the transfer restrictions hereunder and thereunder as if she or he were a Common Shareholder, the Company shall not, with respect to the shares issuable upon exercise of such warrant(s) or option(s), (i) issue any share certificates to such Option Holder, (ii) enter such Option Holder in the Company's register of members as a shareholder of the Company, (iii) grant any shareholder rights or benefits to such Option Holder or (iv) treat such Option Holder as a shareholder of the Company in any other way.

7. PREEMPTIVE RIGHT

7.1 GENERAL. The Company hereby grants to all Preferred Shareholders a right to purchase up to their pro rata shares of any New Securities that the Company may, from time to time, propose to sell or issue. A Preferred Shareholder's "pro rata share" for purposes of this purchase right shall be determined according to the number of Common Shares owned by such Preferred Shareholder immediately prior to the issuance of the New Securities (assuming the exercise, conversion or exchange of all then outstanding Common Share Equivalents) in relation to the total number of Common Shares of the Company outstanding immediately prior to the issuance of the New Securities (assuming the exercise, conversion or exchange of all then outstanding Common Share Equivalents). Each Preferred Shareholder shall have a right of over-allotment such that, if any other Preferred Shareholder fails to exercise in full its right hereunder to purchase its pro rata share of the New Securities, such Preferred Shareholders may purchase the non-purchasing Preferred Shareholder's portion on a pro rata basis.

7.2 ISSUANCE NOTICE. In the event the Company proposes to undertake an issuance of New Securities, it shall give each Preferred Shareholder written notice (an "ISSUANCE NOTICE") of such intention, describing the type of New Securities, and their price and the general terms upon which the Company proposes to issue the same. Each Preferred Shareholder shall have ten (10) days after the receipt of such notice to agree to purchase up to such Preferred Shareholder's pro rata share of such New Securities (as determined in Section 7.1 above) for the price and upon the terms specified in the notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased. If any Preferred Shareholder elects not to purchase its pro rata share of such New Securities in full, the Company shall, after its receipt of written notices from all of the Preferred Shareholders pursuant to the immediately preceding sentence, send a second written notice to all of the Preferred Shareholders that have elected to purchase in full their respective pro rata shares of such New Securities, setting forth the total number of shares of New Securities that have not been subscribed for and each such Preferred Shareholder's pro rata share of such remaining New Securities. Each such Preferred Shareholder shall then have ten (10) days after the receipt of the second written notice to elect to purchase up to such Preferred Shareholder's pro rata share of the remaining New Securities.

7.3 SALES BY THE COMPANY. For a period of sixty (60) days following the expiration of the second ten (10) day period as described in Section 7.2 above, the Company may sell any New Securities with respect to which the Preferred Shareholders' preemptive rights under this Section 7 was not exercised, at a price and upon terms not more favorable to the purchasers thereof than specified in the Issuance Notice. In the event the Company has not sold such New Securities within such sixty (60) day period, the Company shall not thereafter

issue or sell any New Securities, without first again offering such securities to the Preferred Shareholders in the manner provided in Section 7.1 above.

7.4 TERMINATION OF PREEMPTIVE RIGHTS. The preemptive rights in this Section 7 shall terminate on the earlier of (i) the closing of the Qualified IPO, or (ii) a Liquidation Event.

8. INFORMATION AND INSPECTION RIGHTS.

8.1 DELIVERY OF FINANCIAL STATEMENTS. The Company shall deliver to each Preferred Shareholder the following documents or reports:

(a) within ninety (90) days after the end of each fiscal year of the Company beginning 2005, a consolidated income statement and statement of cash flows for the Company for such fiscal year and a consolidated balance sheet for the Company as of the end of the fiscal year, audited and certified by a "big four" firm of independent certified public accountants selected by the Company, and a management report including a comparison of the financial results of such fiscal year with the corresponding annual budget, all prepared in English and in accordance with U.S. GAAP;

(b) within forty-five (45) days after the end of each fiscal quarter of the Company, a consolidated unaudited income statement and statement of cash flows for such fiscal quarter and a consolidated unaudited balance sheet for the Company as of the end of such fiscal quarter, and a management report including a comparison of the financial results of such fiscal year with the corresponding quarterly budget, all prepared in English and in accordance with U.S. GAAP (except for year-end adjustments and except for the absence of notes);

(c) within fifteen (15) days of the end of each month, a consolidated unaudited income statement and statement of cash flows for such month and a consolidated balance sheet for the Company as of the end of such month, and a management report all prepared in English and in accordance with U.S. GAAP (except for year-end adjustments and except for the absence of notes);

(d) no later than fifteen (15) days prior to the end of each fiscal quarter, a quarterly budget for the succeeding fiscal quarter;

(e) no later than thirty (30) days prior to the end of each fiscal year, an annual budget for the succeeding fiscal year;

(f) copies of any reports filed by the Company with any relevant securities exchange, regulatory authority or governmental agency; and

(g) copies of all other documents or other information sent to any Person in such Person's capacity as a shareholder of the Company.

8.2 INSPECTION. The Company shall permit each Preferred Shareholder, at its own expense, to visit and inspect, during normal business hours following reasonable notice by such Preferred Shareholder to the Company and only in a manner so as not to interfere with the normal business operations of the Company and its Subsidiaries, any of the properties of the Company and its Subsidiaries, and examine the books of account and records of the Company and its Subsidiaries, and discuss the affairs, finances and accounts of the Company and its Subsidiaries with the directors, officers, management employees, accountants, legal counsel and investment bankers of such companies, all at such reasonable times as may be requested in writing by such Preferred Shareholder; provided that such Preferred Shareholder agrees to keep confidential any information so obtained; provided further that such Preferred Shareholder may be excluded from access to any material, records or other information if the Company is restricted from making such disclosure pursuant to a bona fide agreement with a third party or if such disclosure will jeopardize the attorney-client privilege.

8.3 TERMINATION OF INFORMATION AND INSPECTION RIGHTS. The rights and covenants set forth in Sections 8.1 and 8.2 shall terminate and be of no further force or effect upon the earlier occurrence of (i) the closing of a Qualified IPO and (ii) a Liquidation Event.

8.4 GOVERNMENTAL/SECURITIES FILINGS. For three (3) years after the time when the Company becomes subject to the filing requirements of the Exchange Act

or any other organized securities exchange, the Company shall deliver to each Preferred Shareholder copies of any quarterly, annual, extraordinary, or other reports filed by the Company with the Commission or any other relevant securities exchange, regulatory authority or government agency, and copies of any annual reports to the members or other materials delivered to any other shareholder.

8.5 UNITED STATES TAX MATTERS.

(a) The Company shall comply and shall cause its Subsidiaries to comply with all record-keeping, reporting, and other requests necessary for the Company and its Subsidiaries to allow any Holder (on its own behalf if it is a U.S. person or on behalf of any of its owners that are U.S. persons) to comply with any applicable U.S. federal income tax Law. The Company will also provide

any Holder with any information reasonably requested by such Holder to allow such Holder (on its own behalf if it is a U.S. person or on behalf of any of its owners that are U.S. persons) to comply with any applicable U.S. federal income tax Law.

(b) Within forty-five (45) days from the end of each taxable year of the Company, the Company shall determine whether the Company was a passive foreign investment company ("PFIC") within the meaning of Section 1297 of the Internal Revenue Code of 1986, as amended (the "CODE") in such taxable year (including whether any exception to PFIC status may apply) or is or may be classified as a partnership or branch for U.S. federal income tax purposes for such taxable year. If the Company determines it is a PFIC in such taxable year, it shall promptly inform the Holders of such status and shall provide or cause to be provided such information as a Holder may reasonably request in writing (on its own behalf if it is a U.S. person or on behalf of any of its owners that are U.S. persons) so as to enable such Holder (or such owner of such Holder, as the case may be) to elect to treat the Company (as well as any entity treated as a corporation for U.S. tax purposes in which the Company owns or proposes to acquire a direct or indirect equity interest) as a "qualified electing fund" (within the meaning of Section 1295 of the Code); provided, however, that the Company shall be deemed to have discharged its obligation under this sentence with respect to any such entity that it does not Control if it has used its reasonable best efforts to cause such non-Controlled entity to provide such reasonably requested information. For the avoidance of doubt, if the Company determines that it was a PFIC in a taxable year, the Company shall be deemed to have discharged its obligations under this paragraph if it provides or causes to be provided to the Investors or any requesting Holder, within sixty (60) days of the end of such taxable year, a complete and accurate "PFIC Annual Information Statement", in the form of Exhibit A attached to this Agreement, as applicable for the Company and for each entity, in which the Company owns an equity interest at any time during such year, that is a PFIC; provided, however, that the Company shall be deemed to have discharged its obligation under this sentence with respect to any such entity that it does not Control if it has used its reasonable best efforts to cause such non-Controlled entity to provide such statement.

(c) The Company shall also obtain and provide reasonably promptly upon reasonable request from a Holder any and all other information necessary for such Holder to comply with the provisions of this agreement. English translations of such information will be provided upon request, provided that any Holder requesting such translation shall bear the cost thereof.

(d) The Company shall, if requested by the Investors or any Holder holding ten percent (10%) or more of the Company's shares on a fully-diluted basis that is a U.S. person or that has owners that themselves are U.S. persons and beneficially own at least ten percent (10%) of the Company's shares on a fully-diluted basis, cooperate in determining whether it would be desirable, reasonable and appropriate for the Company and/or any Subsidiary to elect to be classified as a partnership or branch for U.S. federal income tax purposes and, if so, to take all reasonable steps to cause any such elections to be made.

9. VOTING AGREEMENT

9.1 ELECTION OF DIRECTORS.

(a) Designation and Election of Series A Directors. For so long as

SAIF holds any Preferred Shares, at each election of the Series A Directors, each holder of Series A Preferred Shares and each holder of Series A-1 Preferred Shares shall vote at any regular or special meeting of members, such number of Series A Preferred Shares and Series A-1 Preferred Shares as may be necessary, or in lieu of any such meeting, shall give such holder's written consent with respect to such number of Series A Preferred Shares and Series A-1 Preferred Shares (1) as may be necessary to elect as the Series A Directors two (2) individuals designated by SAIF and (2) against any other Series A Director nominee that was not designated by SAIF. The Series A Directors shall initially be Andrew Yan and Joe Zhou.

(b) Designation and Election of Common Directors. At each election of Common Directors (as such term is defined in the Memorandum and Articles of Association, as amended and restated from time to time), each holder of outstanding Common Shares shall vote at any regular or special meeting of members such number of Common Shares as may be necessary, or in lieu of any such meeting, shall give such holder's written consent, as the case may be, with respect to such number of Common Shares (1) as may be necessary to elect as the Common Directors three (3) individuals designated by the holders of a majority of the then outstanding Common Shares and (2) against any other Common Director nominee not so designated. The Common Directors shall initially be Ma Xiaofeng, Wang Jianguo and Wang Lin.

(c) Designation and Election of Independent Directors. At each election of Independent Directors (as such term is defined in the Memorandum and Articles of Association, as amended and restated from time to time), each holder of Preferred Shares and each holder of Common Shares shall vote at any meeting of members, such number of Common Shares and Preferred Shares as may be necessary, or in lieu of any such meeting, shall give such holder's written consent, as the case may be, with respect to such number of Common Shares and Preferred Shares (1) as may be necessary to elect as the Independent Directors two (2) individuals designated by unanimous consent of the Company's Board of Directors and (2) against any other Independent Director nominee that has not received such unanimous consent of the Company's Board of Directors. The Independent Directors seats shall initially be vacant.

9.2 BOARD OBSERVERS. For so long as SAIF holds any Preferred Shares, SAIF shall have the right, from time to time, and at any time, to designate one individual that is an employee or officer of SAIF (the "OBSERVER") to attend all meetings of the Board and all committees thereof (whether in person, by telephone or other) in a non-voting observer capacity. The Company shall provide to the Observer, concurrently with the members of the Board, and in the same manner, notice of such meeting and a copy of all materials provided to such members.

9.3 ALTERNATE. Subject to applicable Law, the Series A Directors shall be entitled to appoint alternates to serve at any Board meeting, and such alternates shall be permitted to attend all Board meetings and vote on behalf of the Series A Directors.

9.4 MEETINGS AND EXPENSES. The Company shall reimburse all reasonable, documented expenses of the Series A Directors related to all Board activities, including but not limited to attending the Board meetings.

9.5 ASSIGNMENT. Regardless of anything else contained herein, the rights of SAIF under this Section 9 are non-transferable and non-assignable (including without limitation by operation of law).

9.6 AMENDMENT. So long as SAIF holds any Preferred Shares, no right of SAIF under this Section 9 may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) without the written consent of SAIF.

9.7 DIRECTORS' INSURANCE AND INDEMNIFICATION. After the Company's IPO, the Company shall provide customary insurance coverage for members of its Board of Directors. The Memorandum and Articles of Association of the Company shall at all times provide that the Company shall indemnify the members of the Company's Board of Directors to the maximum extent permitted by the Law of the jurisdiction in which the Company is organized.

9.8 BOARD MEETINGS. The Company shall use its reasonable best efforts to

hold no less than one Board meeting during each calendar quarter.

9.9 ESOP. Without the consent of SAIF or its designees on the Board of Directors of the Company, no issuances under plans, agreements, or arrangements providing for the issuance of

shares or options or other securities to employees, consultants, officers or directors of the Company or its Subsidiaries ("ESOP") may be made. Upon any adjustment to the Series A Conversion Price (as defined in the Memorandum and Articles) pursuant to Clause 10(iv)(d)(6) of the Memorandum and Articles, the Company shall adjust the number of shares authorized for issuance under the ESOP so that the aggregate number of shares then issued, or reserved for issuance, under the ESOP then represents 11.69% of the total share capitalization of the Company on a fully diluted, as converted basis, and the Investors and the Common Shareholders shall take such actions as the Company may reasonably request in connection therewith. One sixth (1/6) of the initial shares reserved under the ESOP shall be issued to the directors of the Company designated by SAIF (subject to such upward adjustment) pursuant and subject to the terms and conditions of the ESOP. Unless the Board of Directors of the Company unanimously agrees otherwise, all shares or options or other securities issued after the date hereof under an ESOP shall be subject to the following vesting schedule: twenty-five percent (25%) to vest on the first anniversary of such issuance, with the remaining seventy-five percent (75%) to vest monthly thereafter in thirty-six (36) equal monthly installments.

9.10 QUALIFIED IPO. Subject to applicable Laws, each of the Company and holders of the Common Shares shall use their reasonable best efforts to effectuate the closing of a Qualified IPO prior to March 31, 2008. In the event of the closing of a Qualified IPO, the Company and holders of Common Shares agree to use their respective reasonable best efforts, subject to applicable Laws, to minimize restrictions on the transfer of any Series A Preferred Shares or Series A-1 Preferred Shares held by the Investors (or Common Shares that have been converted from such Series A Preferred Shares and such Series A-1 Preferred Shares).

9.11 USE OF PROCEEDS. The Company shall use the proceeds that it receives pursuant to the Share Purchase Agreement for business expansion, working capital, mergers and acquisition and for other purposes in accordance with the business plan and budget of the Company.

10. ASSIGNMENTS AND TRANSFERS; NO THIRD PARTY BENEFICIARIES. Except as otherwise provided herein, this Agreement and the rights and obligations of the parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of any Holder hereunder (including, without limitation, registration rights) are assignable in connection with the transfer (subject to applicable securities and other Laws) of Equity Securities held by such Holder but only to the extent of such transfer; provided, however, that (1) the transferor shall, prior to the effectiveness of such transfer, furnish to the Company written notice of the name and address of such transferee and the Equity Securities that are being assigned to such transferee, and (2) such transferee shall, concurrently with the effectiveness of such transfer, become a party to this Agreement as a Holder and be subject to all applicable restrictions set forth in this Agreement. This Agreement and the rights and obligations of any party hereunder shall not otherwise be assigned without the mutual written consent of the other parties.

11. MISCELLANEOUS.

11.1 GOVERNING LAW. This Agreement shall be governed by and construed under the Laws of the State of New York, without regard to principles of conflicts of law thereunder.

11.2 DISPUTE RESOLUTION.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one party hereto has delivered to the other party hereto a written

request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of either party with notice to the other.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre (the "CENTRE"). There shall be three arbitrators. The complainant or complainants, on the one hand, and the respondent or respondents, on the other hand, shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the parties shall not be limited in their selection to any prescribed list. The Chairman of the Centre shall select the third arbitrator, who shall be qualified to practice law in New York. If either party does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the Centre.

(c) The arbitration proceedings shall be conducted in English. The arbitration tribunal shall apply the Arbitration Rules of the Centre in effect at the time of the arbitration. However, if such rules are in conflict with the provisions of this Section 11.2, including the provisions concerning the appointment of arbitrators, the provisions of this Section 11.2 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of New York and shall not apply any other substantive Law.

(e) Each party hereto shall cooperate with the other in making full disclosure of and providing complete access to all information and documents requested by the other in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such party.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and either party may apply to a court of competent jurisdiction for enforcement of such award.

(g) Either party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

11.3 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

11.4 NOTICES. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address as shown below the signature of such party on the signature page of this Agreement (or at such other address as such party may designate by 15 days' advance written notice to the other parties to this Agreement given in accordance with this Section). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a confirmation of delivery, and to have been effected at the expiration of two days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid.

11.5 HEADINGS AND TITLES. Headings and titles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

11.6 EXPENSES. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to

reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

11.7 ENTIRE AGREEMENT: AMENDMENTS AND WAIVERS. This Agreement (including the Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of (i) the Company, (ii) Common Shareholders holding a majority of the then-outstanding Equity Securities then held by all Common Shareholders assuming the exercise, conversion and exchange of any Common Share Equivalents (provided that any amendment that disproportionately and adversely affects any Common Shareholder shall also require the consent of such affected Common Shareholder) and (iii) Holders of at least a majority of the then outstanding Registrable Securities. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities, each future holder of all such Registrable Securities, and the Company.

11.8 SEVERABILITY. If a provision of this Agreement is held to be unenforceable under applicable Laws, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

11.9 FURTHER ASSURANCES. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the intent of this Agreement.

11.10 RIGHTS CUMULATIVE. Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such party may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

11.11 NO WAIVER. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

11.12 NO PRESUMPTION. The parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived. If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any party or its counsel.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY: ATA INC.

By:
_____
Name: Ma Xiaofeng
Capacity: Authorized Signatory

Address:
8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, People's Republic of China

Fax: +86(10) 6517-9517

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

INVESTORS: SB ASIA INVESTMENT FUND II, L.P.

By:

Name: Andrew Y. Yan
Capacity: Authorized Signatory

Address:
c/o M&C Corporate Services Limited
PO Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman
Cayman Islands

With a copy to:
c/o SAIF Advisors
1001 China Resources Building
No. 8 Jianguomenbei Avenue
Beijing 100005, People's Republic of China
Attention: Joe Zhou
Fax +86 (10) 8519-2048

And a copy to:
c/o SAIF Advisors
Suites 2115-2118, Two Pacific Place
88 Queensway, Hong Kong
Attention: Brandon Lin
Fax: +(852) 2234-9116

WINNING KING LTD

By:

Name: Gao Hongmei
Capacity: Authorized Signatory

Address:
Room 11C, No. 6, Building Citichamp North Palace
Madian
Haidian District
Beijing, People's Republic of China

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMMON SHAREHOLDERS: (CHINESE CHARACTERS) (MA XIAOFENG)

ID Number: G02709604
Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-9517

(CHINESE CHARACTERS) (WANG LIN)

ID Number: G02736884
Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-9517

(CHINESE CHARACTERS) (ZHENG ZHENXIU)

ID Number: G06915204
Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-9517

(CHINESE CHARACTERS) (MAI LIJUN)

ID Number: 41030519580503402X
Address: Rm 1210, Kunlun Dushi, No.1, Guomao Yiheng Road,
Haikou, Hainan Province 570105, PRC

PRO-WINNER LIMITED

By:

Name: Wang Jianguo
Capacity: Authorized Signatory

Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-9517

SCHEDULE A

COMMON SHAREHOLDERS

(CHINESE CHARACTERS) (MA XIAOFENG)

(CHINESE CHARACTERS) (WANG LIN)

(CHINESE CHARACTERS) (ZHENG ZHENXIU)

(CHINESE CHARACTERS) (MAI LIJUN)

PRO-WINNER LIMITED

EXHIBIT A

[Must be signed by an authorized representative of the Company]

PFIC ANNUAL INFORMATION STATEMENT

PFIC Annual Information Statement pursuant to U.S. Treasury Regulation Section 1.1295-1(g).

_____ (the "COMPANY") hereby represents that:

1. This PFIC Annual Information Statement applies to the Company's taxable year beginning on _____ and ending on _____.

2. The pro rata shares of the Company's ordinary earnings and net capital gain attributable to the U.S. Shareholder (directly or indirectly through any

other entity that holds the investment in the Company) for the taxable year specified in paragraph (1) are:

Ordinary Earnings: $_____

Net Capital Gain: $_____

3. The amount of cash and the fair market value of other property distributed or deemed distributed by the Company to the U.S. Shareholder during the taxable year specified in paragraph (1) are as follows:

Cash: $_____

Fair Market Value of Property: $_____

4. The Company will permit the U.S. Shareholder to inspect the Company's permanent books of account, records, and such other documents as may be maintained by the Company that are necessary to establish that the Company's ordinary earnings and net capital gain are computed in accordance with U.S. Federal income tax principles, and to verify these amounts and the U.S. Shareholders direct or indirect pro rata shares thereof; provided, that (i) a Company representative shall, at the Company's option, accompany the Investors on any such inspection, and (ii) the Company shall not be required to permit such inspection if such inspection would violate applicable Laws, regulations or policies of the PRC.

By: _____
Title:
Date:

Exhibit 4.7

RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT

THIS RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (this "AGREEMENT") is entered into as of November 10, 2006 by and among ATA Inc., an exempted company duly incorporated and validly existing under the Laws of the Cayman Islands (the "COMPANY"), each of the persons set forth in Schedule A hereto, collectively, (the "COMMON SHAREHOLDERS" and each, a "COMMON SHAREHOLDER"), SB ASIA INVESTMENT FUND II, L.P., a limited partnership organized and existing under the Laws of Cayman Islands ("SAIF"), and Winning King LTD, an international business company organized under the Laws of the British Virgin Islands ("WKL", and together with SAIF, collectively, the "INVESTORS", and each an "INVESTOR").

RECITALS

WHEREAS, the Company, the Investors and the Common Shareholders have entered into a Share Exchange Agreement dated the date hereof (the "SHARE EXCHANGE AGREEMENT"), under which the Common Shareholders and Investors transferred their shares in ATA Testing Authority (Holdings) Limited, an international business company organized under the laws of the British Virgin Islands, to the Company in exchange for equivalent shares in the Company.

WITNESSETH

NOW, THEREFORE, in consideration of the premises set forth above, the mutual promises and covenants set forth herein and other good and valuable consideration, the parties agree as follows:

1. DEFINITIONS. The following terms shall have the meanings ascribed to them below:

"AFFILIATE" means, with respect to a Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this Agreement, "CONTROL" means, when used with respect to any Person, power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "AFFILIATED," "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"COMMON SHARES" means the Company's common shares, with a par value of US$0.01 per share.

"COMMON SHARE EQUIVALENTS" means warrants, options and rights exercisable for Common Shares or securities convertible into or exchangeable for Common Shares, including, without limitation, the Preferred Shares.

"EQUITY SECURITIES" means any Common Shares or Common Share Equivalents of the Company.

"GOVERNMENTAL AUTHORITY" means a nation or government or any province or state or any other political subdivision thereof, and any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

"HOLDER" means each Investor, together with the permitted transferees and assigns of such Investor who become parties to this Agreement.

"LAW" means any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any injunction, judgment, order, ruling, assessment or writ issued by any Governmental Authority.

"LIQUIDATION EVENT" means (i) any liquidation, winding-up or dissolution of the Company; (ii) any, consolidation, amalgamation or merger of the Company with or into any Person, or any other corporate reorganization, in which the members of the Company immediately before such transaction own less than 50% of the Company's voting power immediately after such transaction (excluding any transaction effected solely for tax purposes or to change the Company's domicile); (iii) sale of all or substantially all of the assets of the Company, or (iv) the exclusive licensing of all or substantially all of the Company's intellectual property to a third party.

"PERMITTED TRANSFEREE" has the meaning set forth in Section 2.5 hereof.

"QUALIFIED IPO" has the meaning given to such term in the Company's Memorandum and Articles of Association, as amended and restated from time to time.

"PERSON" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"PREFERRED SHARES" means the Company's Series A Preferred Shares, par value US$0.01 per share and the Company's Series A-1 Preferred Shares, par value US$0.01 per share.

"SHARES" means Common Shares or Preferred Shares.

2. RIGHTS OF FIRST REFUSAL AND CO-SALE RIGHTS

2.1 PROHIBITION ON TRANSFER OF SHARES.

(a) HOLDERS OF COMMON SHARES. Except as provided in Sections 2.2 through 2.5 of this Agreement, and except as provided in that certain Share Transfer Agreement entered into by and between Guo Ming and Zheng Zhenxiu on March 18, 2004 (the "EXISTING SHARE TRANSFER AGREEMENT"), none of the Common Shareholders, regardless of such Common Shareholder's employment status with the Company, may transfer any direct or indirect interest in any Equity Securities now or hereafter owned or held by such Common Shareholders prior to a Qualified IPO, unless otherwise approved in writing by SAIF as long as SAIF holds any Preferred Shares. For the purposes hereof, redemption or repurchase of shares by the Company shall not be prohibited under this clause.

(b) PROHIBITED TRANSFERS VOID. Any transfer of Equity Securities by any Common Shareholder not made in compliance with this Agreement shall be null and void as against the Company, shall not be recorded on the books of the Company and shall not be recognized by the Company.

2.2 RIGHTS OF FIRST REFUSAL.

(a) TRANSFER NOTICE. Prior to the closing of a Qualified IPO, except as provided in the Existing Share Transfer Agreement, if any Common Shareholder proposes to transfer Equity Securities to one or more third parties pursuant to an understanding with such third parties (a "TRANSFER", such holder a "TRANSFEROR"), then the Transferor shall give the Company and each Holder written notice of the Transferor's intention to make the Transfer (the "TRANSFER NOTICE"), which shall include (i) a description of the Equity Securities to be transferred (the "OFFERED SHARES"), (ii) subject to any applicable non-disclosure agreement with such third party, the identity of the prospective transferee and (iii) the consideration and the material terms and conditions upon which the proposed Transfer is to be made. The Transfer Notice shall certify that the Transferor has received a firm offer from the prospective transferee and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice.

(b) HOLDERS' OPTION.

(i) Each Holder shall have an option for a period of twenty (20) days

following the Holder's receipt of the Transfer Notice to elect to purchase its respective pro rata share of the Offered Shares at the same price and subject to the same material terms and conditions as described in the Transfer Notice.

(ii) Each Holder may exercise such purchase option and, thereby, purchase all or any portion of its pro rata share (with any re-allotments as provided below) of the Offered Shares, by notifying Transferor and the Company in writing, before expiration of the twenty (20) day period as to the number of such shares that it wishes to purchase (including any re-allotment).

(iii) Each Holder's pro rata share of the Offered Shares shall be a fraction, the numerator of which shall be the number of Equity Securities (assuming the exercise, conversion and exchange of any Common Shares Equivalents) owned by such Holder on the date of the Transfer Notice and the denominator of which shall be the total number of Equity Securities (assuming the exercise, conversion and exchange of any Common Shares Equivalents) held by all Holders on such date.

(iv) If any Holder fails to exercise such purchase option pursuant to this Section 2.2, the Transferor shall give notice of such failure (the "RE-ALLOTMENT NOTICE") to the Company and to each other Holder that elected to purchase its entire pro rata share of the Offered Shares (the "PURCHASING HOLDERS"). Such Re-allotment Notice may be made by telephone if confirmed in writing within two (2) days. The Purchasing Holders shall have a right of re-allotment such that they shall have ten (10) days from the date such Re-allotment Notice was given to elect to increase the number of Offered Shares they agreed to purchase under Section 2.2(b)(i) to include their respective pro rata share of the Offered Shares contained in any Re-allotment Notice.

(v) Subject to applicable securities Laws, each Holder shall be entitled to

apportion Offered Shares to be purchased among its partners and Affiliates upon written notice to the Company and the Transferor.

(vi) If a Holder gives the Transferor notice that it desires to purchase Offered Shares, then payment for the Offered Shares shall be by check or wire transfer in immediately available funds of the appropriate currency, against delivery of the Offered Shares to be purchased at a place agreed by the Transferor and all the participating Holders and at the time of the scheduled closing therefor, which shall be no later than forty-five (45) days after the Company's receipt of the Transfer Notice, unless such notice contemplated a later closing with the prospective third party transferee or unless the value of the purchase price has not yet been established pursuant to Section 2.2(c).

(vii) Regardless of any other provision of this Agreement, if the Holders fail to exercise their purchase option pursuant to this Section 2.2 with respect to all (and not less than all) of the Offered Shares, then the Transferor shall be under no obligation to transfer the Offered Shares to the Holders pursuant to this Section 2.2 and shall instead be free to sell such Offered Shares pursuant to the Transfer Notice, subject to Sections 2.3 and 2.4.

(viii) The Transferor shall have the right to terminate or withdraw any Transfer Notice and any intent to transfer Offered Shares at any time, whether or not any Holder has elected to purchase under this Section 2.2 any Offered Shares offered thereby.

(c) VALUATION OF PROPERTY.

(i) Should the purchase price specified in the Transfer Notice be payable in property other than cash or evidences of indebtedness, the Holders shall have the right to pay the purchase price in the form of cash equal in amount to the fair market value of such property.

(ii) If the Transferor and the Holders cannot agree on such cash value within seven (7) days after the Holders' receipt of the Transfer Notice, the valuation shall be made by an appraiser of internationally recognized standing jointly selected by the Transferor and the Holders or, if they cannot agree on an appraiser within ten (10) days after the Holders' receipt of the Transfer Notice, each shall select an appraiser of internationally recognized standing and the two appraisers shall designate a third appraiser of internationally recognized standing, whose appraisal shall be determinative of such value.

(iii) The cost of such appraisal shall be shared equally by the Transferor and the Holders, with the half of the cost borne by the Holders to be borne pro rata by each Holder based on the number of shares such Holder has elected to purchase pursuant to this Section 2.

(iv) If the value of the purchase price offered by the prospective transferee is not determined within the forty-five (45) day period specified in Section 2.2(b)(vi) above, the closing of the Holders' purchase shall be held on or prior to the fifth business day after such valuation shall have been made pursuant to this Section 2.2(c).

2.3 RIGHT OF CO-SALE.

(a) Except as provided in the Existing Share Transfer Agreement, to the extent the Holders do not exercise their respective rights of first refusal as to all of the Offered Shares pursuant to Section 2.2, each Holder shall have the right to participate in such sale of Equity Securities on the same terms and conditions as specified in the Transfer Notice by notifying the Transferor in writing within twenty (20) days after receipt of the Transfer Notice referred to in Section 2.2(a) (such Holder, a "SELLING HOLDER").

(i) Such Selling Holder's notice to the Transferor shall indicate the number of Equity Securities the Selling Holder wishes to sell under its right to participate.

(ii) To the extent one or more of the Holders exercise such right of participation in accordance with the terms and conditions set forth below, the number of Equity Securities that the Transferor may sell in the Transfer shall be correspondingly reduced.

(b) Each Selling Holder may elect to sell up to such number of Equity Securities equal to the product of (i) the aggregate number of the Offered Shares being transferred following the exercise or expiration of all rights of first refusal pursuant to Section 2.2 hereof by (ii) a fraction, the numerator of which is the number of Common Shares (including the number of Common Shares that would be issuable upon the exercise, conversion or exchange of Common Share Equivalents) owned by the Selling Holder on the date of the Transfer Notice and the denominator of which is the total number of Common Shares (including the number of Common Shares that would be issuable upon the exercise, conversion or exchange of Common Share Equivalents) owned by all Selling Holders and the Transferor on the date of the Transfer Notice.

(c) Each Selling Holder shall effect its participation in the sale by promptly delivering to the Transferor for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent the type and number of Equity Securities which such Selling Holder elects to sell; provided, however that if the prospective third-party purchaser objects to the delivery of Equity Securities in lieu of Common Shares, such Selling Holder shall only deliver Common Shares (and therefore shall convert any such Equity Securities into Common Shares) and certificates corresponding to such Common Shares. The Company agrees to make any such conversion concurrent with the actual transfer of such shares to the purchaser and contingent on such transfer.

(d) The share certificate or certificates that a Selling Holder delivers to the Transferor pursuant to Section 2.3(c) shall be transferred to the prospective purchaser in consummation of the sale of the Equity Securities pursuant to the terms and conditions specified in the Transfer Notice, and the Transferor shall concurrently therewith remit to such Selling Holder that portion of the sale proceeds to which such Selling Holder is entitled by reason

of its participation in such sale.

(e) To the extent that any prospective purchaser prohibits the participation of a Selling Holder exercising its co-sale rights hereunder in a proposed Transfer or otherwise refuses to purchase shares or other securities from a Selling Holder exercising its co-sale rights hereunder, the Transferor shall not sell to such prospective purchaser any Equity Securities unless and until, simultaneously with such sale, the Transferor shall purchase from such Selling Holder such shares or other securities that such Selling Holder would otherwise be entitled to sell to the prospective purchaser pursuant to its co-sale rights for the same consideration and on the same terms and conditions as the proposed transfer described in the Transfer Notice.

2.4 NON-EXERCISE OF RIGHTS.

(a) Subject to any other applicable restrictions on the sale of such shares, to the extent that the Holders have not exercised their rights to purchase the Offered Shares within the time periods specified in Section 2.2 and the Holders have not exercised their rights to participate in the sale of the Offered Shares within the time periods specified in Section 2.3, the Transferor shall have a period of sixty (60) days from the expiration of such rights in which to sell the Offered Shares, as the case may be, to the third-party transferee identified in the Transfer Notice upon terms and conditions (including the purchase price) no more favorable to the purchaser than those specified in the Transfer Notice.

(b) In the event the Transferor does not consummate the sale or disposition of the Offered Shares within sixty (60) days from the expiration of such rights, the Holders' first refusal rights and co-sale rights shall continue to be applicable to any subsequent disposition of the Offered Shares by the Transferor until such rights lapse in accordance with the terms of this Agreement.

(c) The exercise or non-exercise of the rights of the Holders under this Section 2 to purchase Equity Securities from a Transferor or participate in the sale of Equity Securities by a Transferor shall not adversely affect their rights to make subsequent purchases from the Transferor of Equity Securities or subsequently participate in sales of Equity Securities by the Transferor hereunder.

2.5 LIMITATIONS TO RIGHTS OF FIRST REFUSAL AND CO-SALE. Notwithstanding the provisions of this Section 2, a Common Shareholder may sell or otherwise assign, with or without consideration, any Equity Securities now or hereafter held by such Common Shareholder, to an entity wholly-owned by such Common Shareholder, or to any spouse, lineal descendants, or to a trust, custodian, trustee, executor, or other fiduciary for the account of any of the foregoing, or to a trust for the Common Shareholder's account, or a charitable remainder trust (collectively, the "PERMITTED TRANSFEREES" and each, a "PERMITTED TRANSFEREE") and such sale or assignment shall not be subject to Sections 2.1, 2.2 or 2.3, provided that (i) each such Permitted Transferee, prior to the completion of the sale, transfer, or assignment, shall have executed documents, in form and substance reasonably satisfactory to the Holders, assuming the obligations of the Common Shareholder under this Agreement, including but not limited to Section 2.1 hereof, with respect to the transferred securities and (ii) each Permitted Transferee shall have executed and delivered to the transferring Common Shareholder (with a copy to the Company) an irrevocable, unconditional and permanent power of attorney, all in form and manner reasonably satisfactory to the Holders, effective immediately after the closing of such sale or assignment, appointing the transferring Common Shareholder (or his existing attorney-in-fact) as such Permitted Transferee's attorney-in-fact and authorizing him to vote, in his absolute discretion as the attorney-in-fact of the Permitted Transferee, any and all Equity Securities of the Company owned by such Permitted Transferee with respect to any Company related matters; and provided further, that each Common Shareholder shall make no more than one (1) transfer to a Permitted Transferee under this Section 2.5. In addition to the foregoing, each Common Shareholder may sale or otherwise assign any Equity Securities now or hereafter held by such Common Shareholder to another Common Shareholder, and such sale or assignment will not be subject to Sections 2.1, 2.2 or 2.3.

3. ASSIGNMENTS AND TRANSFERS; NO THIRD PARTY BENEFICIARIES. Except as otherwise provided herein, this Agreement and the rights and obligations of the parties hereunder shall inure

to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. Except as otherwise provided herein, the rights of any Holder hereunder are only assignable in connection with the transfer (subject to applicable securities and other Laws) of Equity Securities held by such Holder but only to the extent of such transfer; provided, however, that (1) the transferor shall, prior to the effectiveness of such transfer, furnish to the Company written notice of the name and address of such transferee and the Equity Securities that are being assigned to such transferee, and (2) such transferee shall, concurrently with the effectiveness of such transfer, become a party to this Agreement as a Holder and be subject to all applicable restrictions set forth in this Agreement. This Agreement and the rights and obligations of any party hereunder shall not otherwise be assigned without the mutual written consent of the other parties.

4. LEGEND. Each existing or replacement certificate for shares now owned or hereafter acquired by the Common Shareholders shall bear the following legend:

> "THE SALE, PLEDGE, HYPOTHECATION, ASSIGNMENT OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND BETWEEN THE MEMBER, THE COMPANY AND CERTAIN HOLDERS OF SHARES OF THE COMPANY. COPIES OF SUCH AGREEMENTS MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY."

5. FURTHER INSTRUMENTS AND ACTIONS. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement. Each party agrees to cooperate affirmatively with the other parties, to the extent reasonably requested by another party, to enforce rights and obligations pursuant hereto.

6. MISCELLANEOUS

6.1 GOVERNING LAW. This Agreement shall be governed by and construed under the Laws of the State of New York without regard to conflicts of law provisions.

6.2 NOTICES. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by next-day or second-day courier service, fax, electronic mail or similar means to the address as shown below the signature of such party on the signature page of this Agreement (or at such other address as such party may designate by 15 days' advance written notice to the other parties to this Agreement given in accordance with this Section). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a confirmation of delivery, and to have been effected at the expiration of two days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid.

6.3 TERM. This Agreement shall terminate upon the earlier of the closing of a Qualified IPO or a Liquidation Event.

6.4 ENTIRE AGREEMENT. This Agreement contains the entire understanding of the

parties hereto with respect to the subject matter hereof, and supersedes all other agreements between or among any of the parties with respect to the subject matter hereof.

6.5 AMENDMENTS AND WAIVERS. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of each of (i) the Company, (ii) Common Shareholders holding a majority of the then-outstanding Equity Securities then held by all Common Shareholders assuming the exercise, conversion and exchange of any Common Share Equivalents (provided that any amendment that disproportionately and adversely affects any Common Shareholder shall also require the consent of such affected Common Shareholder), and (iii) Holders representing a majority of the Preferred Shares then held by all Holders. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the parties and their respective successors and assigns.

6.6 SEVERABILITY. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.7 ATTORNEY'S FEES. In the event that any dispute among the parties to this Agreement should result in litigation, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including, without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

6.8 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.9 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

6.10 DISPUTE RESOLUTION.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one party hereto has delivered to the other party hereto a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of either party with notice to the other.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre (the "CENTRE"). There shall be three arbitrators. The complainant or complainants on the one hand, and the respondent or respondents on the other hand, shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the parties shall not be limited in their selection to any prescribed list. The Chairman of the Centre shall select the third arbitrator, who shall be qualified to practice law in New York. If either party does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the

relevant appointment shall be made by the Chairman of the Centre.

(c) The arbitration proceedings shall be conducted in English. The arbitration tribunal shall apply the Arbitration Rules of the Centre in effect at the time of the arbitration. However, if such rules are in conflict with the provisions of this Section 6.10, including the provisions concerning the appointment of arbitrators, the provisions of this Section 6.10 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of New York and shall not apply any other substantive Law.

(e) Each party hereto shall cooperate with the other in making full disclosure of and providing complete access to all information and documents requested by the other in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such party.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and either party may apply to a court of competent jurisdiction for enforcement of such award.

(g) Either party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

6.11 RIGHTS CUMULATIVE. Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such party may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

6.12 NO WAIVER. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

6.13 NO PRESUMPTION. The parties acknowledge that any applicable law that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived. If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any party or its counsel.

[Remainder of page intentionally left blank; signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY: ATA INC.

By:

Name:
Capacity: Authorized Signatory

Address:
8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005
People's Republic of China
Fax: +86(10) 6517-9517

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

INVESTORS: SB ASIA INVESTMENT FUND II, L.P.

By:

Name: Andrew Y. Yan
Capacity: Authorized Signatory

Address:
c/o M&C Corporate Services Limited
PO Box 309GT
Ugland House, South Church Street
George Town, Grand Cayman
Cayman Islands

With a copy to:
c/o SAIF Advisors
1001 China Resources Building
No. 8 Jianguomenbei Avenue
Beijing 100005
People's Republic of China
Attention: Joe Zhou
Fax: +86 (10) 8519-2048

And a copy to:
c/o SAIF Advisors
Suites 2115-2118, Two Pacific Place
88 Queensway, Hong Kong
Attention: Brandon Lin
Fax: +(852) 2234-9116

WINNING KING LTD

By:

Name: Gao Hongmei
Capacity: Authorized Signatory

Address:
Room 11C, No. 6, Building Citichamp North Palace
Madian
Hai Dian District
Beijing
People's Republic of China

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMMON SHAREHOLDERS: (CHINESE CHARACTERS) (MA XIAOFENG)

ID Number: G02709604
Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-9517

(CHINESE CHARACTERS) (WANG LIN)

ID Number: G02736884

Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-9517

(CHINESE CHARACTERS) (ZHENG ZHENXIU)

ID Number: G06915204
Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-951

(CHINESE CHARACTERS) (MAI LIJUN)

ID Number: 41030519580503402X
Address: Rm 1210, Kunlun DUshi, No.1, Guomao Yiheng Road,
Haikou, Hainan Province 570105, PRC
Fax:

PRO-WINNER LIMITED

By:

Name: Wang Jianguo
Capacity: Authorized Signatory

Address: 8th Floor East Building
No. 6 Jian Guo Men Nei Gong Yuan Xi Jie
Beijing 100005, PRC
Fax: +86(10) 6517-9517

SCHEDULE A

COMMON SHAREHOLDERS

(CHINESE CHARACTERS) (MA XIAOFENG)

(CHINESE CHARACTERS) (WANG LIN)

(CHINESE CHARACTERS) (ZHENG ZHENXIU)

(CHINESE CHARACTERS) (MAI LIJUN)

PRO-WINNER LIMITED

Exhibit 5.1

[ ] January 2008

ATA Inc.
[Address]

Dear Sirs,

ATA INC. (THE "COMPANY")

We have acted as special Cayman legal counsel to the Company in connection with the public offering of American Depositary Shares representing common shares issued by the Company (the "SHARES") as described in the prospectus contained in the Company's registration statement on Form F-1, as amended to date (the "REGISTRATION STATEMENT") filed by the Company under the United States Securities Act 1933 (the "SECURITIES ACT") with the United States Securities and Exchange Commission (the "COMMISSION").

For the purposes of giving this opinion, we have examined a Certificate of Good Standing issued by the Registrar of Companies in relation to the Company on [ ] January 2008 (the "Certificate Date") and a copy of the Registration Statement. We have also reviewed the memorandum of association and the articles of association of the Company, each adopted by the shareholders of the Company on [ ] January 2008 to be effective conditionally and immediately upon commencement of the trading of the Company's American Depositary Shares representing the Shares on The NASDAQ Global Market, copies of written resolutions of the members of the Company dated [ ] January 2008 and written resolutions of the board of directors of the Company dated [ ] January 2008 and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (b) the accuracy and completeness of all factual representations made in the Registration Statement and other documents reviewed by us, and (c) that upon issue of any Shares to be sold by the Company the Company will receive consideration for the full issue price thereof which shall be equal to at least the par value thereof.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the Cayman Islands. This opinion is to be governed by and construed in accordance with the laws of Cayman Islands and is limited to and is given on the basis of the current law and practice in the Cayman Islands. This opinion is issued solely for the purposes of the filing of the Registration Statement and the offering of the Shares by the Company and is not to be relied upon in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that:

1. As at the Certificate Date, the Company is duly incorporated and existing under the laws of the Cayman Islands in good standing (meaning solely that it has not failed to make any filing with any Cayman Islands government authority or to pay any Cayman Islands government fee which would make it liable to be struck off by the Registrar of Companies and thereby cease to exist under the laws of the Cayman Islands).

2. When issued and paid for as contemplated by the Registration Statement, the Shares will be validly issued, fully paid and non-assessable (which term means when used herein that no further sums are required to be paid by the holders thereof in connection with the issue of such Shares).

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to our firm under the captions "Enforceability of Civil Liabilities" and "Taxation" in the prospectus forming a

part of the Registration Statement. In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Securities Act or that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

CONYERS DILL & PEARMAN

Exhibit 5.2

PBWT DRAFT

[DATE], 2008

Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center
250 Vesey Street
New York, New York 10080
U.S.A.

Piper Jaffray & Co.
[ADDRESS]
[ADDRESS]

Ladies and Gentlemen:

We have acted as United States of America ("United States") counsel to Citibank, N.A., in its capacity as Depositary (the "Depositary") under the Deposit Agreement, dated as of [DATE], 2008 (the "Deposit Agreement"), by and among the Depositary, ATA Inc. (the "Company"), a company incorporated under the laws of the Cayman Islands (the "Country"), and all Holders and Beneficial Owners (each as defined in the Deposit Agreement) of American Depositary Shares (the "ADSs") issued thereunder, each ADS representing the right to receive, subject to the terms of the Deposit Agreement and Cayman Islands law, one common share, par value US$0.01 per common share, of the Company (the "Shares"). A form of the Deposit Agreement is attached as an exhibit to the Registration Statement on Form F-6 (Reg. No.: 333-[REG. NO.]) relating to the ADSs (the "Registration Statement") filed with the Securities and Exchange Commission on [DATE], 2007.

This opinion is being delivered to you in connection with the issuance and delivery by the Depositary of [NUMBER] ADSs (the "Sale ADSs") in connection with the sale (the "Sale") by the Company of the Sale ADSs to you and the several underwriters named in [Schedule I] to the Underwriting Agreement (defined below) and for whom you are acting as representatives (collectively, the "Underwriters") pursuant to the Underwriting Agreement, dated [DATE], 2008 (the "Underwriting Agreement"), among the Company and each of you, as the representatives of the Underwriters. We express no opinion as to the compliance of the Sale with the Securities Laws (as hereinafter defined) or the laws of the Cayman Islands, and we understand that you are relying on separate opinions of counsel to the Company for comfort on the subject of compliance with the Securities Laws and Cayman Islands laws.

We have examined a copy of the signed Deposit Agreement and originals, or photostatic or certified copies, of such records of the Depositary, and such other documents as we have deemed relevant and necessary in rendering the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to

us as photostatic or certified copies and the authenticity of the originals of such copies. We have also assumed that (i) the Deposit Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, (ii) the Sale, and the issuance and delivery of the Sale ADSs in connection with the Sale, complies in all respects with the requirements of the United States Securities Act of 1933, as amended, the United States Securities Exchange Act of 1934, as amended, the United States Investment Company Act of 1940, as amended, and the securities laws of the States of the United States (collectively, the "Securities Laws"), and with the laws of the Cayman Islands, (iii) the Shares represented by the Sale ADSs have been duly authorized and validly issued and are fully paid and non-assessable, and any preemptive rights with respect to such Shares have been validly waived or exercised, (iv) the Shares represented by the Sale ADSs have been duly deposited with the Custodian (as defined in the Deposit Agreement), (v) each of the parties to the Deposit Agreement will comply with their respective obligations thereunder, and (vi) the Registration Statement has been duly signed on behalf of the Company by a person thereunto duly authorized, by officers and

directors of the Company duly elected or appointed to the offices specified therein and by the Company's authorized representative in the United States thereunto duly appointed and directed, in each case in accordance with all applicable laws and regulations. In addition, we have relied as to certain matters on information obtained from public officials, officers of the Depositary and other sources believed by us to be responsible.

In connection with the provisions of the Deposit Agreement whereby the Depositary submits to the non-exclusive jurisdiction of New York State or United States federal courts located in The City of New York, we note the limitations of 28 U.S.C. Sections 1331 and 1332 on subject matter jurisdiction of the United States federal courts. In connection with the provisions of the Deposit Agreement which relate to forum selection (including, without limitation, any waiver of any objection to venue or any objection that a court is an inconvenient forum), we note that, under NYCPLR Section 510, a New York State court has discretion to transfer the place of trial, and that, under 28 U.S.C. Section 1404(a), a United States District Court has discretion to transfer an action from one United States federal court to another.

Nothing contained herein or in any document referred to herein is intended by this firm to be used, and the addressees hereof cannot use anything contained herein or in any document referred to herein, as "tax advice" (within the meaning given to such term by the United States Internal Revenue Service ("IRS") in IRS Circular 230 and any related interpretative advice issued by the IRS in respect of IRS Circular 230 prior to the date hereof, and hereinafter used within such meaning and interpretative advice). Without admitting that anything contained herein or in any document referred to herein constitutes "tax advice" for any purpose, notice is hereby given that, to the extent anything contained herein or in any document referred to herein constitutes, or is or may be interpreted by any court, by the IRS or by any other administrative body to constitute, "tax advice," such "tax advice" is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the United States Internal Revenue Code of 1986, as amended, or (ii) promoting, marketing or recommending to any party any transaction or matter addressed herein.

Based upon the foregoing and subject to the assumptions, qualifications and limitations herein stated, we are of the opinion that:

(i) The Deposit Agreement has been duly authorized, executed and delivered by the Depositary and constitutes the valid and legally binding agreement of the Depositary, enforceable against the Depositary in accordance with its terms except to the extent that (a) enforcement thereof may be limited by (1) bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws now or hereafter in effect relating to or affecting creditors' rights generally, and (2) general principles of equity (regardless of whether enforceability is considered in a proceeding in law or in equity), and (b) rights to indemnity and contribution may be limited by United States federal or state securities laws or public policy; and

(ii) The Depositary has full power and authority to execute and deliver the Deposit Agreement and to perform its obligations thereunder; and

(iii) Upon the issuance by the Depositary of the Sale ADSs against deposit of the requisite Shares with the Custodian in accordance with the terms and conditions of the Deposit Agreement and the Registration Statement, the Sale ADSs will be duly and validly issued and will entitle the Holders thereof (as defined in the Deposit Agreement) to the rights specified in the American Depositary Receipt(s) ("ADRs") evidencing the Sale ADSs and in the Deposit Agreement; and

(iv) The Registration Statement has been declared effective under the United States Securities Act of 1933, as amended, and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been initiated or threatened. The Registration Statement complies as to form in all material respects with the requirements of the United States Securities Act of 1933, as amended, and the

rules and regulations adopted by the Securities and Exchange Commission thereunder, in each case as known to us to be interpreted by the Staff of the Securities and Exchange Commission at this time; and

(v) The statements in the Final Prospectus filed as part of the Registration Statement on Form F-1 (Reg. No.: 333-[REG. NO.]) under the heading "Description of American Depositary Shares," insofar as such statements purport to describe the Depositary and summarize certain provisions of the Deposit Agreement, the ADSs and the ADRs, fairly present, in all material respects, the matters therein described.

This opinion letter is being delivered solely for the benefit of, and may be relied upon solely by, the Underwriters and by the Depositary in connection with the transactions contemplated by the Underwriting Agreement. This opinion letter shall not be otherwise used, circulated or quoted without the express prior written consent of this firm. The opinions expressed herein are rendered as of the date hereof and we assume no obligation to update or supplement such opinions to reflect any facts or circumstances that may hereafter come to our

attention or any changes in law (by legislative action, judicial or regulatory decision, or otherwise) that may hereafter occur or become effective.

We express no opinion as to matters governed by laws of any jurisdiction other than the laws of the State of New York. We express no opinion as to the effect of the laws of any other jurisdiction.

Very truly yours,

PATTERSON BELKNAP WEBB & TYLER LLP

By:_____
A Member of the Firm

cc: Citibank, N.A. - ADR Department

Exhibit 8.2

[ ] January 2008

ATA Inc.
[Address]

Dear Sirs,

ATA INC. (THE "COMPANY")

We have acted as special Cayman Islands legal counsel to the Company in connection with a public offering of certain common shares in the Company in the form of American Depositary Shares (the "Shares") as described in the prospectus (the "Prospectus") contained in the Company's registration statement on Form F-1 to be filed with the United States Securities and Exchange Commission (the "Registration Statement", which term does not include any exhibits thereto).

For the purposes of giving this opinion, we have examined and relied upon copies of the following documents:

(i) the Registration Statement to be filed by the Company under the United States Securities Act of 1933 with the United States Securities and Exchange Commission on [o], 2008; and

(ii) a draft of the Prospectus contained in the Registration Statement.

We have also reviewed and relied upon (1) the memorandum of association and the articles of association of the Company, (2) a copy of an undertaking from the Governor-in-Council of the Cayman Islands under the Tax Concessions Law (1999 Revision) dated 3 October, 2006, and (3) such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (i) the genuineness and authenticity of all signatures, stamps and seals and the conformity to the originals of all copies of documents (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken; (ii) the accuracy and completeness of all factual representations made in the Prospectus and Registration Statement and other documents reviewed by us, (iii) that there is no provision of the law of any jurisdiction, other than the Cayman Islands, which would have any implication in relation to the opinions expressed herein; (iv) the validity and binding effect under the laws of the United States of America of the Registration Statement and the Prospectus

and that the Registration Statement will be duly filed with or declared effective by the United States Securities and Exchange Commission; and (v) that the Prospectus, when published, will be in substantially the same form as that examined by us for purposes of this opinion.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the Cayman Islands. This opinion is to be governed by and construed in accordance with the laws of the Cayman Islands and is limited to and is given on the basis of the current law and practice in the Cayman Islands.

On the basis of and subject to the foregoing, we are of the opinion that the statements relating to certain Cayman Islands tax matters set forth under the caption "Management's discussion and analysis of financial condition and results of operations - Taxation" and "Taxation - Cayman Islands taxation" in the Prospectus are true and accurate based on current law and practice at the date of this letter and that such statements constitute our opinion.

We hereby consent to the filing with the United States Securities and Exchange Commission of this letter as an exhibit to the Registration Statement of which the Prospectus is a part, and the reference to us under the captions "Taxation", "Legal Matters" and "Enforceability of Civil Liabilities" in the Prospectus contained in the Registration Statement. In giving the foregoing consent, we do not admit that we are within the category of persons whose consent is required under section 7 of the United States Securities Act of 1933.

Yours faithfully,

CONYERS DILL & PEARMAN

Exhibit 10.1

ATA TESTING AUTHORITY (HOLDINGS) LIMITED

SHARE INCENTIVE PLAN

PREFACE

This Plan is divided into two separate equity programs: (1) the option grant program set forth in Section 5 under which Eligible Persons (as defined in Section 3) may, at the discretion of the Administrator, be granted Options, and (2) the share award program set forth in Section 6 under which Eligible Persons may, at the discretion of the Administrator, be awarded restricted or unrestricted Common Shares. Section 2 of this Plan contains the general rules regarding the administration of this Plan. Section 3 sets forth the requirements for eligibility to receive an Award grant under this Plan. Section 4 describes the authorized shares of the Company that may be subject to Awards granted under this Plan. Section 7 contains other provisions applicable to all Awards granted under this Plan. Section 8 provides definitions for certain capitalized terms used in this Plan and not otherwise defined herein.

1. PURPOSE OF THE PLAN.

The purpose of this Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of Award recipients with those of the Company's shareholders generally.

2. ADMINISTRATION.

2.1 ADMINISTRATOR. This Plan shall be administered by and all Awards under this Plan shall be authorized by the Administrator. The "ADMINISTRATOR" means the Board or one or more committees appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by the International Business Companies Act of the British Virgin Islands and any other applicable law, to one or more officers of the Company, its powers under this Plan (a) to designate the officers and employees of the Company and its Affiliates who will receive grants of Awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of, such Awards. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the Memorandum and Articles of Association of the Company or the applicable charter of any Administrator: (a) a majority of the members of the acting Administrator shall constitute a quorum, and (b) the vote of a majority of the members present assuming the presence of a quorum or the

unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

2.2 PLAN AWARDS; INTERPRETATION; POWERS OF ADMINISTRATOR. Subject to the express provisions of this Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of Awards and the administration of this Plan (in the case of a committee or delegation to one or more officers, within the authority delegated to that committee or person(s)), including, without limitation, the authority to:

(a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive

Awards;

(b) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of this Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;

(c) approve the forms of Award Agreements, which need not be identical either as to type of Award or among Participants;

(d) construe and interpret this Plan and any Award Agreement or other agreements defining the rights and obligations of the Company, its Affiliates, and Participants under this Plan, make factual determinations with respect to the administration of this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the Awards;

(e) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards, subject to any required consent under Section 7.7.4;

(f) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (within the maximum ten-year term of Awards under Sections 5.4.2 and 6.5) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);

(g) determine Fair Market Value for purposes of this Plan and Awards;

(h) determine the duration and purposes of leaves of absence that may be granted to Participants without constituting a termination of their employment for purposes of this Plan; and

(i) determine whether, and the extent to which, adjustments are required pursuant to Section 7.3 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7.3.

2.3 BINDING DETERMINATIONS. Any action taken by, or inaction of, the Company, any Affiliate, the Board or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor the Administrator, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Award), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

2.4 RELIANCE ON EXPERTS. In making any determination or in taking or not taking any action under this Plan, the Administrator or the Board, as the case may be, may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Company. No director, officer or agent of the Company or any of its Affiliates shall be liable for any such action or determination taken or made or omitted in good faith.

2.5 DELEGATION. The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Affiliates or to third parties.

3. ELIGIBILITY.

Awards may be granted under this Plan only to those persons that the Administrator determines to be Eligible Persons. An "ELIGIBLE PERSON" means any person who qualifies as one of the following at the time of grant of the respective Award:

(a) an officer (whether or not a director) or employee of the Company or any of its Affiliates;

(b) any member of the Board; or

(c) any director of one of the Company's Affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its

Affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Company or one of its Affiliates.

An advisor or consultant may be selected as an Eligible Person pursuant to clause (c) above only if such person's participation in this Plan would not adversely affect (1) the Company's eligibility to rely on the Rule 701 exemption from registration under the Securities Act for the offering of shares issuable under this Plan by the Company, or (2) the Company's compliance with any other applicable laws.

An Eligible Person may, but need not, be granted one or more Awards pursuant to Section 5 and/or one or more Awards pursuant to Section 6. An Eligible Person who has been granted an Award under this Plan may, if otherwise eligible, be granted additional Awards under this Plan if the Administrator so determines. However, a person's status as an Eligible Person is not a commitment that any Award will be granted to that person under this Plan. Furthermore, an Eligible Person who has been granted an Award under Section 5 is not necessarily entitled to an Award under Section 6, or vice versa, unless otherwise expressly determined by the Administrator.

Each Award granted under this Plan must be approved by the Administrator at or prior to the grant of the Award.

4. SHARES SUBJECT TO THE PLAN.

4.1 SHARES AVAILABLE. Subject to the provisions of Section 7.3.1, the shares that may be delivered under this Plan will be the Company's authorized but unissued Common Shares. The Common Shares issued and delivered may be issued and delivered for any lawful consideration.

4.2 SHARE LIMITS. Subject to the provisions of Section 7.3.1 and further subject to the share counting rules of Section 4.3, the maximum number of Common Shares that may be delivered pursuant to Awards granted under this Plan will not exceed 2,595,108 shares.* As required under U.S. Treasury Regulation Section 1.422-2(b)(3)(i), in no event will the number of Common Shares that may be delivered pursuant to Incentive Stock Options granted under this Plan exceed the Share Limit.

4.3 REPLENISHMENT AND REISSUE OF UNVESTED AWARDS. To the extent that an Award is settled in cash or a form other than Common Shares, the shares that would have been delivered had there been no such cash or other settlement shall not be counted against the shares available for issuance under this Plan. No Award may be granted under this Plan unless, on the date of grant, the sum of (a) the

* Award grants (including the number of shares subject to Awards granted) must be structured to satisfy the requirements of Rule 701 promulgated under the Securities Act and applicable "blue sky" laws. Unless a higher percentage is approved by at least two-thirds of the outstanding shares entitled to vote, at no time shall the total number of shares subject to this Plan exceed a number of shares which is equal to 30% of the then-outstanding number of the Company's Common Shares (convertible preferred or convertible senior Common Shares will be counted on an as if converted basis).

maximum number of Common Shares issuable at any time pursuant to such Award, plus (b) the number of Common Shares that have previously been issued pursuant to Awards granted under this Plan, plus (c) the maximum number of Common Shares that may be issued at any time after such date of grant pursuant to Awards that are outstanding on such date, does not exceed the Share Limit. Notwithstanding the foregoing, Common Shares that are subject to or underlie Options granted under this Plan that expire or for any reason are canceled or terminated without having been exercised (or Common Shares subject to or underlying the unexercised portion of such Options in the case of Options that were partially exercised), as well as Common Shares that are subject to Share Awards made under this Plan that are forfeited to the Company or otherwise repurchased by the Company prior to the vesting of such shares for a price not greater than the original purchase or issue price of such shares (as adjusted pursuant to Section 7.3.1) will again, except to the extent prohibited by law or applicable listing or regulatory requirements (and subject to any applicable limitations of the Code in the case of Awards intended to be Incentive Stock Options), be available for subsequent Award grants under this Plan. Shares that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with any Award under this Plan, as well as any shares exchanged by a Participant or withheld by the Company or one of its Affiliates to satisfy the tax withholding obligations related to any Award, shall be available for subsequent awards under this Plan.

4.4 RESERVATION OF SHARES. The Company shall at all times reserve a number of Common Shares sufficient to cover the Company's obligations and contingent obligations to deliver shares with respect to Awards then outstanding under this Plan.

5. OPTION GRANT PROGRAM.

5.1 OPTION GRANTS IN GENERAL. Each Option shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing an Option shall contain the terms established by the Administrator for that Option, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Option or any Common Shares subject to the Option; in each case subject to the applicable provisions and limitations of this Section 5 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of an Option promptly execute and return to the Company his or her Award Agreement evidencing the Option. In addition, the Administrator may require that the spouse of any married recipient of an Option also promptly execute and return to the Company the Award Agreement evidencing the Option granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Option.

5.2 TYPES OF OPTIONS. The Administrator will designate each Option granted under this Plan to a U.S. resident as either an Incentive Stock Option or a Nonqualified

Option, and such designation shall be set forth in the applicable Award Agreement. Any Option granted under this Plan to a U.S. resident that is not expressly designated in the applicable Award Agreement as an Incentive Stock Option will be deemed to be designated a Nonqualified Option under this Plan and not an "incentive stock option" within the meaning of Section 422 of the Code. Incentive Stock Options shall be subject to the provisions of Section 5.5 in addition

to the provisions of this Plan applicable to Options generally. The Administrator may designate any Option granted under this Plan to a non-U.S. resident in accordance with the rules and regulations applicable to options in the jurisdiction in which such person is a resident. The Administrator may, in its discretion, designate any Option as an Early Exercise Option pursuant to Section 5.9.

5.3 OPTION PRICE.

5.3.1 Pricing Limits. Subject to the following provisions of this Section 5.3.1, the Administrator will determine the purchase price per share of the Common Shares covered by each Option (the "exercise price" of the Option) at the time of the grant of the Option, which exercise price will be set forth in the applicable Award Agreement. In no case will the exercise price of an Option be less than the greater of:

(a) the nominal value of the Common Shares;

(b) in the case of an Incentive Stock Option and subject to clause (c) below, 100% of the Fair Market Value of the Common Shares on the date of grant; or

(c) in the case of an Incentive Stock Option granted to a Participant described in Section 5.6, 110% of the Fair Market Value of the Common Shares on the date of grant.

5.3.2 Payment Provisions. The Company will not be obligated to deliver certificates for the Common Shares to be purchased on exercise of an Option unless and until it receives full payment of the exercise price therefor, all related withholding obligations under Section 7.6 have been satisfied, and all other conditions to the exercise of the Option set forth herein or in the Award Agreement have been satisfied. The purchase price of any Common Shares purchased on exercise of an Option must be paid in full at the time of each purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the following methods:

(a) cash, check payable to the order of the Company, or electronic funds transfer;

(b) notice and third party payment in such manner as may be authorized by the Administrator;

(c) the delivery of previously owned Common Shares;

(d) by a reduction in the number of Common Shares otherwise deliverable pursuant to the Award;

(e) subject to such procedures as the Administrator may adopt, pursuant to a "cashless exercise"; or

(f) if authorized by the Administrator or specified in the applicable Award Agreement, by a promissory note of the Participant consistent with the requirements of Section 5.3.3.

In no event shall any shares newly-issued by the Company be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable law. In the event that the Administrator allows a Participant to exercise an Award by delivering Common Shares previously owned by such Participant and unless otherwise expressly provided by the Administrator, any shares delivered which were initially acquired by the Participant from the Company (upon exercise of an option or otherwise) must have been owned by the Participant at least six months as of the date of delivery.

Common Shares used to satisfy the exercise price of an Option (whether previously-owned shares or shares otherwise deliverable pursuant to the terms of the Option) shall be valued at their Fair Market Value on the date of exercise. Unless otherwise expressly provided in the applicable Award Agreement, the Administrator may eliminate or limit a Participant's ability to pay the purchase or exercise price of any Award by any method other than cash payment to the Company. The Administrator may take all actions necessary to alter the method of Option exercise and the exchange and transmittal of proceeds with respect to Participants resident in the People's Republic of China ("PRC") not having permanent residence in a country other than the PRC in order to comply with applicable PRC foreign exchange and tax regulations.

5.3.3 Acceptance of Notes to Finance Exercise. The Company may, with the Administrator's approval in each specific case, accept one or more promissory notes from any Eligible Person in connection with the exercise of any Option; provided that any such note shall be subject to the following terms and conditions:

(a) The principal of the note shall not exceed the amount required to be paid to the Company upon the exercise, purchase or acquisition of one or more Awards under this Plan and the note shall be delivered directly to the Company in consideration of such exercise, purchase or acquisition.

(b) The initial term of the note shall be determined by the Administrator; provided that the term of the note, including extensions, shall not exceed a period of five years.

(c) The note shall provide for full recourse to the Participant and shall bear interest at a rate determined by the Administrator, but not less than the interest rate necessary to avoid the imputation of interest under the Code and to avoid any adverse accounting consequences in connection with the exercise, purchase or acquisition.

(d) If the employment or services of the Participant by or to the Company and its Affiliates terminates, the unpaid principal balance of the note shall become due and payable on the 30th business day after such termination; provided, however, that if a sale of the shares acquired on exercise of the Option would cause such Participant to incur liability under Section 16(b) of the Exchange Act, the unpaid balance shall become due and payable on the 10th business day after the first day on which a sale of such shares could have been made without incurring such liability assuming for these purposes that there are no other transactions (or deemed transactions) in securities of the Company by the Participant subsequent to such termination.

(e) If required by the Administrator or by applicable law, the note shall be secured by a pledge of any shares or rights financed thereby or other collateral, in compliance with applicable law.

The terms, repayment provisions, and collateral release provisions of the note and the pledge securing the note shall conform with all applicable rules and regulations, including those of the Federal Reserve Board of the United States and any applicable law, as then in effect.

5.4 VESTING; TERM; EXERCISE PROCEDURE.

5.4.1 Vesting. Except as provided in Section 5.9, an Option may be exercised only to the extent that it is vested and exercisable. The Administrator will determine the vesting and/or exercisability provisions of each Option (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in the applicable Award Agreement. Unless the Administrator otherwise expressly provides, once exercisable an Option will remain exercisable until the expiration or earlier termination of the Option. To the extent required to satisfy applicable securities laws and subject to Section 5.7, no Option (except an Option granted to an officer, director, or consultant of the Company or any of its Affiliates) shall vest and become exercisable at a rate of less than 20% per year over five years after the date the Option is granted.

5.4.2 Term. Each Option shall expire not more than 10 years after its date of grant. Each Option will be subject to earlier termination as provided in or pursuant to Sections 5.7 and 7.3. Any payment of cash or delivery of shares in payment of or pursuant to an Option may be delayed until a future date if specifically authorized by the Administrator in writing and by the Participant.

5.4.3 Exercise Procedure. Any exercisable Option will be deemed to be exercised when the Company receives written notice of such exercise from the Participant (on a form and in such manner as may be required by the Administrator), together with any required payment made in accordance with Section 5.3 and Section 7.6 and any written statement required pursuant to Section 7.5.1.

5.4.4 Fractional Shares/Minimum Issue. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No fewer than 100 shares (subject to adjustment pursuant to Section 7.3.1) may be purchased on exercise of any Option at one time unless the number purchased is the total number at the time available for purchase under the Option.

5.5 LIMITATIONS ON GRANT AND TERMS OF INCENTIVE STOCK OPTIONS.

5.5.1 US$100,000 Limit. To the extent that the aggregate Fair Market Value of shares with respect to which incentive stock options first become exercisable by a Participant in any calendar year exceeds US$100,000, taking into account both Common Shares subject to Incentive Stock Options under this Plan and shares subject to incentive stock options under all other plans of the Company or any of its Affiliates, such options will be treated as nonqualified options. For this purpose, the Fair Market Value of the shares subject to options will be determined as of the date the options were awarded. In reducing the number of options treated as incentive stock options to meet the US$100,000 limit, the most recently granted options will be reduced (recharacterized as nonqualified options) first. To the extent a reduction of simultaneously granted options is necessary to meet the US$100,000 limit, the Administrator may, in the manner and to the extent permitted by law, designate which Common Shares are to be treated as shares acquired pursuant to the exercise of an incentive stock option.

5.5.2 Other Code Limits. Incentive Stock Options may only be granted to individuals that are employees of the Company or one of its Affiliates and satisfy the other eligibility requirements of the Code. Any Award Agreement relating to Incentive Stock Options will contain or shall be deemed to

contain such other terms and conditions as from time to time

are required in order that the Option be an "incentive stock option" as that term is defined in Section 422 of the Code.

5.5.3 ISO Notice of Sale Requirement. Any Participant who exercises an Incentive Stock Option shall give prompt written notice to the Company of any sale or other transfer of the Common Shares acquired on such exercise if the sale or other transfer occurs within (a) one year after the exercise date of the Option, or (b) two years after the grant date of the Option.

5.6 LIMITS ON 10% HOLDERS. No Incentive Stock Option may be granted to any person who, at the time the Incentive Stock Option is granted, owns (or is deemed to own under Section 424(d) of the Code) outstanding shares of the Company (or any of its Affiliates) possessing more than 10% of the total combined voting power of all classes of shares of the Company (or any of its Affiliates), unless the exercise price of such Incentive Stock Option is at least 110% of the Fair Market Value of the shares subject to the Incentive Stock Option and such Incentive Stock Option by its terms is not exercisable after the expiration of five years from the date such Incentive Stock Option is granted.

5.7 EFFECTS OF TERMINATION OF EMPLOYMENT ON OPTIONS.

5.7.1 Dismissal for Cause. Unless otherwise provided in the Award Agreement and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates is terminated by such entity for Cause, the Participant's Option will terminate on the Participant's Severance Date, whether or not the Option is then vested and/or exercisable.

5.7.2 Death or Disability. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates as a result of the Participant's death or Total Disability:

(a) the Participant (or his or her Personal Representative or Beneficiary, in the case of the Participant's Total Disability or death, respectively), will have until the date that is 12 months after the Participant's Severance Date to exercise the Participant's Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;

(b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and

(c) the Option, to the extent exercisable for the 12-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

5.7.3 Other Terminations of Employment. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates for any reason other than a termination by such entity for Cause or because of the Participant's death or Total Disability:

(a) the Participant will have until the date that is 90 days after the Participant's Severance Date to exercise his or her Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;

(b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and

(c) the Option, to the extent exercisable for the 90-day period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period.

5.8 OPTION REPRICING/CANCELLATION AND REGRANT/WAIVER OF RESTRICTIONS. Subject to Section 4 and Section 7.7 and the specific limitations on Options contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the exercise price, the vesting schedule, the number of shares subject to, or the term of, an Option granted under this Plan by cancellation of an outstanding Option and a subsequent regranting of the Option, by amendment, by substitution of an outstanding Option, by waiver or by other legally valid means. Such amendment or other action may result in, among other changes, an exercise price that is higher or lower than the exercise price of the original or prior Option, provide for a greater or lesser number of Common Shares subject to the Option, or provide for a longer or shorter vesting or exercise period.

5.9 EARLY EXERCISE OPTIONS. The Administrator may, in its discretion, designate any Option as an Early Exercise Option which, by express provision in the applicable Award Agreement, may be exercised prior to the date such Option has vested. If the Participant elects to exercise all or a portion of an Early Exercise Option before it is vested, the Common Shares acquired under the Option which are attributable to the unvested portion of the Option shall be Restricted Shares. The applicable Award Agreement will specify the extent (if any) to which and the time (if ever) at which the Participant will be entitled to dividends, voting

and other rights in respect of such Restricted Shares prior to vesting, and the restrictions imposed on such shares and the conditions of release or lapse of such restrictions. Unless otherwise expressly provided in the applicable Award Agreement, such Restricted Shares shall be subject to the provisions of Sections 6.6 through 6.9, below.

6. SHARE AWARD PROGRAM.

6.1 SHARE AWARDS IN GENERAL. Each Share Award shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing a Share Award shall contain the terms established by the Administrator for that Share Award, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Share Award; in each case subject to the applicable provisions and limitations of this Section 6 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of a Share Award promptly execute and return to the Company his or her Award Agreement evidencing the Share Award. In addition, the Administrator may require that the spouse of any married recipient of a Share Award also promptly execute and return to the Company the Award Agreement evidencing the Share Award granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Share Award.

6.2 TYPES OF SHARE AWARDS. The Administrator shall designate whether a Share Award shall be a Restricted Share Award, and such designation shall be set forth in the applicable Award Agreement.

6.3 PURCHASE PRICE.

6.3.1 Pricing Limits. Subject to the following provisions of this Section 6.3, the Administrator will determine the purchase price per share of the Common Shares covered by each Share Award at the time of grant of the Award. In no case will such purchase price be less than the greater of:

(a) the nominal value of the Common Shares;

(b) 85% of the Fair Market Value of the Common Shares on the date of grant, or at the time the purchase is consummated; or

(c) 100% of the Fair Market Value of the Common Shares on the date of grant, or at the time the purchase is consummated, in the case of any person who owns shares possessing more than 10% of the total combined voting power of all classes of shares of the Company or one of its Affiliates.

6.3.2 Payment Provisions. The Company will not be obligated to record in the Company's register of members, or issue certificates evidencing, Common Shares awarded under this Section 6 unless and until it receives full

payment of the purchase price therefor and all other conditions to the purchase, as determined by the Administrator, have been satisfied, at which point the relevant shares shall be issued and noted in the Company's register of members. The purchase price of any shares subject to a Share Award must be paid in full at the time of the purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the methods set forth in clauses (a) through (f) in Section 5.3.2 and/or past services rendered to the Company or any of its Affiliates.

6.4 VESTING. The restrictions imposed on the Common Shares subject to a Restricted Share Award (which may be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement. To the extent required to satisfy applicable securities laws, the restrictions imposed on the Common Shares subject to a Restricted Share Award (other than an Award granted to an officer, director, or consultant of the Company or any of its Affiliates, which may include more restrictive provisions) shall lapse as to such shares, subject to Section 6.8, at a rate of at least 20% of the shares subject to the Award per year over the five years after the date the Award is granted.

6.5 TERM. A Share Award shall either vest or be repurchased by the Company not more than 10 years after the date of grant. Each Share Award will be subject to earlier repurchase as provided in or pursuant to Sections 6.8 and 7.3. Any payment of cash or delivery of shares in payment for a Share Award may be delayed until a future date if specifically authorized by the Administrator in writing and by the Participant.

6.6 SHARE CERTIFICATES; FRACTIONAL SHARES. Share certificates evidencing Restricted Shares will bear a legend making appropriate reference to the restrictions imposed hereunder and will be held by the Company or by a third party designated by the Administrator until the restrictions on such shares have lapsed, the shares have vested in accordance with the provisions of the Award Agreement and Section 6.4, and any related loan has been repaid. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests.

6.7 DIVIDEND AND VOTING RIGHTS. Unless otherwise provided in the applicable Award Agreement, a Participant holding Restricted Shares will be entitled to cash dividend and voting rights for all Restricted Shares issued even though they are not vested, but such rights will terminate immediately as to any Restricted Shares which are repurchased by the Company.

6.8 TERMINATION OF EMPLOYMENT; RETURN TO THE COMPANY. Unless the Administrator otherwise expressly provides, Restricted Shares subject to an Award that remain subject to vesting conditions that have not been satisfied by the time specified in

the applicable Award Agreement (which may include, without limitation, the Participant's Severance Date), will not vest and will be reacquired by the Company in such manner and on such terms as the Administrator provides, which terms shall include return or repayment of the lower of (a) the Fair Market Value of the Restricted Shares at the time of the termination, or (b) the original purchase price of the Restricted Shares, without interest, to the Participant to the extent not prohibited by law. The Award Agreement shall specify any other terms or conditions of the repurchase if the Award fails to vest.

6.9 WAIVER OF RESTRICTIONS. Subject to Sections 4 and 7.7 and the specific limitations on Share Awards contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the vesting schedule, or the restrictions upon or the term of, a Share Award granted under this Plan by amendment, by substitution of an outstanding Share Award, by waiver or by other legally valid means.

7. PROVISIONS APPLICABLE TO ALL AWARDS.

7.1 RIGHTS OF ELIGIBLE PERSONS, PARTICIPANTS AND BENEFICIARIES.

7.1.1 Employment Status. No person shall have any claim or rights to be granted an Award (or additional Awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.

7.1.2 No Employment/Service Contract. Nothing contained in this Plan (or in any other documents under this Plan or related to any Award) shall confer upon any Eligible Person or Participant any right to continue in the employ or other service of the Company or any of its Affiliates, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company or any Affiliate to change such person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause at any time. Nothing in this Section 7.1.2, or in Section 7.3 or 7.15, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract. An Award Agreement shall not constitute a contract of employment or service.

7.1.3 Plan Not Funded. Awards payable under this Plan will be payable in Common Shares or from the general assets of the Company, and (except as to the share reservation provided in Section 4.4) no special or separate reserve, fund or deposit will be made to assure payment of such Awards. No Participant, Beneficiary or other person will have any right, title or interest in any fund or in any specific asset (including Common Shares, except as expressly provided) of the Company or any of its Affiliates by reason of any Award hereunder. Neither the provisions of this Plan (or of

any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or any of its Affiliates and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right will be no greater than the right of any unsecured general creditor of the Company.

7.1.4 Charter Documents. The Memorandum and Articles of Association of the Company, as may lawfully be amended from time to time, may provide for additional restrictions and limitations with respect to the Common Shares (including additional restrictions and limitations on the voting or transfer of Common Shares) or priorities, rights and preferences as to securities and interests prior in rights to the Common Shares. To the extent that these restrictions and limitations are greater than those set forth in this Plan or any Award Agreement, such restrictions and limitations shall apply to any Common Shares acquired pursuant to the exercise of Awards and are incorporated herein by this reference.

7.2 NO TRANSFERABILITY; LIMITED EXCEPTION TO TRANSFER RESTRICTIONS.

7.2.1 Limit On Exercise and Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 7.2, by applicable law and by the Award Agreement, as the same may be amended:

(a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(b) Awards will be exercised only by the Participant; and

(c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Common Shares, registered in the name of, the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

7.2.2 Further Exceptions to Limits On Transfer. The exercise and transfer restrictions in Section 7.2.1 will not apply to:

(a) transfers to the Company;

(b) transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act;

(c) the designation of a Beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant's Beneficiary, or, in the absence of a validly designated Beneficiary, transfers by will or the laws of descent and distribution; or

(d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant's duly authorized legal representative.

Notwithstanding anything else in this Section 7.2.2 to the contrary, but subject to compliance with all applicable laws, Incentive Stock Options and Restricted Share Awards will be subject to any and all transfer restrictions under the Code applicable to such awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance

with all applicable laws, any contemplated transfer by gift to "immediate family" as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Administrator in order for it to be effective.

7.3 ADJUSTMENTS; CHANGES IN CONTROL.

7.3.1 Adjustments. Upon or in contemplation of any reclassification, recapitalization, share split (including a share split in the form of a share dividend) or reverse share split ("share split"); any merger, amalgamation, combination, consolidation or other reorganization; any split-up, spin-off, or similar extraordinary dividend distribution in respect of the Common Shares (whether in the form of securities or property); any exchange of Common Shares or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Common Shares; or a sale of substantially all the assets of the Company as an entirety; then the Administrator shall, in such manner, to such extent (if any) and at such time as it deems appropriate and equitable in the circumstances:

(a) proportionately adjust any or all of (1) the number of Common Shares or the number and type of other securities that thereafter may be made the subject of Awards (including the specific share limits, maxima and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of Common Shares (or other securities or property) subject to any or all outstanding Awards, (3) the grant, purchase, or exercise price of any or all outstanding Awards, or (4) the securities, cash or other property deliverable upon exercise or vesting of any outstanding Awards, or

(b) make provision for a settlement by a cash payment or for the assumption, substitution or exchange of any or all outstanding

Awards (or the cash, securities or other property deliverable to the holder(s) of any or all outstanding Awards) based upon the distribution or consideration payable to holders of the Common Shares upon or in respect of such event.

The Administrator may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash, securities or other property settlement. In the case of Options, but without limitation on other methodologies, the Administrator may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise price of the Option to the extent of the then vested and exercisable shares subject to the Option.

The Administrator may make adjustments to and/or accelerate the exercisability of Options in a manner that disqualifies the Options as Incentive Stock Options without the written consent of the Option holders affected thereby.

In any of such events, the Administrator may take such action prior to such event to the extent that the Administrator deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is or will be available to shareholders generally.

Any adjustment by the Administrator pursuant to this Section 7.3.1 shall be final, binding, and conclusive. Unless otherwise expressly provided by the Administrator, in no event shall a conversion of one or more outstanding shares of the Company's preferred shares (if any) or any new

issuance of securities by the Company for consideration be deemed, in and of itself, to require an adjustment pursuant to this Section 7.3.1.

In the case of any event described in the first paragraph of this Section 7.3.1, if no action is formally taken by the Administrator in the circumstances with respect to then-outstanding Awards, the proportionate adjustments contemplated by clause (a) above shall nevertheless be deemed to have been made with respect to the Awards outstanding at the time of such event in order to preserve the intended level of incentives.

7.3.2 Consequences of a Change in Control Event. Subject to Sections 7.3.4 through 7.3.6, upon (or, as may be necessary to effectuate the purposes of this acceleration, immediately prior to) the occurrence of a Change in Control Event:

(a) each Option will become immediately vested and exercisable, and

(b) Restricted Shares will immediately vest free of forfeiture restrictions and/or restrictions giving the Company the right to repurchase the shares at their original purchase price;

provided, however, that such acceleration provision shall not apply, unless otherwise expressly provided by the Administrator, with respect to any Award to the extent that the Administrator has made a provision for the substitution, assumption, exchange or other continuation or settlement of the Award, or the Award would otherwise continue in accordance with its terms, in the circumstances.

The foregoing Change in Control Event provisions shall not in any way limit the authority of the Administrator to accelerate the vesting of one or more Awards in such circumstances (including, but not limited to, a Change in Control Event) as the Administrator may determine to be appropriate, regardless of whether accelerated vesting of all or a portion of the Award(s) is otherwise required or contemplated by the foregoing in the circumstances.

7.3.3 Early Termination of Awards. Any Award, the vesting of which has been accelerated to the extent required in the circumstances as contemplated by Section 7.3.2 (or would have been so accelerated but for Section 7.3.4 or 7.3.6), shall terminate upon the related Change in Control Event, subject to any provision that has been expressly made by the Administrator, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award and provided that, in the case of Options that will not survive or be substituted for, assumed, exchanged, or otherwise continued or settled in the Change in Control Event, the holder of such Award shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding Options in accordance with their terms before the termination of such Awards (except that in no case shall more than ten days' notice of accelerated vesting and the impending termination be required and any acceleration may be made contingent upon the actual occurrence of the event). For purposes of this Section 7.3, an Award shall be deemed to have been "assumed" if (without limiting other circumstances in which an Award is assumed) the Award continues after the Change in Control Event, and/or is assumed and continued by a Parent (as such term is defined in the definition of Change in Control Event) following a Change in Control Event, and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the Award, for

each Common Share subject to the Award immediately prior to the Change in Control Event, the consideration (whether cash, shares, or other securities or property) received in the Change in Control Event by the shareholders of Company for each Common Share sold or exchanged in such transaction (or the consideration received by a majority of the shareholders participating in such transaction if the shareholders were offered a choice of consideration); provided, however, that if the consideration offered for a Common Share in the transaction is not solely the ordinary or common shares of a successor Company or a Parent, the Board may provide for the

consideration to be received upon exercise or payment of the Award, for each share subject to the Award, to be solely ordinary or common shares (as applicable) of the successor Company or a Parent equal in Fair Market Value to the per share consideration received by the shareholders participating in the Change in Control Event.

7.3.4 Other Acceleration Rules. Any acceleration of Awards pursuant to this Section 7.3 shall comply with applicable legal requirements and, if necessary to accomplish the purposes of the acceleration or if the circumstances require, may be deemed by the Administrator to occur a limited period of time not greater than 30 days before the event that triggered such acceleration. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of an Award if an event giving rise to an acceleration does not occur. The Administrator may override the provisions of this Section 7.3 as to any Award by express provision in the applicable Award Agreement and may accord any Participant a right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Administrator may approve. The portion of any Incentive Stock Option accelerated in connection with a Change in Control Event or any other action permitted hereunder shall remain exercisable as an Incentive Stock Option only to the extent the applicable US$100,000 limitation on Incentive Stock Options is not exceeded. To the extent exceeded, the accelerated portion of the Option shall be exercisable as a Nonqualified Option.

7.3.5 Possible Rescission of Acceleration. If the vesting of an Award has been accelerated expressly in anticipation of an event or upon shareholder approval of an event and the Administrator later determines that the event will not occur, the Administrator may rescind the effect of the acceleration as to any then outstanding and unexercised or otherwise unvested Awards.

7.3.6 Golden Parachute Limitation. Notwithstanding anything else contained in this Section 7.3 to the contrary, in no event shall an Award be accelerated under this Section 7.3 to an extent or in a manner which would not be fully deductible by the Company or one of its Affiliates for federal income tax purposes because of Section 280G of the Code, nor shall any payment hereunder be accelerated to the extent any portion of such accelerated payment would not be deductible by the Company or one of its Affiliates because of Section 280G of the Code. If a holder of an Award would be entitled to benefits or payments hereunder and under any other plan or program that would constitute "parachute payments" as defined in Section 280G of the Code, then the holder may by written notice to the Company designate the order in which such parachute payments will be reduced or modified so that the Company or one of its Affiliates is not denied federal income tax deductions for any "parachute payments" because of Section

280G of the Code. Notwithstanding the foregoing, if a Participant is a party to an employment or other agreement with the Company or one of its Affiliates, or is a participant in a severance program sponsored by the Company or one of its Affiliates that contains express provisions regarding Section 280G and/or Section 4999 of the Code (or any similar successor provision), the Section 280G and/or Section 4999 provisions of such employment or other agreement or plan, as applicable, shall control as to any Awards held by that Participant (for example, and without limitation, a Participant may be a party to an employment agreement with the Company or one of its Affiliates that provides for a "gross-up" as opposed to a "cut-back" in the event that the Section 280G thresholds are reached or exceeded in connection with a change in control and, in such event, the Section 280G and/or Section 4999 provisions of such employment agreement shall control as to any Awards held by that Participant).

7.4 TERMINATION OF EMPLOYMENT OR SERVICES.

7.4.1 Events Not Deemed a Termination of Employment. Unless the Administrator otherwise expressly provides with respect to a particular Award, if a Participant's employment by or service to the Company or an Affiliate terminates but immediately thereafter the Participant continues in the employ of or service to another Affiliate or the Company, as applicable, the Participant shall be deemed to have not had a termination of employment or service for purposes of this Plan and the Participant's Awards. Unless the express policy of the Company or the Administrator otherwise provides, a Participant's employment relationship with the Company or any of its Affiliates shall not be considered terminated solely due to any sick leave, military leave, or any other leave of absence authorized by the Company or any Affiliate or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than 90 days. In the case of any Participant on an approved leave of absence, continued vesting of the Award while on leave from the employ of or service with the Company or any of its Affiliates will be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term of the Award set forth in the Award Agreement.

7.4.2 Effect of Change of Affiliate Status. For purposes of this Plan and any Award, if an entity ceases to be an Affiliate, a termination of employment or service will be deemed to have occurred with respect to each Eligible Person in respect of such Affiliate who does not continue as an Eligible Person in respect of another Affiliate that continues as such after giving effect to the transaction or other event giving rise to the change in status.

7.4.3 Administrator Discretion. Notwithstanding the provisions of Section 5.7 or 6.8, in the event of, or in anticipation of, a termination of employment or service with the Company or any of its Affiliates for any reason, the Administrator may accelerate the vesting and exercisability of all or a portion of the Participant's Award, and/or, subject to the provisions of Sections 5.4.2 and 7.3, extend the exercisability period of the Participant's Option upon such terms as the Administrator determines and expressly sets forth in or by amendment to the Award Agreement.

7.4.4 Termination of Consulting or Affiliate Services. If the

Participant is an Eligible Person solely by reason of clause (c) of Section 3, the Administrator shall be the sole judge of whether the Participant continues to render services to the Company or any of its Affiliates, unless a written contract or the Award Agreement otherwise provides. If, in these circumstances, the Company or any Affiliate notifies the Participant in writing that a termination of the Participant's services to the Company or any Affiliate has occurred for purposes of this Plan, then (unless the contract or the Award Agreement otherwise expressly provides), the Participant's termination of services with the Company or Affiliate for purposes of this Plan shall be the date which is 10 days after the mailing of the notice by the Company or Affiliate or, in the case of a termination for Cause, the date of the mailing of the notice.

7.5 COMPLIANCE WITH LAWS.

7.5.1 General. This Plan, the granting and vesting of Awards under this Plan, and the offer, issuance and delivery of Common Shares, the acceptance of promissory notes and/or the payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, applicable foreign laws, rules and regulations (including but not limited to state and federal securities laws, and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Company, provide such assurances and representations to the Company as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

7.5.2 Compliance with Securities Laws. No Participant shall sell, pledge or otherwise transfer Common Shares acquired pursuant to an Award or any interest in such shares except in accordance with the express terms of this Plan and the applicable Award Agreement. Any attempted transfer in violation of this Section 7.5 shall be void and of no effect. Without in any way limiting the provisions set forth above, no Participant shall make any disposition of all or any portion of Common Shares acquired or to be

acquired pursuant to an Award, except in compliance with all applicable federal and state securities laws and unless and until:

(a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;

(b) such disposition is made in accordance with Rule 144 under the Securities Act; or

(c) such Participant notifies the Company of the proposed disposition and furnishes the Company with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, furnishes to the Company an opinion of counsel acceptable to the Company's counsel, that such disposition will not require registration under the Securities Act and will be in compliance with all applicable state securities laws.

Notwithstanding anything else herein to the contrary, neither the Company or any Affiliate has any obligation to register the Common Shares or file any registration

statement under either federal or state securities laws, nor does the Company or any Affiliate make any representation concerning the likelihood of a public offering of the Common Shares or any other securities of the Company or any Affiliate.

7.5.3 Share Legends. All certificates evidencing Common Shares issued or delivered under this Plan shall bear the following legends and/or any other appropriate or required legends under applicable laws:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE COMPANY, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SHARES ARE SUBJECT TO THE COMPANY'S RIGHT OF FIRST REFUSAL AND CALL RIGHTS TO REPURCHASE THE SHARES UNDER THE COMPANY'S SHARE INCENTIVE PLAN AND AGREEMENTS WITH THE COMPANY THEREUNDER, COPIES OF WHICH ARE AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE COMPANY."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE

PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE COMPANY, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS."

7.5.4 Delivery of Financial Statements. The Company shall deliver annually to Participants such financial statements of the Company as are required to satisfy applicable securities laws.

7.5.5 Confidential Information. Any financial or other information relating to the Company obtained by Participants in connection with or as a result of this Plan or their Awards shall be treated as confidential.

7.6 TAX WITHHOLDING.

7.6.1 Tax Withholding. Upon any exercise, vesting, or payment of any Award or upon the disposition of Common Shares acquired pursuant to the exercise of an Incentive Stock Option prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company or any of its Affiliates shall have the right at its option to:

(a) require the Participant (or the Participant's Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment;

(b) deduct from any amount otherwise payable (in respect of an Award or otherwise) in cash to the Participant (or the Participant's Personal Representative or Beneficiary, as the case may be) the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment; or

(c) reduce the number of Common Shares to be delivered by (or otherwise reacquire shares held by the Participant at least 6 months) the appropriate number of Common Shares, valued at their then Fair Market Value, to satisfy the minimum withholding obligation.

In any case where a tax is required to be withheld (including taxes in the PRC where applicable) in connection with the delivery of Common Shares under this Plan (including the sale of Common Shares as may be required to comply with foreign exchange rules in the PRC for Participants resident in the PRC), the Administrator may in its sole discretion (subject to

Section 7.5) grant (either at the time of the Award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, to have the Company reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares, valued in a consistent manner at their Fair Market Value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy the minimum applicable withholding obligation on exercise, vesting or payment. In no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law. The Company may, with the Administrator's approval, accept one or more promissory notes from any Eligible Person in connection with taxes required to be withheld upon the exercise, vesting or payment of any award under this Plan; provided that any such note shall be subject to terms and conditions established by the Administrator and the requirements of applicable law.

7.6.2 Tax Loans. If so provided in the Award Agreement or otherwise authorized by the Administrator, the Company may, to the extent permitted by law, authorize a loan to an Eligible Person in the amount of any taxes that the Company or any of its Affiliates may be required to withhold with respect to Common Shares received (or disposed of, as the case may be) pursuant to a transaction described in Section 7.6.1. Such a loan will be for a term and at a rate of interest and pursuant to such other terms and conditions as the Company may establish, subject to compliance with applicable law. Such a loan need not otherwise comply with the provisions of Section 5.3.3.

7.7 PLAN AND AWARD AMENDMENTS, TERMINATION AND SUSPENSION.

7.7.1 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any period that the Board suspends this Plan.

7.7.2 Shareholder Approval. To the extent then required by applicable law or any applicable listing agency or required under Sections 162, 422 or 424 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval.

7.7.3 Amendments to Awards. Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator by agreement or resolution may waive conditions of or limitations on Awards to Participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a Participant, and (subject to the requirements of Sections 2.2 and 7.7.4) may make other changes to the terms

and conditions of Awards.

7.7.4 Limitations on Amendments to Plan and Awards. No amendment, suspension or termination of this Plan or change of or affecting any outstanding Award shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any Award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7.3 shall not be deemed to constitute changes or amendments for purposes of this Section 7.7.

7.8 PRIVILEGES OF SHARE OWNERSHIP. Except as otherwise expressly authorized by the Administrator or this Plan or in the Award Agreement, a Participant will not be entitled to any privilege of share ownership as to any Common Shares not actually delivered to and held of record by the Participant. No adjustment will be made for dividends or other rights as a shareholder for which a record date is prior to such date of delivery.

7.9 SHARE-BASED AWARDS IN SUBSTITUTION FOR AWARDS GRANTED BY OTHER COMPANY. Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee share options, share appreciation rights, restricted shares or other share-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Company or one of its Affiliates, in connection with a distribution, merger, amalgamation or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Company or one of its Affiliates, directly or indirectly, of all or a substantial part of the shares or assets of the employing entity. The Awards so granted need not comply with other specific terms of this Plan, provided the Awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the Common Shares in the transaction and any change in the issuer of the security. Any shares that are delivered and any Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Company or one of its Affiliates in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.

7.10 EFFECTIVE DATE OF THE PLAN. This Plan is effective upon the Effective Date, subject to approval by the shareholders of the Company within twelve months after the date the Board approves this Plan.

7.11 TERM OF THE PLAN. Unless earlier terminated by the Board, this Plan will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may

be granted under this Plan, but previously granted Awards (and the authority of the Administrator with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.

7.12 GOVERNING LAW/SEVERABILITY.

7.12.1 Choice of Law. This Plan, the Awards, all documents evidencing Awards and all other related documents will be governed by, and construed in accordance with, the laws of

the British Virgin Islands.

7.12.2 Severability. If it is determined that any provision of this Plan or an Award Agreement is invalid and unenforceable, the remaining provisions of this Plan and/or the Award Agreement, as applicable, will continue in effect provided that the essential economic terms of this Plan and the Award can still be enforced.

7.13 CAPTIONS. Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

7.14 NON-EXCLUSIVITY OF PLAN. Nothing in this Plan will limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Common Shares, under any other plan or authority.

7.15 NO RESTRICTION ON CORPORATE POWERS. The existence of this Plan, the Award Agreements, and the Awards granted hereunder, shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the Company's or any Affiliate's capital structure or its business; (b) any merger, amalgamation, consolidation or change in the ownership of the Company or any Affiliate; (c) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the Company's authorized shares or the rights thereof; (d) any dissolution or liquidation of the Company or any Affiliate; (e) any sale or transfer of all or any part of the Company or any Affiliate's assets or business; or (f) any other corporate act or proceeding by the Company or any Affiliate. No Participant, Beneficiary or any other person shall have any claim under any Award or Award Agreement against any member of the Board or the Administrator, or the Company or any employees, officers or agents of the Company or any Affiliate, as a result of any such action.

7.16 OTHER COMPANY COMPENSATION OR BENEFIT PROGRAMS. Payments and other benefits received by a Participant under an Award made pursuant to this Plan shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or

arrangements, if any, provided by the Company or any Affiliate, except where the Administrator or the Board expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Company or any Affiliate.

8. DEFINITIONS.

"ADMINISTRATOR" has the meaning given to such term in Section 2.1.

"AFFILIATE" means (a) any entity (other than the Company) in an unbroken chain of entities ending with the Company if, at the time of the determination, each of the entities other than the Company owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other entities in such chain, or (b) any entity (other than the Company) in an unbroken chain of entities beginning with the Company if, at the time of the determination, each of the entities other than the last entity in the unbroken chain owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other entities in such chain

"AWARD" means an award of any Option or Share Award, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

"AWARD AGREEMENT" means any writing, approved by the Administrator, setting forth the terms of an Award that has been duly authorized and approved.

"AWARD DATE" means the date upon which the Administrator took the action granting an Award or such later date as the Administrator designates as the Award Date at the time of the grant of the Award.

"BENEFICIARY" means the person, persons, trust or trusts designated by a Participant, or, in the absence of a designation, entitled by will or the laws of descent and distribution, to receive the benefits specified in the Award Agreement and under this Plan if the Participant dies, and means the Participant's executor or administrator if no other Beneficiary is designated and able to act under the circumstances.

"BOARD" means the Board of Directors of the Company.

"CAUSE" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a "for cause" termination has on the Participant's options and/or share awards) a termination of employment or service based upon a finding by the Company or any of its Affiliates, acting in good faith and based on its reasonable belief at the time, that the Participant:

(a) has been negligent in the discharge of his or her duties to the Company or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or

(other than by reason of a disability or analogous condition) incapable of performing those duties;

(b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company or any of its Affiliates; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

(d) has materially breached any of the provisions of any agreement with the Company or any of its Affiliates;

(e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company or any of its Affiliates; or

(f) has improperly induced a vendor or customer to break or terminate any contract with the Company or any of its Affiliates or induced a principal for whom the Company or any Affiliate acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date on which the Company or any Affiliate first delivers written notice to the Participant of a finding of termination for Cause.

"CHANGE IN CONTROL EVENT" means any of the following:

(a) Approval by shareholders of the Company (or, if no shareholder approval is required, by the Board alone) of the complete dissolution or liquidation of the Company, other than in the context of a Business Combination that does not constitute a Change in Control Event under paragraph (c) below;

(b) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "PERSON")) of

beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then-outstanding Common Shares of the Company (the "OUTSTANDING COMPANY COMMON SHARES") or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "OUTSTANDING COMPANY VOTING SECURITIES"); provided, however, that, for purposes of this paragraph (b), the following acquisitions shall not constitute a Change in Control Event; (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or a successor, (D) any acquisition by any entity pursuant to a Business Combination, (E) any acquisition by a Person

described in and satisfying the conditions of Rule 13d-1(b) promulgated under the Exchange Act, or (F) any acquisition by a Person who is the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the Outstanding Company Common Shares and/or the Outstanding Company Voting Securities on the Effective Date (or an affiliate, heir, descendant, or related party of or to such Person);

(c) Consummation of a reorganization, amalgamation, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any other entity a majority of whose outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company (a "SUBSIDIARY"), a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or shares of another entity by the Company or any of its Subsidiaries (each, a "BUSINESS COMBINATION"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Shares and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding ordinary or common shares and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets directly or through one or more subsidiaries (a "PARENT")), and (2) no Person (excluding any individual or entity described in clauses (C), (E) or (F) of paragraph (b) above) beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, more than 50% of, respectively, the then-outstanding ordinary or common shares of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 50% existed prior to the Business Combination.

provided, however, that a transaction shall not constitute a Change in Control Event if it is in connection with the underwritten public offering of the Company's securities.

"CODE" means the Internal Revenue Code of 1986 of the United States, as amended from time to time.

"COMMON SHARES" means the Company's Common Shares, nominal value US$0.01 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 7.3.1 of this Plan.

"COMPANY" means ATA Testing Authority (Holdings) Limited, an international business company organized under the laws of the British Virgin Islands, and its successors.

"EARLY EXERCISE OPTION" shall mean an Option eligible for exercise prior to vesting in accordance with the provisions of Section 5.9 of this Plan. An Early Exercise Option may be a Nonqualified Option or an Incentive Stock Option, as designated by the Administrator in the applicable Award Agreement.

"EFFECTIVE DATE" means the date the Board approved this Plan.

"ELIGIBLE PERSON" has the meaning given to such term in Section 3 of this Plan.

"EXCHANGE ACT" means the Securities Exchange Act of 1934 of the United States, as amended from time to time.

"FAIR MARKET VALUE," for purposes of this Plan and unless otherwise determined or provided by the Administrator in the circumstances, means as follows:

(a) If the Common Shares are listed or admitted to trade on the New York Stock Exchange or other national securities exchange (the "EXCHANGE"), the Fair Market Value shall equal the closing price of a Common Share as reported on the composite tape for securities on the Exchange for the date in question, or, if no sales of Common Shares were made on the Exchange on that date, the closing price of a Common Share as reported on said composite tape for the next preceding day on which sales of Common Shares were made on the Exchange. The Administrator may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the last closing price of a Common Share as reported on the composite tape for securities listed on the Exchange available on the date in question or the average of the high and low trading prices of a Common Share as reported on the composite tape for securities listed on the Exchange for the date in question or the most recent trading day.

(b) If the Common Shares are not listed or admitted to trade on the a national securities exchange, the Fair Market Value shall equal the last price of a Common Share as furnished by the National Association of Securities Dealers, Inc. (the "NASD") through the NASDAQ National Market Reporting System (the "NATIONAL MARKET") for the date in question, or, if no sales of Common Shares were reported by the NASD through the National Market on that date, the last price of a Common Share as furnished by the NASD through the National Market for the next preceding day on which sales of Common Shares were reported by the NASD. The Administrator may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the last closing price of a Common Share as furnished by the NASD through the National Market available on the date in question or the average of the high and low trading prices of a Common Share as furnished by the NASD through the National Market for the date in question or the most recent trading day.

(c) If the Common Shares are not listed or admitted to trade on a national securities exchange and is not reported on the National Market Reporting System, the Fair

Market Value shall equal the mean between the bid and asked price for a Common Share on such date, as furnished by the NASD or a similar organization.

(d) If the Common Shares are not listed or admitted to trade on a national securities exchange, are not reported on the National Market Reporting System and if bid and asked prices for the shares are not furnished by the NASD or a similar organization, the Fair Market Value shall be the value as reasonably determined by the Administrator for purposes of the Award in the circumstances.

The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different

methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Award(s) (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

Any determination as to Fair Market Value made pursuant to this Plan shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse, and shall be conclusive and binding on all persons with respect to Awards granted under this Plan.

"INCENTIVE STOCK OPTION" means an Option that is designated and intended as an "incentive stock option" within the meaning of Section 422 of the Code, the award of which contains such provisions (including but not limited to the receipt of shareholder approval of this Plan, if the award is made prior to such approval) and is made under such circumstances and to such persons as may be necessary to comply with that section.

"NONQUALIFIED OPTION" means an Option that is not an "incentive stock option" within the meaning of Section 422 of the Code and includes any Option designated or intended as a Nonqualified Option and any Option designated or intended as an Incentive Stock Option that fails to meet the applicable legal requirements thereof.

"OPTION" means an option to purchase Common Shares granted under Section 5 of this Plan. The Administrator will designate any Option granted to an employee of the Company or an Affiliate as a Nonqualified Option or an Incentive Stock Option and may also designate any Option as an Early Exercise Option.

"PARTICIPANT" means an Eligible Person who has been granted and holds an Award under this Plan.

"PERSONAL REPRESENTATIVE" means the person or persons who, upon the disability or incompetence of a Participant, has acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant.

"PLAN" means this ATA Testing Authority (Holdings) Limited Share Incentive Plan, as it may hereafter be amended from time to time.

"PUBLIC OFFERING DATE" means the date the Common Shares are first registered under the Exchange Act and listed or quoted on a recognized national securities exchange or in the NASDAQ National Market Quotation System.

"RESTRICTED SHARES" means Common Shares awarded to a Participant under this Plan, subject to payment of such consideration and such conditions on vesting (which may include, among others, the passage of time, specified performance objectives or other factors) and such transfer and other restrictions as are established in or pursuant to this Plan and the related Award Agreement, to the extent such remain unvested and restricted under the terms of the applicable Award Agreement.

"RESTRICTED SHARE AWARD" means an award of Restricted Shares.

"SECURITIES ACT" means the Securities Act of 1933 of the United States, as amended from time to time.

"SEVERANCE DATE" with respect to a particular Participant means, unless otherwise provided in the applicable Award Agreement:

(a) if the Participant is an Eligible Person under clause (a) of Section 3 and the Participant's employment by the Company or any of its Affiliates terminates (regardless of the reason), the last day that the Participant is actually employed by the Company or such Affiliate (unless, immediately following such termination of employment, the Participant is a member of the Board or, by express written agreement

with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant's Severance Date shall not be the date of such termination of employment but shall be determined in accordance with clause (b) or (c) below, as applicable, in connection with the termination of the Participant's other services);

(b) if the Participant is not an Eligible Person under clause (a) of Section 3 but is an Eligible Person under clause (b) thereof, and the Participant ceases to be a member of the Board (regardless of the reason), the last day that the Participant is actually a member of the Board (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant's Severance Date shall not be the date of such termination but shall be determined in accordance with clause (a) above or (c) below, as applicable, in connection with the termination of the Participant's employment or other services);

(c) if the Participant is not an Eligible Person under clause (a) or clause (b) of Section 3 but is an Eligible Person under clause (c) thereof, and the Participant ceases to provide services to the Company or any of its Affiliates as determined in accordance with Section 7.4.4 (regardless of the reason), the last day that the

Participant actually provides services to the Company or such Affiliate as an Eligible Person under clause (c) of Section 3 (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or is a member of the Board, in which case the Participant's Severance Date shall not be the date of such termination of services but shall be determined in accordance with clause (a) or (b) above, as applicable, in connection with the termination of the Participant's employment or membership on the Board).

"SHARE AWARD" means an award of Common Shares under Section 6 of this Plan. A Share Award may be a Restricted Share Award or an award of unrestricted Common Shares.

"TOTAL DISABILITY" means a "total and permanent disability" within the meaning of Section 22(e)(3) of the Code and, with respect to Awards other than Incentive Stock Options, such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

ATA TESTING AUTHORITY (HOLDINGS)
LIMITED
SHARE INCENTIVE PLAN

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Exhibit 10.2

ATA INC.
2008 EMPLOYEE SHARE INCENTIVE PLAN

1. PURPOSE OF PLAN

The purpose of this ATA Inc. 2008 Employee Share Incentive Plan (this "PLAN") of ATA Inc., an exempted company organized under the Companies Law of the Cayman Islands, and its successors (the "COMPANY"), is to promote the success of the Company and to increase shareholder value by providing an additional means through the grant of awards to attract, motivate, retain and reward selected employees and other eligible persons.

2. ELIGIBILITY

The Administrator (as such term is defined in Section 3.1) may grant awards under this Plan only to those persons that the Administrator determines to be Eligible Persons. An "ELIGIBLE PERSON" is any person who is either: (a) an officer (whether or not a director) or employee of the Company or one of its Subsidiaries; (b) a director of the Company or one of its Subsidiaries; or (c) an individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its Subsidiaries in a capital-raising transaction or as a market maker or promoter of securities of the Company or one of its Subsidiaries) to the Company or one of its Subsidiaries and who is selected to participate in this Plan by the Administrator; provided, however, that a person who is otherwise an Eligible Person under clause (c) above may participate in this Plan only if such participation would not adversely affect either the Company's eligibility to use Form S-8 to register under the Securities Act of 1933, as amended (the "SECURITIES ACT"), the offering and sale of shares issuable under this Plan by the Company or the Company's compliance with any applicable laws. An Eligible Person who has been granted an award (a "PARTICIPANT") may, if otherwise eligible, be granted additional awards if the Administrator shall so determine. As used herein, "SUBSIDIARY" means any corporation or other entity a majority of whose outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company; and "BOARD" means the Board of Directors of the Company.

3. PLAN ADMINISTRATION

3.1 THE ADMINISTRATOR. This Plan shall be administered by and all awards under this Plan shall be authorized by the Administrator. The "ADMINISTRATOR" means the Board or one or more committees appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by applicable law, to one or more officers of the Company, its powers under this Plan (a) to designate officers and employees of the Company and its Subsidiaries who will receive grants of awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of, such awards, in each case within the limits established by the Board or another

committee within its delegated authority. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the applicable charter of the Company or any Administrator: (a) a majority of the members of the acting Administrator shall constitute a quorum, and (b) the vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

Award grants, and transactions in or involving awards, intended to be exempt under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), must be duly and timely authorized by the Board or a committee consisting solely of two or more non-employee directors (as this requirement is applied under Rule 16b-3 promulgated under the Exchange Act). To the extent required by any applicable listing agency, this Plan shall be administered by a committee composed entirely of independent directors (within the meaning of the applicable listing agency).

3.2 POWERS OF THE ADMINISTRATOR. Subject to the express provisions of this Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of awards and the administration of this Plan (in the case of a committee or delegation to one or more officers, within the authority delegated to that committee or person(s)), including, without limitation, the authority to:

(a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive an award under this Plan;

(b) grant awards to Eligible Persons, determine the price at which securities will be offered or awarded and the number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of such awards consistent with the express limits of this Plan, establish the installments (if any) in which such awards shall become exercisable or shall vest (which may include, without limitation, performance and/or time-based schedules), or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such awards;

(c) approve the forms of award agreements (which need not be identical either as to type of award or among participants);

(d) construe and interpret this Plan and any agreements defining the rights and obligations of the Company, its Subsidiaries, and participants under this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the awards granted under this Plan;

(e) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding awards, subject to any required consent under Section 8.6.5;

(f) accelerate or extend the vesting or exercisability or extend the term of any or all such outstanding awards (in the case of options or share appreciation rights, within the maximum ten-year term of such awards) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature) subject to any required consent under Section 8.6.5;

(g) adjust the number of Common Shares subject to any award, adjust the price of any or all outstanding awards or otherwise change previously imposed terms and conditions, in such circumstances as the Administrator may deem appropriate, in each case subject to Sections 4 and 8.6, and provided that in no case (except due to an adjustment contemplated by Section 7 or any repricing that may be approved by shareholders) shall such an adjustment constitute a repricing (by amendment, substitution, cancellation and regrant, exchange for cash or another award or other means) of the per share exercise or base price of any option or share appreciation right;

(h) determine the date of grant of an award, which may be a

designated date after but not before the date of the Administrator's action (unless otherwise designated by the Administrator, the date of grant of an award shall be the date upon which the Administrator took the action granting an award);

(i) determine whether, and the extent to which, adjustments are required pursuant to Section 7 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7;

(j) acquire or settle (subject to Sections 7 and 8.6) rights under awards in cash, shares of equivalent value, or other consideration;

(k) determine the fair market value of the Common Shares or awards under this Plan from time to time and/or the manner in which such value will be determined; and

(l) implement any procedures, steps or additional or different requirements as may be necessary to comply with any laws of the People's Republic of China (the "PRC") that may be applicable to this Plan, any Option or any related documents, including, but not limited to, foreign exchange laws, tax laws and securities laws of the PRC.

3.3 BINDING DETERMINATIONS. Any action taken by, or inaction of, the Company, any Subsidiary, or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion

of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor any Board committee, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any award made under this Plan), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

3.4 RELIANCE ON EXPERTS. In making any determination or in taking or not taking any action under this Plan, the Administrator may obtain and may rely upon the advice of experts, including employees and professional advisors to the Company. No director, officer or agent of the Company or any of its Subsidiaries shall be liable for any such action or determination taken or made or omitted in good faith.

3.5 DELEGATION. The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Subsidiaries or to third parties.

4. COMMON SHARES SUBJECT TO THE PLAN; SHARE LIMITS

4.1 SHARES AVAILABLE. Subject to the provisions of Section 7.1, the shares that may be delivered under this Plan shall be shares of the Company's authorized but unissued Common Shares and any shares of its Common Shares held as treasury shares. For purposes of this Plan, "COMMON SHARES" shall mean the common shares of the Company and such other securities or property as may become the subject of awards under this Plan, or may become subject to such awards, pursuant to an adjustment made under Section 7.1.

4.2 SHARE LIMITS. The maximum number of Common Shares that may be delivered pursuant to awards granted to Eligible Persons under this Plan (the "SHARE LIMIT") is equal to 336,307 Common Shares. The Share Limit shall automatically increase on January 1 of each calendar year

during the term of this Plan, commencing with January 1, 2009, by an amount equal to the lesser of (i) 1% of the total number of Common Shares issued and outstanding on December 31 of the immediately preceding calendar year, (ii) 336,307 Common Shares or (iii) such number of Common Shares as may be established by the Board. The maximum number of Common Shares that may be initially delivered pursuant to options qualified as incentive stock options granted under this Plan is 336,307 Common Shares. The maximum number of Common Shares that may be delivered pursuant to options qualified as incentive stock options granted under this Plan shall automatically increase on January 1 of each calendar year during the term of this Plan by 336,307 Ordinary Shares

4.3 AWARDS SETTLED IN CASH, REISSUE OF AWARDS AND SHARES. To the extent that an award granted under this Plan is settled in cash or a form other than Common Shares, the shares that would have been delivered had there been no such cash or

other settlement shall not be counted against the shares available for issuance under this Plan. In the event that Common Shares are delivered in respect of a dividend equivalent right granted under this Plan, only the actual number of shares delivered with respect to the award shall be counted against the share limits of this Plan. To the extent that Common Shares are delivered pursuant to the exercise of a share appreciation right or option granted under this Plan, the number of underlying shares as to which the exercise related shall be counted against the applicable share limits under Section 4.2, as opposed to only counting the shares actually issued. (For purposes of clarity, if a share appreciation right relates to 100,000 shares and is exercised at a time when the payment due to the participant is 15,000 shares, 100,000 shares shall be charged against the applicable share limits under Section 4.2 with respect to such exercise.) Shares that are subject to or underlie awards granted under this Plan which expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under this Plan shall again be available for subsequent awards under this Plan. Shares that are exchanged by a participant or withheld by the Company as full or partial payment in connection with any award under this Plan, as well as any shares exchanged by a participant or withheld by the Company or one of its Subsidiaries to satisfy the tax withholding obligations related to any award, shall not be available for subsequent awards under this Plan. Shares not issued in connection with share-settled share appreciation rights and shares tendered or withheld in payment of an option price or for withholding taxes shall not be counted against the shares available for issuance under this Plan. Refer to Section 8.10 for application of the foregoing share limits with respect to assumed awards.

4.4 RESERVATION OF SHARES; NO FRACTIONAL SHARES; MINIMUM ISSUE. The Company shall at all times reserve a number of Common Shares sufficient to cover the Company's obligations and contingent obligations to deliver shares with respect to awards then outstanding under this Plan (exclusive of any dividend equivalent obligations to the extent the Company has the right to settle such rights in cash). No fractional shares shall be delivered under this Plan. The Administrator may pay cash in lieu of any fractional shares in settlements of awards under this Plan. No fewer than 100 shares may be purchased on exercise of any award (or, in the case of share appreciation or purchase rights, no fewer than 100 rights may be exercised at any one time) unless the total number purchased or exercised is the total number at the time available for purchase or exercise under the award.

5. AWARDS

5.1 TYPE AND FORM OF AWARDS. The Administrator shall determine the type or types of award(s) to be made to each selected Eligible Person. Awards may be granted singly, in combination or in tandem. Awards also may be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for grants or rights under any

other employee or compensation plan of the Company or one of its Subsidiaries. The types of awards that may be granted under this Plan are:

5.1.1 SHARE OPTIONS. A share option is the grant of a right to purchase a specified number of Common Shares during a specified period as determined by the Administrator. An option may be intended as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "CODE") (an "ISO") or a nonqualified stock option (an option not intended to be an ISO). The award agreement for an option will indicate if the option is intended as an ISO; otherwise it will be deemed to be a nonqualified stock option. The maximum term of each option (ISO or nonqualified) shall be ten (10) years. Unless otherwise determined by the Board, the per share exercise price for each option shall be not less than 100% of the fair market value of a share of Common Shares on the date of grant of the option. When an option is exercised, the exercise price for the shares to be purchased shall be paid in full in cash or such other method permitted by the Administrator consistent with Section 5.5.

5.1.2 ADDITIONAL RULES APPLICABLE TO ISOS. To the extent that the aggregate fair market value (determined at the time of grant of the applicable option) of shares with respect to which ISOs first become exercisable by a participant in any calendar year exceeds $100,000, taking into account both Common Shares subject to ISOs under this Plan and shares subject to ISOs under all other plans of the Company or one of its Subsidiaries (or any parent or predecessor corporation to the extent required by and within the meaning of Section 422 of the Code and the regulations promulgated thereunder), such options shall be treated as nonqualified stock options. In reducing the number of options treated as ISOs to meet the $100,000 limit, the most recently granted options shall be reduced first. To the extent a reduction of simultaneously granted options is necessary to meet the $100,000 limit, the Administrator may, in the manner and to the extent permitted by law, designate which Common Shares are to be treated as shares acquired pursuant to the exercise of an ISO. ISOs may only be granted to employees of the Company or one of its subsidiaries (for this purpose, the term "subsidiary" is used as defined in Section 424(f) of the Code, which generally requires an unbroken chain of ownership of at least 50% of the total combined voting power of all classes of shares of each subsidiary in the chain beginning with the Company and ending with the subsidiary in question). There shall be imposed in any award agreement relating to ISOs such other terms and conditions as from time to time are required in order that the option be an "incentive stock option" as that term is defined in Section 422 of the Code. No ISO may be granted to any person who, at the time the option is granted, owns (or is deemed to own under Section 424(d) of the Code) shares of outstanding Common Shares possessing more than 10% of the total combined voting power of all classes of shares of the Company, unless the exercise price of such option is at least 110% of the fair market value of the shares subject to the option and such option by its terms is not exercisable after the expiration of five years from the date such option is granted.

5.1.3 SHARE APPRECIATION RIGHTS. A share appreciation right or "SAR" is a right to receive a payment, in cash and/or Common Shares, equal to the excess of the fair market value of a specified number of Common Shares on the date the SAR is exercised over the "BASE PRICE" of the award, which base price shall be set forth in the applicable award agreement and shall be not less than 100% of the fair

market value of a share of Common Shares on the date of grant of the SAR. The maximum term of a SAR shall be ten (10) years.

5.1.4 OTHER AWARDS. The other types of awards that may be granted under this Plan are: (a) share bonuses, restricted shares, performance shares (which may be settled in Common Shares or cash), share units,

phantom shares, dividend equivalents, or similar rights to purchase or acquire shares, whether at a fixed or variable price or ratio related to the Common Shares, upon the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or any combination thereof; or (b) any similar securities with a value derived from the value of or related to the Common Shares and/or returns thereon.

5.2 [RESERVED.]

5.3 AWARD AGREEMENTS. Each award shall be evidenced by either (1) a written award agreement in a form approved by the Administrator and executed by the Company by an officer duly authorized to act on its behalf, or (2) an electronic notice of award grant in a form approved by the Administrator and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking award grants under this Plan generally (in each case, an "award agreement"), as the Administrator may provide and, in each case and if required by the Administrator, executed or otherwise electronically accepted by the recipient of the award in such form and manner as the Administrator may require. The Administrator may authorize any officer of the Company (other than the particular award recipient) to execute any or all award agreements on behalf of the Company. The award agreement shall set forth the material terms and conditions of the award as established by the Administrator consistent with the express limitations of this Plan.

5.4 DEFERRALS AND SETTLEMENTS. Payment of awards may be in the form of cash, Common Shares, other awards or combinations thereof as the Administrator shall determine, and with such restrictions as it may impose. The Administrator may also require or permit participants to elect to defer the issuance of shares or the settlement of awards in cash under such rules and procedures as it may establish under this Plan, in any event in compliance with Section 8.1.2 hereof. The Administrator may also provide that deferred settlements include the payment or crediting of interest or other earnings on the deferral amounts, or the payment or crediting of dividend equivalents where the deferred amounts are denominated in shares.

5.5 CONSIDERATION FOR COMMON SHARES OR AWARDS. The purchase price for any award granted under this Plan or the Common Shares to be delivered pursuant to an award, as applicable, may be paid by means of any lawful consideration as determined by the Administrator, including, without limitation, one or a combination of the following methods:

- services rendered by the recipient of such award;

- cash, check payable to the order of the Company, or electronic funds transfer;
- notice and third party payment in such manner as may be authorized by the Administrator;
- the delivery of previously owned Common Shares;
- by a reduction in the number of shares otherwise deliverable pursuant to the award; or
- subject to such procedures as the Administrator may adopt, pursuant to a "cashless exercise" with a third party who provides financing for the purposes of (or who otherwise facilitates) the purchase or exercise of awards.

In no event shall any Common Shares newly-issued by the Company be issued for less than the minimum lawful consideration for such Common Shares or for consideration other than consideration permitted by applicable law. In the event that the Administrator allows a participant to exercise an award by delivering Common Shares previously owned by such participant and unless otherwise expressly provided by the Administrator, any Common Shares delivered which were

initially acquired by the participant from the Company (upon exercise of a share option or otherwise) must have been owned by the participant. Common Shares used to satisfy the exercise price of an option shall be valued at their fair market value on the date of exercise. The Company will not be obligated to deliver any Common Shares unless and until it receives full payment of the exercise or purchase price therefor and any related withholding obligations under Section 8.5 and any other conditions to exercise or purchase have been satisfied. Unless otherwise expressly provided in the applicable award agreement, the Administrator may at any time eliminate or limit a participant's ability to pay the purchase or exercise price of any award or Common Shares by any method other than cash payment to the Company. The Administrator may take all actions necessary to alter the method of Option exercise and the exchange and transmittal of proceeds with respect to participants resident in the People's Republic of China ("PRC") not having permanent residence in a country other than the PRC in order to comply with applicable PRC foreign exchange and tax regulations.

5.6 DEFINITION OF FAIR MARKET VALUE. For purposes of this Plan, "fair market value" shall mean, if the Common Shares are not listed or actively traded on an internationally recognized securities exchange as of the applicable date, the fair market value as reasonably determined by the Administrator for purposes of the award in the circumstances. If the Common Shares are listed and actively traded on an internationally recognized securities exchange, then unless otherwise determined or provided by the Administrator in the circumstances, the "fair market value" shall mean the last price for an Common Share as furnished by the securities exchange on which the Common Shares are listed for the date in question or, if no sales of Common Shares were reported on that date, the last price for a Common Share as furnished by the securities exchange on which the Common Shares are listed for the next preceding day on which sales of Common Shares were reported. The Administrator also may adopt a different methodology

for determining fair market value with respect to one or more awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular award(s) (for example, and without limitation, the Administrator may provide that fair market value for purposes of one or more awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

5.7 TRANSFER RESTRICTIONS.

5.7.1 LIMITATIONS ON EXERCISE AND TRANSFER. Unless otherwise expressly provided in (or pursuant to) this Section 5.7 or required by applicable law: (a) all awards are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge; (b) awards shall be exercised only by the participant; and (c) amounts payable or shares issuable pursuant to any award shall be delivered only to (or for the account of) the participant. In addition, the Common Shares shall be subject to the restrictions set forth in the applicable Option Agreement.

5.7.2 EXCEPTIONS. The Administrator may permit awards to be exercised by and paid to, or otherwise transferred to, other persons or entities pursuant to such conditions and procedures, including limitations on subsequent transfers, as the Administrator may, in its sole discretion, establish in writing. Any permitted transfer shall be subject to compliance with applicable federal and state securities laws and shall not be for value (other than nominal consideration, settlement of marital property rights, or for interests in an entity in which more than 50% of the voting interests are held by the Eligible Person or by the Eligible Person's family members).

5.7.3 FURTHER EXCEPTIONS TO LIMITS ON TRANSFER. The exercise and

transfer restrictions in Section 5.7.1 shall not apply to:

(a) transfers to the Company (for example, in connection with the expiration or termination of the award),

(b) the designation of a beneficiary to receive benefits in the event of the participant's death or, if the participant has died, transfers to or exercise by the participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution,

(c) subject to any applicable limitations on ISOs, transfers to a family member (or former family member) pursuant to a domestic relations order if approved or ratified by the Administrator,

(d) if the participant has suffered a disability, permitted transfers or exercises on behalf of the participant by his or her legal representative, or

(e) the authorization by the Administrator of "cashless exercise" procedures with third parties who provide financing for the purpose of (or who otherwise facilitate) the exercise of awards consistent with applicable laws and the express authorization of the Administrator. Anything in this

Section 5.7.3 to the contrary notwithstanding, but subject to compliance with all applicable laws, ISOs will be subject to any and all transfer restrictions under the Code applicable to such awards or necessary to maintain the intended tax consequences of such Awards.

5.8 INTERNATIONAL AWARDS. One or more awards may be granted to Eligible Persons who provide services to the Company or one of its Subsidiaries outside of the United States. Any awards granted to such persons may be granted pursuant to the terms and conditions of any applicable sub-plans, if any, appended to this Plan and approved by the Administrator.

6. EFFECT OF TERMINATION OF EMPLOYMENT OR SERVICE ON AWARDS

6.1 GENERAL. The Administrator shall establish the effect of a termination of employment or service on the rights and benefits under each award under this Plan and in so doing may make distinctions based upon, inter alia, the cause of termination and type of award. If the participant is not an employee of the Company or one of its Subsidiaries and provides other services to the Company or one of its Subsidiaries, the Administrator shall be the sole judge for purposes of this Plan (unless a contract or the award otherwise provides) of whether the participant continues to render services to the Company or one of its Subsidiaries and the date, if any, upon which such services shall be deemed to have terminated.

6.2 EVENTS NOT DEEMED TERMINATIONS OF SERVICE. Unless the express policy of the Company or one of its Subsidiaries, or the Administrator, otherwise provides, the employment relationship shall not be considered terminated in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence authorized by the Company or one of its Subsidiaries, or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law or the Administrator otherwise provides, such leave is for a period of not more than three months. In the case of any employee of the Company or one of its Subsidiaries on an approved leave of absence, continued vesting of the award while on leave from the employ of the Company or one of its Subsidiaries may be suspended until the employee returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an award be exercised after the expiration of the term set forth in the applicable award agreement.

6.3 EFFECT OF CHANGE OF SUBSIDIARY STATUS. For purposes of this Plan and

any award, if an entity ceases to be a Subsidiary of the Company a termination of employment or service shall be deemed to have occurred with respect to each Eligible Person in respect of such Subsidiary who does not continue as an Eligible Person in respect of another entity within the Company or another Subsidiary that continues as such after giving effect to the transaction or other event giving rise to the change in status.

7. ADJUSTMENTS; ACCELERATION

7.1 ADJUSTMENTS. Subject to Section 7.2, upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, share split (including a share split in the form of a share dividend) or reverse share split; any merger, combination, consolidation, or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution in respect of the Common Shares; or any exchange of Common Shares or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Common Shares; then the Administrator shall equitably and proportionately adjust (1) the number and type of Common Shares (or other securities) that thereafter may be made the subject of awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of Common Shares (or other securities or property) subject to any outstanding awards, (3) the grant, purchase, or exercise price (which term includes the base price of any SAR or similar right) of any outstanding awards, and/or (4) the securities, cash or other property deliverable upon exercise or payment of any outstanding awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding awards.

Unless otherwise expressly provided in the applicable award agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any event or transaction described in the preceding paragraph or a sale of all or substantially all of the business or assets of the Company as an entirety, the Administrator shall equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based awards to the extent necessary to preserve (but not increase) the level of incentives intended by the Plan and the then-outstanding performance-based awards.

It is intended that, if possible, any adjustments contemplated by the preceding two paragraphs be made in a manner that satisfies applicable legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code and Section 409A of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section 3.3, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 7.1, and the extent and nature of any such adjustment, shall be conclusive and binding on all persons.

7.2 CORPORATE TRANSACTIONS - ASSUMPTION AND TERMINATION OF AWARDS. Upon the occurrence of any of the following events (each, a "CHANGE OF CONTROL"): any merger, combination, consolidation, or other reorganization; any exchange of Common Shares or other securities of the Company; a sale of all or substantially all the business, shares or assets of the Company; a dissolution of the Company; or any other event in which the Company does not survive (or does not survive as a public company in respect of its Common Shares); then the Administrator may make provision for either (i) a cash payment in full settlement of all outstanding

vested share-based awards outstanding under this Plan, (ii) the termination of all outstanding share-based awards outstanding under this Plan, or (iii) the assumption, substitution or exchange of any or all outstanding share-based awards or the cash, securities or property deliverable to the holder of any or all outstanding share-based awards, in each case based upon, to the extent relevant under the circumstances, the distribution or consideration payable to holders of the Common Shares upon or in respect of such Change of Control. Upon the occurrence of any Change of Control, unless the Administrator has made a provision for the substitution, assumption, exchange or other continuation or settlement of the award or the award would otherwise continue in accordance with its terms in the circumstances: (1) subject to Section 7.4 and unless otherwise provided in the applicable award agreement, each then-outstanding option and SAR may as the Administrator shall determine become fully vested, all shares of restricted shares then outstanding shall fully vest free of restrictions, and each other award granted under this Plan that is then outstanding shall become payable to the holder of such award; and (2) each award shall terminate and be deemed cancelled upon the occurrence of a Change of Control; provided that the holder of an option or SAR shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding vested options and SARs (after giving effect to any accelerated vesting required in the circumstances) in accordance with their terms before the termination of such awards (except that in no case shall more than ten days' notice of the impending termination be required and any acceleration of vesting and any exercise of any portion of an award that is so accelerated may be made contingent upon the actual occurrence of the event). For the avoidance of doubt if the per share price for an Common Share in any such Change of Control transaction equals or exceeds the relevant exercise price of any outstanding (vested or unvested) option or SAR, then the Administrator shall be empowered to terminate and cancel such outstanding option or SAR without the payment of any consideration whatsoever without the consent of the holder thereof. Upon the occurrence of any Change of Control where the Administrator has made a provision for the substitution, assumption, exchange or other continuation or settlement of the award or the award would otherwise continue in accordance with its terms in the circumstances, if the Participant is terminated without cause within 24 months of such Change of Control transaction, then, in the sole discretion of the administrator, each then-outstanding option and SAR may become fully vested, all shares of restricted shares then outstanding shall fully vest free of restrictions, and each other award granted under this Plan that is then outstanding shall become payable to the holder of such award.

Without limiting the preceding paragraph, in connection with any event referred to in the preceding paragraph or any Change of Control event defined in any applicable award agreement, the Administrator may, in its discretion, provide for the accelerated vesting of any award or awards as and to the extent determined by the Administrator in the circumstances.

The Administrator may adopt such valuation methodologies for outstanding awards as it deems reasonable in the event of a cash or property settlement and, in the case of options, SARs or similar rights, but without limitation on other

methodologies, may base such settlement solely upon the excess if any of the per share amount payable upon or in respect of such event over the exercise or base price of the award.

In any of the events referred to in this Section 7.2, the Administrator may take such action contemplated by this Section 7.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Administrator deems the action necessary to permit the participant to realize the benefits intended to be conveyed with respect to the underlying shares. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the

original terms of the award if an event giving rise to an acceleration does not occur.

Without limiting the generality of Section 3.3, any good faith determination by the Administrator pursuant to its authority under this Section 7.2 shall be conclusive and binding on all persons.

7.3 OTHER ACCELERATION RULES. The Administrator may override the provisions of Section 7.2 and/or 7.4 by express provision in the award agreement and may accord any Eligible Person a right to refuse any acceleration, whether pursuant to the award agreement or otherwise, in such circumstances as the Administrator may approve. The portion of any ISO accelerated in connection with an event referred to in Section 7.2 (or such other circumstances as may trigger accelerated vesting of the award) shall remain exercisable as an ISO only to the extent the applicable $100,000 limitation on ISOs is not exceeded. To the extent exceeded, the accelerated portion of the option shall be exercisable as a nonqualified stock option under the Code.

7.4 GOLDEN PARACHUTE LIMITATION. Notwithstanding anything else contained in this Section 7 to the contrary, in no event shall any award or payment be accelerated under this Plan to an extent or in a manner so that such award or payment, together with any other compensation and benefits provided to, or for the benefit of, the participant under any other plan or agreement of the Company or any of its Subsidiaries, would not be fully deductible by the Company or one of its Subsidiaries for federal income tax purposes because of Section 280G of the Code. If a participant would be entitled to benefits or payments hereunder and under any other plan or program that would constitute "parachute payments" as defined in Section 280G of the Code, then the participant may by written notice to the Company designate the order in which such parachute payments will be reduced or modified so that the Company or one of its Subsidiaries is not denied federal income tax deductions for any "parachute payments" because of Section 280G of the Code. Notwithstanding the foregoing, if a participant is a party to an employment or other agreement with the Company or one of its Subsidiaries, or is a participant in a severance program sponsored by the Company or one of its Subsidiaries, that contains express provisions regarding Section 280G and/or Section 4999 of the Code (or any similar successor provision), or the applicable award agreement includes such provisions, the Section 280G and/or Section 4999 provisions of such employment or other agreement or plan, as applicable, shall control as to the awards held by that participant (for example, and without

limitation, a participant may be a party to an employment agreement with the Company or one of its Subsidiaries that provides for a "gross-up" as opposed to a "cut-back" in the event that the Section 280G thresholds are reached or exceeded in connection with a change in control and, in such event, the Section 280G and/or Section 4999 provisions of such employment agreement shall control as to any awards held by that participant).

8. OTHER PROVISIONS

8.1 COMPLIANCE WITH LAWS. This Plan, the granting and vesting of awards under this Plan, the offer, issuance and delivery of Common Shares, and/or the payment of money under this Plan or under awards are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Company or one of its Subsidiaries, provide such assurances and representations to the Company or one of its Subsidiaries as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

No participant shall sell, pledge or otherwise transfer Common Shares acquired pursuant to an award or any interest in such shares except in accordance with the express terms of this Plan and the applicable Option Agreement. Any attempted transfer in violation of this Section 8 shall be void and of no effect. Without in any way limiting the provisions set forth above, no Participant shall make any disposition of all or any portion of Common Shares acquired or to be acquired pursuant to an award, except in compliance with all applicable federal and state securities laws and unless and until, if applicable:

(a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;

(b) such disposition is made in accordance with Rule 144 under the Securities Act; or

(c) such participant notifies the Company of the proposed disposition and furnishes the Company with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, furnishes to the Company an opinion of counsel acceptable to the Company's counsel, that such disposition will not require registration under the Securities Act and will be in compliance with all applicable state securities laws.

Notwithstanding anything else herein to the contrary, neither the Company or any affiliate has any obligation to register the Common Shares or file any registration statement under either federal or state securities laws, nor does the Company or any affiliate make any representation concerning the likelihood

of a public offering of the Common Shares or any other securities of the Company or any affiliate.

8.2 NO RIGHTS TO AWARD. No person shall have any claim or rights to be granted an award (or additional awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.

8.3 NO EMPLOYMENT/SERVICE CONTRACT. Nothing contained in this Plan (or in any other documents under this Plan or in any award) shall confer upon any Eligible Person or other participant any right to continue in the employ or other service of the Company or one of its Subsidiaries, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company or one of its Subsidiaries to change a person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause. Nothing in this Section 8.3, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract other than an award agreement.

8.4 PLAN NOT FUNDED. Awards payable under this Plan shall be payable in shares or from the general assets of the Company, and no special or separate reserve, fund or deposit shall be made to assure payment of such awards. No participant, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset (including Common Shares, except as expressly otherwise provided) of the Company or one of its Subsidiaries by reason of any award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or one of its Subsidiaries and any participant, beneficiary or other person. To the extent that a participant, beneficiary or other person acquires a right to receive payment pursuant to any award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

8.5 TAX WITHHOLDING. Upon any exercise, vesting, or payment of any award or upon the disposition of Common Shares acquired pursuant to the exercise of an ISO prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company or one of its Subsidiaries shall have the right at its option to:

(a) require the participant (or the participant's personal representative or beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company or one of its Subsidiaries may be required to withhold with respect to such award event or payment; or

(b) deduct from any amount otherwise payable in cash to the participant (or the participant's personal representative or beneficiary, as the case may be) the minimum amount of any taxes which the Company or one of its

Subsidiaries may be required to withhold with respect to such cash payment.

In any case where a tax is required to be withheld (including taxes in the PRC where applicable) in connection with the delivery of Common Shares under this Plan (including the sale of Common Shares as may be required to comply with foreign exchange rules in the PRC for participants resident in the PRC), the Administrator may in its sole discretion (subject to Section 8.1) grant (either at the time of the award or thereafter) to the participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, to have the Company reduce the number of Common Shares to be delivered by (or otherwise reacquire) the appropriate number of Common Shares, valued in a consistent manner at their fair market value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy the minimum applicable withholding obligation on exercise, vesting or payment. In no event shall the Common Shares withheld exceed the minimum whole number of Common Shares required for tax withholding under applicable law. The Company may, with the Administrator's approval, accept one or more promissory notes from any Eligible Person in connection with taxes required to be withheld upon the exercise, vesting or payment of any award under this Plan; provided that any such note shall be subject to terms and conditions established by the Administrator and the requirements of applicable law.

8.6 EFFECTIVE DATE, TERMINATION AND SUSPENSION, AMENDMENTS.

8.6.1 EFFECTIVE DATE. This Plan is effective as of [_____], 2008, the date of its approval by the Board (the "EFFECTIVE DATE"). Unless earlier terminated by the Board, this Plan shall terminate at the close of business on the day before the tenth anniversary of the Effective Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional awards may be granted under this Plan, but previously granted awards (and the authority of the Administrator with respect thereto, including the authority to amend such awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.

8.6.2 BOARD AUTHORIZATION. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No awards may be granted during any period that the Board suspends this Plan.

8.6.3 SHAREHOLDER APPROVAL. To the extent then required by applicable law or any applicable listing agency or required under Sections 422 or 424 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval. Notwithstanding the foregoing, any option "repricing" or similar event shall be subject to prior shareholder approval.

8.6.4 AMENDMENTS TO AWARDS. Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the

Administrator by agreement or resolution may waive conditions of or limitations on awards to participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a participant, and (subject to the requirements of Sections 3.2 and 8.6.5) may make other changes to the terms and conditions of awards. Any amendment or other action that would constitute a repricing of an award is subject to the limitations set forth in Section 3.2(g).

8.6.5 LIMITATIONS ON AMENDMENTS TO PLAN AND AWARDS. No amendment, suspension or termination of this Plan or amendment of any outstanding award agreement shall, without written consent of the participant, affect in any manner materially adverse to the participant any rights or benefits of the participant or obligations of the Company under any award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7 shall not be deemed to constitute changes or amendments for purposes of this Section 8.6.

8.7 PRIVILEGES OF SHARE OWNERSHIP. Except as otherwise expressly authorized by the Administrator, a participant shall not be entitled to any privilege of share ownership as to any Common Shares not actually delivered to and held of record by the participant. Except as expressly required by Section 7.1 or otherwise expressly provided by the Administrator, no adjustment will be made for dividends or other rights as a shareholder for which a record date is prior to such date of delivery.

8.8 GOVERNING LAW; CONSTRUCTION; SEVERABILITY.

8.8.1 CHOICE OF LAW. This Plan, the awards, all documents evidencing awards and all other related documents shall be governed by, and construed in accordance with the laws of the Cayman Islands.

8.8.2 SEVERABILITY. If a court of competent jurisdiction holds any provision invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.

8.8.3 PLAN CONSTRUCTION.

(a) Rule 16b-3. It is the intent of the Company that the awards and transactions permitted by awards be interpreted in a manner that, in the case of participants who are or may be subject to Section 16 of the Exchange Act, qualify, to the maximum extent compatible with the express terms of the award, for exemption from matching liability under Rule 16b-3 promulgated under the Exchange Act. Notwithstanding the foregoing, the Company shall have no liability to any participant for Section 16 consequences of awards or events under awards if an award or event does not so qualify.

8.9 CAPTIONS. Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

8.10 SHARE-BASED AWARDS IN SUBSTITUTION FOR SHARE OPTIONS OR AWARDS GRANTED BY OTHER COMPANY. Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee share options, SARs, restricted shares or other share-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Company or one of its Subsidiaries, in connection with a distribution, merger or other reorganization by or

with the granting entity or an affiliated entity, or the acquisition by the Company or one of its Subsidiaries, directly or indirectly, of all or a substantial part of the shares or assets of the employing entity. The awards so granted need not comply with other specific terms of this Plan, provided the awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the Common Shares in the transaction and any change in the issuer of the security. Any shares that are delivered and any awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Company or one of its Subsidiaries in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.

8.11 NON-EXCLUSIVITY OF PLAN. Nothing in this Plan shall limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Common Shares, under any other plan or authority.

8.12 NO CORPORATE ACTION RESTRICTION. The existence of this Plan, the award agreements and the awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the capital structure or business of the Company or any Subsidiary, (b) any merger, amalgamation, consolidation or change in the ownership of the Company or any Subsidiary, (c) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the capital shares (or the rights thereof) of the Company or any Subsidiary, (d) any dissolution or liquidation of the Company or any Subsidiary, (e) any sale or transfer of all or any part of the assets or business of the Company or any Subsidiary, or (f) any other corporate act or proceeding by the Company or any Subsidiary. No participant, beneficiary or any other person shall have any claim under any award or award agreement against any member of the Board or the Administrator, or the Company or any employees, officers or agents of the Company or any Subsidiary, as a result of any such action.

8.13 OTHER COMPANY BENEFIT AND COMPENSATION PROGRAMS. Payments and other benefits received by a participant under an award made pursuant to this Plan shall not be deemed a part of a participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company or any Subsidiary, except where the Administrator expressly otherwise provides or authorizes in writing. Awards

under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Company or its Subsidiaries.

Exhibit 10.2

ATA INC.
2008 EMPLOYEE SHARE INCENTIVE PLAN
INCENTIVE STOCK OPTION AGREEMENT

THIS INCENTIVE STOCK OPTION AGREEMENT (this "OPTION AGREEMENT") dated _____ by and between ATA INC., a Cayman company (the "COMPANY"), and _____ (the "GRANTEE") evidences the incentive stock option (the "OPTION") granted by the Company to the Grantee as to the number of shares of the Company's Ordinary Shares first set forth below.

- ---

NUMBER OF ORDINARY SHARES:(1) _____ AWARD DATE: _____

EXERCISE PRICE PER SHARE:(1) $_____ EXPIRATION DATE:(1,2) _____

VESTING (1,2) The Option shall become vested as to 1/4 of the total number of Common Shares subject to the Option on the first anniversary of the award date. The remaining 3/4 of the total number of Common Shares subject to the Option shall vest pro rata on the last day of each of the 36 one-month periods thereafter.

- ---

The Option is granted under the ATA Inc. 2008 Employee Share Incentive Plan (the "PLAN") and subject to the Terms and Conditions of Incentive Stock Option (the "TERMS") attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. The Option is intended as an incentive stock option within the meaning of Section 422 of the Code (an "ISO") Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

<TABLE>
<S> <C>
"GRANTEE" ATA INC.
a Cayman Islands Company

_____
Signature By:_____

_____ Print Name:_____
Print Name

Title:_____
</TABLE>

- ---
(1) Subject to adjustment under Section 7.1 of the Plan.

(2) Subject to early termination under Section 4 of the Terms and Section 7.2 of the Plan.

CONSENT OF SPOUSE

In consideration of the Company's execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

- --- ---
Signature of Spouse Date

TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

1. VESTING; LIMITS ON EXERCISE; INCENTIVE STOCK OPTION STATUS.

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- Cumulative Exercisability. To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.

- No Fractional Shares. Fractional share interests shall be disregarded, but may be cumulated.

- Minimum Exercise. No fewer than 100 Ordinary Shares (subject to

adjustment under Section 7.1 of the Plan) may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.

- ISO Value Limit. If the aggregate fair market value of the shares with respect to which ISOs (whether granted under the Option or otherwise) first become exercisable by the Grantee in any calendar year exceeds $100,000, as measured on the applicable Award Dates, the limitations of Section 5.1.2 of the Plan shall apply and to such extent the Option will be rendered a nonqualified stock option.

2. CONTINUANCE OF EMPLOYMENT/SERVICE REQUIRED; NO EMPLOYMENT/SERVICE COMMITMENT.

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Company or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Company or any Subsidiary, interferes in any way with the right of the Company or any Subsidiary at any time to terminate such employment or service, or affects the right of the Company or any Subsidiary to increase or decrease the Grantee's other compensation.

3. METHOD OF EXERCISE OF OPTION.

The Option shall be exercisable by the delivery to the Secretary of the Company (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- an executed Option Exercise and Common Share Purchase Agreement (stating the number of Common Shares to be purchased pursuant to the Option) in substantially the form attached hereto as Exhibit A or such other form as the Administrator may require from time to time (the "EXERCISE AGREEMENT"),

- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Company, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in Common Shares already owned by the Grantee, valued at their fair market value on the exercise date;

- any written statements or agreements required pursuant to Section 8.1 of the Plan; and

- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative specified below at or prior to the time of exercise. In which case, the Exercise Price and/or applicable withholding taxes, to the extent so authorized, may be paid in full or in part by a reduction in the number of shares otherwise deliverable pursuant to the award or by delivery to the Company of:

- Common Shares already owned by the Grantee, valued at their fair market value on the exercise date, provided, however, that any shares acquired directly from the Company (upon exercise of an option or otherwise) must have been owned by the Grantee for at least six (6) months before the date of such exercise; and/or

- if the Common Shares are then registered under the Exchange Act and listed or quoted on an internationally recognized securities exchange or in the NASDAQ Global Market, irrevocable instructions to a broker to, upon exercise of the Option, promptly sell a sufficient number of Common Shares acquired upon exercise of the Option and deliver to the Company the amount necessary to pay the Exercise Price (and, if applicable, the amount of any related tax withholding obligations).

The Option will qualify as an ISO only if it meets all of the applicable requirements of the Code. The Option may be rendered a nonqualified stock option if the Administrator permits the use of one or more of the non-cash payment alternatives reference above.

4. EARLY TERMINATION OF OPTION.

4.1 POSSIBLE TERMINATION OF OPTION UPON CERTAIN CORPORATE EVENTS. The Option is subject to termination in connection with certain corporate events as provided in Section 7.2 of the Plan.

4.2 TERMINATION OF OPTION UPON A TERMINATION OF GRANTEE'S EMPLOYMENT OR SERVICES. Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Company or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Company or a Subsidiary is referred to as the Grantee's "SEVERANCE Date"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 90 days after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 90-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period;

- if the termination of the Grantee's employment or services is the result of the Grantee's death or Total Disability (as defined below), (a) the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;

- if the Grantee's employment or services are terminated by the Company or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

For purposes of the Option, "TOTAL DISABILITY" means a "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator).

For purposes of the Option, "CAUSE" means that the Grantee:

(1) has been negligent in the discharge of his or her duties to the Company or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(2) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside

information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses);

(3) has materially breached any of the provisions of any agreement with the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; or

(4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; or has induced a principal for whom the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries acts as agent to terminate such agency relationship.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

Notwithstanding any post-terminatiion exercise period provided for herein or in the Plan, the Option will qualify as an ISO only if it is exercised within the applicable exercise periods for ISOs under, and meets all of the other requirements of, the Code. If the Option is not exercised within the applicable exercise periods for ISOs or does not meet such other requirements, the Option will be rendered a nonqualified stock option.

5. NON-TRANSFERABILITY.

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

6. SECURITIES LAW COMPLIANCE [APPLICABLE TO US GRANTS].

THE GRANTEE ACKNOWLEDGES THAT THE OPTION AND THE COMMON SHARES UNDERLYING THE OPTION, IF APPLICABLE, ARE NOT BEING REGISTERED UNDER THE SECURITIES ACT, BASED, IN PART, IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER SECURITIES AND EXCHANGE COMMISSION RULE 701 PROMULGATED UNDER THE SECURITIES ACT, AND A COMPARABLE EXEMPTION FROM QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, AS EACH MAY BE AMENDED FROM TIME TO TIME. THE GRANTEE, BY EXECUTING THIS OPTION AGREEMENT, HEREBY MAKES THE FOLLOWING REPRESENTATIONS TO THE COMPANY AND ACKNOWLEDGES THAT THE COMPANY'S RELIANCE ON FEDERAL AND STATE SECURITIES LAW EXEMPTIONS FROM REGISTRATION AND QUALIFICATION IS PREDICATED, IN SUBSTANTIAL PART, UPON THE ACCURACY OF THESE REPRESENTATIONS:

THE GRANTEE IS ACQUIRING THE OPTION AND, IF AND WHEN HE/SHE EXERCISES THE OPTION, WILL ACQUIRE THE COMMON SHARES SOLELY FOR THE GRANTEE'S OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO OR AN INTENT TO SELL, OR TO OFFER FOR RESALE IN CONNECTION WITH ANY UNREGISTERED DISTRIBUTION, ALL OR ANY PORTION OF THE COMMON SHARES WITHIN THE MEANING OF THE SECURITIES ACT AND/OR ANY APPLICABLE STATE SECURITIES LAWS.

THE GRANTEE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS FROM THE COMPANY REGARDING THE TERMS AND CONDITIONS OF THE OPTION AND THE RESTRICTIONS IMPOSED ON ANY COMMON SHARES PURCHASED UPON EXERCISE OF THE OPTION. THE GRANTEE HAS BEEN FURNISHED WITH, AND/OR HAS ACCESS TO, SUCH INFORMATION AS HE OR SHE CONSIDERS NECESSARY OR APPROPRIATE FOR DECIDING WHETHER TO EXERCISE THE OPTION AND PURCHASE COMMON SHARES. HOWEVER, IN EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE COMMON SHARES, THE GRANTEE HAS AND WILL RELY UPON THE ADVICE OF HIS/HER OWN LEGAL COUNSEL, TAX ADVISORS AND/OR INVESTMENT ADVISORS.

THE GRANTEE IS AWARE THAT THE OPTION MAY BE OF NO PRACTICAL VALUE, THAT ANY VALUE IT MAY HAVE DEPENDS ON ITS VESTING AND EXERCISABILITY, AS WELL AS AN INCREASE IN THE FAIR MARKET VALUE OF THE UNDERLYING COMMON SHARES TO AN AMOUNT IN EXCESS OF THE EXERCISE PRICE, AND THAT ANY INVESTMENT IN ORDINARY SHARES OF A CLOSELY HELD ENTITY SUCH AS THE COMPANY IS NON-MARKETABLE, NON-TRANSFERABLE AND COULD REQUIRE CAPITAL TO BE INVESTED FOR AN INDEFINITE PERIOD OF TIME, POSSIBLY WITHOUT RETURN, AND AT SUBSTANTIAL RISK OF LOSS.

THE GRANTEE UNDERSTANDS THAT ANY COMMON SHARES ACQUIRED ON EXERCISE OF THE

OPTION WILL BE CHARACTERIZED AS "RESTRICTED SECURITIES" UNDER THE U.S. FEDERAL SECURITIES LAWS, AND THAT, UNDER SUCH LAWS AND APPLICABLE REGULATIONS, SUCH SECURITIES MAY BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT ONLY IN CERTAIN LIMITED CIRCUMSTANCES, INCLUDING IN ACCORDANCE WITH THE CONDITIONS OF RULE 144 PROMULGATED UNDER THE SECURITIES ACT, AS PRESENTLY IN EFFECT, WITH WHICH THE GRANTEE IS FAMILIAR.

THE GRANTEE HAS READ AND UNDERSTANDS THE RESTRICTIONS AND LIMITATIONS SET FORTH IN THE PLAN, THIS OPTION AGREEMENT (INCLUDING THESE TERMS), AND THE EXERCISE AGREEMENT, WHICH ARE IMPOSED ON THE OPTION AND ANY COMMON SHARES WHICH MAY BE ACQUIRED UPON EXERCISE OF THE OPTION.

AT NO TIME WAS AN ORAL REPRESENTATION MADE TO THE GRANTEE RELATING TO THE OPTION OR THE PURCHASE OF COMMON SHARES UNDERLYING THE OPTION AND THE GRANTEE WAS NOT PRESENTED WITH OR SOLICITED BY ANY PROMOTIONAL MEETING OR MATERIAL RELATING TO THE OPTION OR THE ORDINARY SHARES..

7. PLAN.

The Option and all rights of the Grantee under this Option Agreement are subject to the terms and conditions of the Plan, incorporated herein by this reference. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

8. ENTIRE AGREEMENT.

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Company. The Company may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

9. GOVERNING LAW; LIMITED RIGHTS; SEVERABILITY; NOTICES.

9.1 CAYMAN ISLANDS LAWS; CONSTRUCTION. This Option Agreement and the Exercise Agreement shall be governed by and construed and enforced in accordance with the laws of the Cayman Islands without regard to conflict of law principles thereunder. The terms of the Option grant have resulted from the negotiations of the parties and each of the parties has had an opportunity to obtain and consult with its own counsel. The language of all parts of the Plan, this Option Agreement (including these Terms) and the Exercise Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the parties.

9.2 LIMITED RIGHTS. The Grantee has no rights as a shareholder of the Company with respect to the Option as set forth in Section 8.7 of the Plan. The Option does not place any limit on the corporate authority of the Company as set forth in Section 8.12 of the Plan.

9.3 SEVERABILITY. If the arbitrator selected in accordance with this Option Agreement or a court of competent jurisdiction determines that any portion of this Option Agreement, the Plan, or the Exercise Agreement is in violation of any statute or public policy, then only the portions of this Option Agreement, the Plan, or the Exercise Agreement, as applicable, which

violate such statute or public policy shall be stricken, and all portions of this Option Agreement, the Plan, and the Exercise Agreement which do not violate any statute or public policy shall continue in full force and effect. Furthermore, it is the parties' intent that any court order striking any portion of this Option Agreement, the Plan, and/or the Exercise Agreement should modify

the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

9.4 NOTICES. Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Company at its principal office to the attention of the Secretary of the Company, and to the Grantee at the address last reflected on the Company's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Company or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 9.4.

10. ARBITRATION.

10.1 Any dispute, controversy or claim arising out of or in connection with or relating to this Option Agreement, or the interpretation, breach, termination or validity hereof, shall be resolved through arbitration. A dispute may be submitted to arbitration upon the request of either party with written notice to the other (the "NOTICE"). The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre (the "CENTRE"). There shall be three (3) arbitrators. Each party shall nominate one (1) arbitrator within thirty (30) days after the delivery of the Notice to the other party. The appointment of party nominated arbitrators shall be confirmed by the Centre. Both arbitrators shall agree on the third arbitrator within thirty (30) days of their confirmation by the Centre. Should either party fail to appoint an arbitrator or should the two arbitrators fail within thirty (30) days to reach agreement on the third arbitrator, such arbitrator shall be appointed by the Secretary General of the Centre.

10.2 The arbitration proceedings shall be conducted in English. The arbitration tribunal shall apply the UNCITRAL Arbitration Rules as administered by the Centre at the time of the arbitration. However, if such rules conflict with the provisions of this Section 10.2, including the provisions concerning the appointment of an arbitrator(s), the provisions of this Section 10.2 shall prevail.

10.3 The arbitrators shall decide any dispute submitted by the parties strictly in accordance with the substantive laws of the Cayman Islands and shall not apply any other substantive law.

10.4 Each party shall cooperate with the other in making full disclosure of and providing complete access to all information and documents requested by the other in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such party.

10.5 The costs of arbitration shall be borne by the losing party, unless otherwise determined by the arbitration tribunal.

10.6 When any dispute occurs and when any dispute is under arbitration, except for the matters in dispute, the parties shall continue to fulfill their respective obligations and shall be entitled to exercise their rights under this Agreement.

10.7 The award of the arbitration tribunal shall be final and binding upon the parties, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

11. EFFECT OF THIS AGREEMENT.

Subject to the Company's right to terminate the Option pursuant to Section 7.2 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Company.

12. COUNTERPARTS.

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13. SECTION HEADINGS.

The section headings of this Option Agreement are for convenience of

reference only and shall not be deemed to alter or affect any provision hereof.

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EXHIBIT A

ATA INC.
2008 EMPLOYEE SHARE INCENTIVE PLAN
OPTION EXERCISE AND ORDINARY SHARE PURCHASE AGREEMENT

The undersigned (the "PURCHASER") hereby irrevocably elects to exercise his/her right, evidenced by that certain Option Agreement dated as of _____ (the "OPTION AGREEMENT") under the ATA Inc. 2008 Equity Incentive Plan (the "PLAN"), as follows:

- the Purchaser hereby irrevocably elects to purchase _____ Ordinary Shares (the "SHARES"), of ATA Inc., an exempted company formed under the laws of the Cayman Islands (the "COMPANY"), and

- such purchase shall be at the price of $_____ per share, for an aggregate amount of $_____ (subject to applicable withholding taxes pursuant to Section 8.5 of the Plan).

Capitalized terms are defined in the Plan if not defined herein.

1. DELIVERY OF SHARE CERTIFICATE. The Purchaser requests that a certificate representing the Shares be registered to Purchaser and delivered to: _____ _____.

2. INVESTMENT REPRESENTATIONS. The Purchaser acknowledges that the sale of the Shares by the Purchaser is restricted by Securities and Exchange Commission Rule 701. The Purchaser hereby affirms as made as of the date hereof the representations in Section 6 of the "Terms and Conditions of Option" (which are attached to and a part of the Option Agreement, the "TERMS") and such representations are incorporated herein by this reference. The Purchaser represents that he/she has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price for the Shares.

The Purchaser acknowledges receipt of the Company's condensed consolidated financial information.

3. LIMITATION ON DISPOSITION AND OTHER RESTRICTIONS. The Shares are subject to and the Purchaser hereby agrees to the following terms and conditions of the sale of the Shares to the Purchaser:

- any transfer of the Shares must comply with the restrictions on transfer set forth in Section 5.7 of the Plan and all applicable laws as set forth in Section 8.1 of the Plan;

- the Shares are subject to, and following any otherwise permitted transfer of the Shares, the Shares shall remain subject to and the transferee shall be bound by, the foregoing provisions of this Section 3 and the arbitration provisions of Section 10 of the Terms; and

- as a condition to any otherwise permitted transfer of the Shares, the Company may require the transferee to execute a written agreement, in a form acceptable to the Administrator, that the transferee acknowledges and agrees to the foregoing terms and restrictions imposed on the Shares.

4. PLAN AND OPTION AGREEMENT. The Purchaser acknowledges that all of his/her rights are subject to, and the Purchaser agrees to be bound by, all of the terms and conditions of the Plan and the Option Agreement (including the Terms), both of which are incorporated herein by this reference. If a conflict or inconsistency between the terms and conditions of this Option Exercise and Ordinary Share Purchase Agreement and of the Plan or the Option Agreement shall arise, the terms and conditions of the Plan and/or the Option Agreement shall govern. The Purchaser acknowledges receipt of a copy of all documents referenced

herein (including the Terms and a disclosure statement) and acknowledges reading and understanding these documents and having an opportunity to ask any questions that he/she may have had about them. Any controversy or claim arising out of or relating to this Option Exercise and Ordinary Share Purchase Agreement shall be submitted to arbitration in accordance with Section 10 of the Terms, and the Cayman Islands laws shall apply as provided in Section 9.1 of the Terms.

5. ENTIRE AGREEMENT. This Option Exercise and Ordinary Share Purchase Agreement, the Option Agreement (including the Terms), and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan, the Option Agreement and this Option Exercise and Ordinary Share Purchase Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Company. The Company may, however, unilaterally waive any provision hereof or of the Option Agreement in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

6. NOTICE OF SALE OF ISO SHARES. If the Shares are being acquired upon exercise of an Option intended to qualify as an Incentive Stock Option, the Purchaser agrees that, upon any sale or other transfer of the Shares within either one year of the date that they are acquired by the Purchaser or two years after the Award Date set forth in the Option Agreement, the Purchaser shall provide the notice required under Section 5.1.2 of the Plan.

<Table>
<S> <C>

"PURCHASER" ACCEPTED BY:
ATA INC.
_____ a Cayman Islands company
Signature

_____ By:_____
Print Name

_____ Print Name:_____
Date

Title:_____
(To be completed by the company after the price (including applicable withholding taxes), value (if applicable) and receipt of funds is verified.)
</Table>

ATA INC.
2008 EMPLOYEE SHARE INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "OPTION AGREEMENT") dated _____ by and between ATA INC., a Cayman Islands company (the "COMPANY"), and _____ (the "GRANTEE") evidences the nonqualified stock option (the "OPTION") granted by the Company to the Grantee as to the number of shares of the Company's Common Shares first set forth below.

- ---

NUMBER OF COMMON SHARES:(1) _____ AWARD DATE: _____

EXERCISE PRICE PER SHARE:(1) $_____ EXPIRATION DATE:(1,2) _____

VESTING(1,2) The Option shall become vested as to 1/4 of the total number of Common Shares subject to the Option on the first anniversary of the award date. The remaining 3/4 of the total number of Common Shares subject to the Option shall vest pro rata on the last day of each of the 36 one-month periods thereafter.

- ---

The Option is granted under the ATA Inc. 2008 Employee Share Incentive Plan (the "PLAN") and subject to the Terms and Conditions of Nonqualified Stock Option (the "TERMS") attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

<Table>

<S>	<C>
"GRANTEE"	ATA INC. a Cayman Islands Company
_____ Signature	By:_____
_____ Print Name	Print Name:_____
	Title:_____

</Table>

- ----------

(1) Subject to adjustment under Section 7.1 of the Plan.

(2) Subject to early termination under Section 4 of the Terms and Section 7.2 of the Plan.

CONSENT OF SPOUSE

In consideration of the Company's execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

- ----------	----------
Signature of Spouse	Date

TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

1. VESTING; LIMITS ON EXERCISE; INCENTIVE STOCK OPTION STATUS.

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- Cumulative Exercisability. To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.

- No Fractional Shares. Fractional share interests shall be disregarded, but may be cumulated.

- Minimum Exercise. No fewer than 100 Ordinary Shares (subject to adjustment under Section 7.1 of the Plan) may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.

- Nonqualified Stock Option. The Option is a nonqualified stock option and is not, and shall not be, an incentive stock option within the

meaning of Section 422 of the Code.

2. CONTINUANCE OF EMPLOYMENT/SERVICE REQUIRED; NO EMPLOYMENT/SERVICE COMMITMENT.

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Company or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Company or any Subsidiary, interferes in any way with the right of the Company or any Subsidiary at any time to terminate such employment or service, or affects the right of the Company or any Subsidiary to increase or decrease the Grantee's other compensation.

3. METHOD OF EXERCISE OF OPTION.

The Option shall be exercisable by the delivery to the Secretary of the Company (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- an executed Option Exercise and Common Share Purchase Agreement (stating the number of Common Shares to be purchased pursuant to the Option) in substantially the form attached hereto as Exhibit A or such other form as the Administrator may require from time to time (the "EXERCISE AGREEMENT"),

- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Company, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in Common Shares already owned by the Grantee, valued at their fair market value on the exercise date;

- any written statements or agreements required pursuant to Section 8.1 of the Plan; and

- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative specified below at or prior to the time of exercise. In which case, the Exercise Price and/or applicable withholding taxes, to the extent so authorized, may be paid in full or in part by a reduction in the number of shares otherwise deliverable pursuant to the award or by delivery to the Company of:

- Common Shares already owned by the Grantee, valued at their fair market value on the exercise date, provided, however, that any shares acquired directly from the Company (upon exercise of an option or otherwise) must have been owned by the Grantee for at least six (6) months before the date of such exercise; and/or

- if the Common Shares are then registered under the Exchange Act and listed or quoted on an internationally recognized securities exchange or in the NASDAQ Global Market, irrevocable instructions to a broker to, upon exercise of the Option, promptly sell a sufficient number of Common Shares acquired upon exercise of the Option and deliver to the Company the amount necessary to pay the Exercise Price (and, if applicable, the amount of any related tax withholding obligations).

4. EARLY TERMINATION OF OPTION.

4.1 POSSIBLE TERMINATION OF OPTION UPON CERTAIN CORPORATE EVENTS. The Option is subject to termination in connection with certain corporate events as provided in Section 7.2 of the Plan.

4.2 TERMINATION OF OPTION UPON A TERMINATION OF GRANTEE'S EMPLOYMENT OR SERVICES. Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Company or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Company or a Subsidiary is referred to as the Grantee's "SEVERANCE DATE"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 90 days after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 90-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period;

- if the termination of the Grantee's employment or services is the result of the Grantee's death or Total Disability (as defined below), (a) the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;

- if the Grantee's employment or services are terminated by the Company or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

For purposes of the Option, "TOTAL DISABILITY" means a "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator).

For purposes of the Option, "CAUSE" means that the Grantee:

(1) has been negligent in the discharge of his or her duties to the Company or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(2) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses);

(3) has materially breached any of the provisions of any agreement with the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; or

(4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; has

improperly induced a vendor or customer to break or terminate any contract with the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries; or has induced a principal for whom the Company, any of its Subsidiaries or any affiliate of the Company or any of its Subsidiaries acts as agent to terminate such

agency relationship.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

5. NON-TRANSFERABILITY.

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

6. SECURITIES LAW COMPLIANCE [APPLICABLE TO US GRANTS].

THE GRANTEE ACKNOWLEDGES THAT THE OPTION AND THE COMMON SHARES UNDERLYING THE OPTION, IF APPLICABLE, ARE NOT BEING REGISTERED UNDER THE SECURITIES ACT, BASED, IN PART, IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER SECURITIES AND EXCHANGE COMMISSION RULE 701 PROMULGATED UNDER THE SECURITIES ACT, AND A COMPARABLE EXEMPTION FROM QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, AS EACH MAY BE AMENDED FROM TIME TO TIME. THE GRANTEE, BY EXECUTING THIS OPTION AGREEMENT, HEREBY MAKES THE FOLLOWING REPRESENTATIONS TO THE COMPANY AND ACKNOWLEDGES THAT THE COMPANY'S RELIANCE ON FEDERAL AND STATE SECURITIES LAW EXEMPTIONS FROM REGISTRATION AND QUALIFICATION IS PREDICATED, IN SUBSTANTIAL PART, UPON THE ACCURACY OF THESE REPRESENTATIONS:

THE GRANTEE IS ACQUIRING THE OPTION AND, IF AND WHEN HE/SHE EXERCISES THE OPTION, WILL ACQUIRE THE COMMON SHARES SOLELY FOR THE GRANTEE'S OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO OR AN INTENT TO SELL, OR TO OFFER FOR RESALE IN CONNECTION WITH ANY UNREGISTERED DISTRIBUTION, ALL OR ANY PORTION OF THE COMMON SHARES WITHIN THE MEANING OF THE SECURITIES ACT AND/OR ANY APPLICABLE STATE SECURITIES LAWS.

THE GRANTEE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS FROM THE COMPANY REGARDING THE TERMS AND CONDITIONS OF THE OPTION AND THE RESTRICTIONS IMPOSED ON ANY COMMON SHARES PURCHASED UPON EXERCISE OF THE OPTION. THE GRANTEE HAS BEEN FURNISHED WITH, AND/OR HAS ACCESS TO, SUCH INFORMATION AS HE OR SHE CONSIDERS NECESSARY OR APPROPRIATE FOR DECIDING WHETHER TO EXERCISE THE OPTION AND PURCHASE COMMON SHARES. HOWEVER, IN EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE COMMON SHARES, THE GRANTEE HAS AND WILL RELY UPON THE ADVICE OF HIS/HER OWN LEGAL COUNSEL, TAX ADVISORS AND/OR INVESTMENT ADVISORS.

THE GRANTEE IS AWARE THAT THE OPTION MAY BE OF NO PRACTICAL VALUE, THAT ANY VALUE IT MAY HAVE DEPENDS ON ITS VESTING AND EXERCISABILITY, AS WELL AS AN INCREASE IN THE FAIR MARKET VALUE OF THE UNDERLYING COMMON SHARES TO AN AMOUNT IN EXCESS OF THE EXERCISE PRICE, AND THAT ANY INVESTMENT IN ORDINARY SHARES OF A CLOSELY HELD ENTITY SUCH AS THE

COMPANY IS NON-MARKETABLE, NON-TRANSFERABLE AND COULD REQUIRE CAPITAL TO BE INVESTED FOR AN INDEFINITE PERIOD OF TIME, POSSIBLY WITHOUT RETURN, AND AT SUBSTANTIAL RISK OF LOSS.

THE GRANTEE UNDERSTANDS THAT ANY COMMON SHARES ACQUIRED ON EXERCISE OF THE OPTION WILL BE CHARACTERIZED AS "RESTRICTED SECURITIES" UNDER THE U.S. FEDERAL SECURITIES LAWS, AND THAT, UNDER SUCH LAWS AND APPLICABLE REGULATIONS, SUCH SECURITIES MAY BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT ONLY IN CERTAIN LIMITED CIRCUMSTANCES, INCLUDING IN ACCORDANCE WITH THE CONDITIONS OF RULE 144 PROMULGATED UNDER THE SECURITIES ACT, AS PRESENTLY IN EFFECT, WITH WHICH THE GRANTEE IS FAMILIAR.

THE GRANTEE HAS READ AND UNDERSTANDS THE RESTRICTIONS AND LIMITATIONS SET FORTH IN THE PLAN, THIS OPTION AGREEMENT (INCLUDING THESE TERMS), AND THE EXERCISE AGREEMENT, WHICH ARE IMPOSED ON THE OPTION AND ANY COMMON SHARES WHICH MAY BE ACQUIRED UPON EXERCISE OF THE OPTION.

AT NO TIME WAS AN ORAL REPRESENTATION MADE TO THE GRANTEE RELATING TO THE OPTION OR THE PURCHASE OF COMMON SHARES UNDERLYING THE OPTION AND THE GRANTEE WAS NOT PRESENTED WITH OR SOLICITED BY ANY PROMOTIONAL MEETING OR MATERIAL RELATING TO THE OPTION OR THE COMMON SHARES..

7. PLAN.

The Option and all rights of the Grantee under this Option Agreement are subject to the terms and conditions of the Plan, incorporated herein by this reference. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

8. ENTIRE AGREEMENT.

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Company. The Company may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

9. GOVERNING LAW; LIMITED RIGHTS; SEVERABILITY; NOTICES.

9.1 CAYMAN ISLANDS LAWS; CONSTRUCTION. This Option Agreement and the Exercise Agreement shall be governed by and construed and enforced in accordance with the laws of the

Cayman Islands without regard to conflict of law principles thereunder. The terms of the Option grant have resulted from the negotiations of the parties and each of the parties has had an opportunity to obtain and consult with its own counsel. The language of all parts of the Plan, this Option Agreement (including these Terms) and the Exercise Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the parties.

9.2 LIMITED RIGHTS. The Grantee has no rights as a shareholder of the Company with respect to the Option as set forth in Section 8.7 of the Plan. The Option does not place any limit on the corporate authority of the Company as set forth in Section 8.12 of the Plan.

9.3 SEVERABILITY. If the arbitrator selected in accordance with this Option Agreement or a court of competent jurisdiction determines that any portion of this Option Agreement, the Plan, or the Exercise Agreement is in violation of any statute or public policy, then only the portions of this Option Agreement, the Plan, or the Exercise Agreement, as applicable, which violate such statute or public policy shall be stricken, and all portions of this Option Agreement, the Plan, and the Exercise Agreement which do not violate any statute or public policy shall continue in full force and effect. Furthermore, it is the parties' intent that any court order striking any portion of this Option Agreement, the Plan, and/or the Exercise Agreement should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

9.4 NOTICES. Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Company at its principal office to the attention of the Secretary of the Company, and to the Grantee at the address last reflected on the Company's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Company or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 9.4.

10. ARBITRATION.

10.1 Any dispute, controversy or claim arising out of or in connection with or relating to this Option Agreement, or the interpretation, breach, termination or validity hereof, shall be resolved through arbitration. A dispute may be

submitted to arbitration upon the request of either party with written notice to the other (the "NOTICE"). The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre (the "CENTRE"). There shall be three (3) arbitrators. Each party shall nominate one (1) arbitrator within thirty (30) days after the delivery of the Notice to the other party. The appointment of party nominated arbitrators shall be confirmed by the Centre. Both arbitrators shall agree on the third arbitrator within thirty (30) days of their confirmation by the Centre. Should either party fail to appoint an arbitrator or should the two arbitrators fail within thirty (30) days to reach agreement on the third arbitrator, such arbitrator shall be appointed by the Secretary General of the Centre.

10.2 The arbitration proceedings shall be conducted in English. The arbitration tribunal shall apply the UNCITRAL Arbitration Rules as administered by the Centre at the time of the arbitration. However, if such rules conflict with the provisions of this Section 10.2, including the provisions concerning the appointment of an arbitrator(s), the provisions of this Section 10.2 shall prevail.

10.3 The arbitrators shall decide any dispute submitted by the parties strictly in accordance with the substantive laws of the Cayman Islands and shall not apply any other substantive law.

10.4 Each party shall cooperate with the other in making full disclosure of and providing complete access to all information and documents requested by the other in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such party.

10.5 The costs of arbitration shall be borne by the losing party, unless otherwise determined by the arbitration tribunal.

10.6 When any dispute occurs and when any dispute is under arbitration, except for the matters in dispute, the parties shall continue to fulfill their respective obligations and shall be entitled to exercise their rights under this Agreement.

10.7 The award of the arbitration tribunal shall be final and binding upon the parties, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

11. EFFECT OF THIS AGREEMENT.

Subject to the Company's right to terminate the Option pursuant to Section 7.2 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Company.

12. COUNTERPARTS.

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13. SECTION HEADINGS.

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

[Remainder of page intentionally left blank]

EXHIBIT A

ATA INC.
2008 EMPLOYEE SHARE INCENTIVE PLAN
OPTION EXERCISE AND ORDINARY SHARE PURCHASE AGREEMENT

The undersigned (the "PURCHASER") hereby irrevocably elects to exercise his/her right, evidenced by that certain Option Agreement dated as of _____ (the "OPTION AGREEMENT") under the ATA Inc. 2008 Equity Incentive Plan (the "PLAN"), as follows:

- the Purchaser hereby irrevocably elects to purchase _____ Common Shares (the "Shares"), of ATA Inc., an exempted company formed under the laws of the Cayman Islands (the "Company"), and

- such purchase shall be at the price of $_____ per share, for an aggregate amount of $_____ (subject to applicable withholding taxes pursuant to Section 8.5 of the Plan).

Capitalized terms are defined in the Plan if not defined herein.

1. DELIVERY OF SHARE CERTIFICATE. The Purchaser requests that a certificate representing the Shares be registered to Purchaser and delivered to: _____ _____.

2. INVESTMENT REPRESENTATIONS. The Purchaser acknowledges that the sale of the Shares by the Purchaser is restricted by Securities and Exchange Commission Rule 701. The Purchaser hereby affirms as made as of the date hereof the representations in Section 6 of the "Terms and Conditions of Option" (which are attached to and a part of the Option Agreement, the "TERMS") and such representations are incorporated herein by this reference. The Purchaser represents that he/she has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and can afford a complete loss of the purchase price for the Shares.

The Purchaser acknowledges receipt of the Company's condensed consolidated financial information.

3. LIMITATION ON DISPOSITION AND OTHER RESTRICTIONS. The Shares are subject to and the Purchaser hereby agrees to the following terms and conditions of the sale of the Shares to the Purchaser:

- any transfer of the Shares must comply with the restrictions on transfer set forth in Section 5.7 of the Plan and all applicable laws as set forth in Section 8.1 of the Plan;

- the Shares are subject to, and following any otherwise permitted transfer of the Shares, the Shares shall remain subject to and the transferee shall be bound by, the foregoing provisions of this Section 3 and the arbitration provisions of Section 10 of the Terms; and

- as a condition to any otherwise permitted transfer of the Shares, the Company may require the transferee to execute a written agreement, in a form acceptable to the Administrator, that the transferee acknowledges and agrees to the foregoing terms and restrictions imposed on the Shares.

4. PLAN AND OPTION AGREEMENT. The Purchaser acknowledges that all of his/her rights are subject to, and the Purchaser agrees to be bound by, all of the terms and conditions of the Plan and the Option Agreement (including the Terms), both of which are incorporated herein by this reference. If a conflict or inconsistency between the terms and conditions of this Option Exercise and Common Share Purchase Agreement and of the Plan or the Option Agreement shall arise, the terms and conditions of the Plan and/or the Option Agreement shall govern. The Purchaser acknowledges receipt of a copy of all documents referenced herein (including the Terms and a disclosure statement) and acknowledges reading and understanding these documents and having an opportunity to ask any questions that he/she may have had about them. Any controversy or claim arising out of or relating to this Option Exercise and Common Share Purchase Agreement shall be submitted to arbitration in accordance with Section 10 of the Terms, and the Cayman Islands laws shall apply as provided in Section 9.1 of the Terms.

5. ENTIRE AGREEMENT. This Option Exercise and Common Share Purchase Agreement, the Option Agreement (including the Terms), and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan, the Option Agreement and this Option Exercise and Common Share Purchase Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Company. The Company may, however, unilaterally waive any provision hereof or of the Option Agreement in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

6. NOTICE OF SALE OF ISO SHARES. If the Shares are being acquired upon exercise of an Option intended to qualify as an Incentive Stock Option, the

Purchaser agrees that, upon any sale or other transfer of the Shares within either one year of the date that they are acquired by the Purchaser or two years after the Award Date set forth in the Option Agreement, the Purchaser shall provide the notice required under Section 5.1.2 of the Plan.

<Table>

<S>	<C>
"PURCHASER"	ACCEPTED BY: ATA INC. a Cayman Islands company
_____ Signature	
_____ Print Name	By:_____
_____ Date	Print Name:_____
	Title:_____ (To be completed by the company after the price (including applicable withholding taxes), value (if applicable) and receipt of funds is verified.)

</Table>

Exhibit 10.3

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "AGREEMENT") is made as of _____, 2008, by and between ATA Inc., an exempted company duly incorporated and validly existing under the Law of the Cayman Islands (the "COMPANY"), and _____ (the "INDEMNITEE"), a director of the Company.

WHEREAS, the Indemnitee has agreed to serve as a director of the Company and in such capacity will render valuable services to the Company; and

WHEREAS, in order to induce and encourage highly experienced and capable persons such as the Indemnitee to serve as directors of the Company, the Board of Directors has determined that this Agreement is not only reasonable and prudent, but necessary to promote and ensure the best interests of the Company and its shareholders;

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter set forth, and other good and valuable consideration, including, without limitation, the service of the Indemnitee, the receipt of which hereby is acknowledged, and in order to induce the Indemnitee to serve as a director of the Company, the Company and the Indemnitee hereby agree as follows:

1. DEFINITIONS. As used in this Agreement:

(a) "BOARD OF DIRECTORS" shall mean the board of directors of the Company.

(b) "CHANGE IN CONTROL" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar or successor schedule or form) promulgated under the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "ACT"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred (irrespective of the applicability of the initial clause of this definition) if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act, but excluding any trustee or other fiduciary holding securities pursuant to an employee benefit or welfare plan or employee share plan of the Company or any subsidiary of the Company, or any entity organized, appointed, established or holding securities of the Company with voting power for or pursuant to the terms of any such plan) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities without the prior approval of at least two-thirds of the Continuing Directors (as defined below) in office immediately prior to such person's attaining such interest; (ii) the Company is a party to a merger, consolidation, scheme of arrangement, sale of assets or other reorganization, or a proxy contest, as a consequence of which Continuing Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors of the Company (or any successor entity) thereafter; or (iii) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (including for this purpose any new director whose election or

nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) (such directors being referred to herein as "CONTINUING DIRECTORS") cease for any reason to constitute at least a majority of the Board of Directors of the Company.

(c) "DISINTERESTED DIRECTOR" with respect to any request by the Indemnitee for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Indemnitee.

(d) The term "EXPENSES" shall mean, without limitation, expenses of Proceedings, including attorneys' fees, disbursements and retainers, accounting and witness fees, expenses related to the preparation or service as a witness, travel and deposition costs, expenses of investigations, judicial or administrative proceedings and appeals, amounts paid in settlement of a Proceeding by or on behalf of the Indemnitee, costs of attachment or similar bonds, any expenses of attempting to establish or establishing a right to indemnification or advancement of expenses, under this Agreement, the Company's Memorandum of Association and Articles of Association as currently in effect (the "ARTICLES"), applicable law or otherwise, and reasonable compensation for time spent by the Indemnitee in connection with the investigation, defense or appeal of a Proceeding or action for indemnification for which the Indemnitee is not otherwise compensated by the Company or any third party. The term "Expenses" shall not include the amount of judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are actually levied against or sustained by the Indemnitee to the extent sustained after final adjudication.

(e) The term "INDEPENDENT LEGAL COUNSEL" shall mean any firm of attorneys reasonably selected by the Board of Directors of the Company, so long as such firm has not represented the Company, the Company's subsidiaries or affiliates, the Indemnitee, any entity controlled by the Indemnitee, or any party adverse to the Company, within the preceding five (5) years. Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's right to indemnification or advancement of expenses under this Agreement, the Company's Articles, applicable law or otherwise.

(f) The term "PROCEEDING" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, or any other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board of Directors), by reason of (i) the fact that the Indemnitee is or was a director of the Company, or is or was serving at the request of the Company as an agent of another enterprise, whether or not the Indemnitee is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement is to be provided under this Agreement, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation,

any actual or alleged error or misstatement or misleading statement, which the Indemnitee commits or suffers while acting in any such capacity, or (iii) the Indemnitee attempting to establish or establishing a right to indemnification or advancement of expenses pursuant to this Agreement, the Company's Articles, applicable law or otherwise.

(g) The phrase "SERVING AT THE REQUEST OF THE COMPANY AS AN AGENT OF ANOTHER ENTERPRISE" or any similar terminology shall mean, unless the context otherwise requires, serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase "serving at the request of the Company" shall include, without limitation, any service as a director of the Company which imposes duties on, or involves services by, such director with respect to the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans, such plan's participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Indemnitee shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Indemnitee is so acting at the request of the Company.

2. SERVICES BY THE INDEMNITEE. The Indemnitee agrees to serve as a director of the Company under the terms of the Indemnitee's agreement with the Company

for so long as the Indemnitee is duly elected and qualified, appointed or until such time as the Indemnitee tenders a resignation in writing or is removed as a director; provided, however, that the Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or other obligation imposed by operation of law).

3. PROCEEDING OTHER THAN A PROCEEDING BY OR IN THE RIGHT OF THE COMPANY. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Company), by reason of the fact that the Indemnitee is or was a director of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, and excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in connection with such a Proceeding, to the fullest extent permitted by applicable law; provided, however, that any settlement of a Proceeding must be approved in advance in writing by the Company (which approval shall not be unreasonably withheld).

4. PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that the Indemnitee is or was a director of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, and excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in

connection with the defense or settlement of such a Proceeding, to the fullest extent permitted by applicable law.

5. INDEMNIFICATION FOR COSTS, CHARGES AND EXPENSES OF WITNESS OR SUCCESSFUL PARTY. Notwithstanding any other provision of this Agreement (except as set forth in subparagraph 9(a) hereof), and without a requirement for determination as required by Paragraph 8 hereof, to the extent that the Indemnitee (a) has prepared to serve or has served as a witness in any Proceeding in any way relating to (i) the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans or such plan's participants or beneficiaries or (ii) anything done or not done by the Indemnitee as a director of the Company or in connection with serving at the request of the Company as an agent of another enterprise, or (b) has been successful in defense of any Proceeding or in defense of any claim, issue or matter therein, on the merits or otherwise, including the dismissal of a Proceeding without prejudice or the settlement of a Proceeding without an admission of liability, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection therewith to the fullest extent permitted by applicable law.

6. PARTIAL INDEMNIFICATION. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of the Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in the investigation, defense, appeal or settlement of any Proceeding, but not, however, for the total amount of the Indemnitee's Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, then the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments, fines, interest penalties or excise taxes to which the Indemnitee is entitled.

7. ADVANCEMENT OF EXPENSES. The Expenses incurred by the Indemnitee in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Indemnitee to the fullest extent permitted by applicable law; provided, however, that the Indemnitee shall set forth in such request reasonable evidence that such Expenses have been incurred by the Indemnitee in connection with such Proceeding, a statement that such Expenses do not relate to any matter described in subparagraph 9(a) of this Agreement, and an undertaking in writing to repay any advances if it is ultimately determined as provided in subparagraph 8(b) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement.

8. INDEMNIFICATION PROCEDURE; DETERMINATION OF RIGHT TO INDEMNIFICATION.

(a) Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim for indemnification or advancement of Expenses in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof in writing. The omission to so notify the Company will not relieve the Company from any liability which the Company may have to the Indemnitee under this Agreement unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

(b) The Indemnitee shall be conclusively presumed to have met the relevant standards of conduct, if any, as defined by applicable law, for indemnification pursuant to this Agreement and shall be absolutely entitled to such indemnification, unless a determination by clear and convincing evidence is made that the Indemnitee has not met such standards by (i) the Board of Directors by a majority vote of a quorum thereof consisting of Disinterested Directors, (ii) the shareholders of the Company by majority vote of a quorum thereof consisting of shareholders who are not parties to the Proceeding due to which a claim for indemnification is made under this Agreement, (iii) Independent Legal Counsel as set forth in a written opinion (it being understood that such Independent Legal Counsel shall make such determination only if the quorum of Disinterested Directors referred to in clause (i) of this subparagraph 8(b) is not obtainable or if the Board of Directors of the Company by a majority vote of a quorum thereof consisting of Disinterested Directors so directs), or (iv) a court of competent jurisdiction; provided, however, that if a Change of Control shall have occurred and the Indemnitee so requests in writing, such determination shall be made only by a court of competent jurisdiction.

(c) If a claim for indemnification or advancement of Expenses under this Agreement is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the rights provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving by clear and convincing evidence that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors or shareholders of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, if any, nor an actual determination by the directors or shareholders of the Company or Independent Legal Counsel that the Indemnitee has not met the applicable standard of conduct shall be a defense to an action by the Indemnitee or create a presumption for the purpose of such an action that the Indemnitee has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself (i) create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Indemnitee to indemnification or advancement of Expenses under this Agreement, except as may be provided herein. The Company further agrees to stipulate in any such judicial proceeding that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

(d) If a court of competent jurisdiction shall determine that the Indemnitee is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Indemnitee in connection with such adjudication (including, but not limited to, any appellate proceedings). The Indemnitee's Expenses incurred in connection with any Proceeding concerning the Indemnitee's right to indemnification or advancement of Expenses in whole or in part pursuant to this Agreement shall also be indemnified by the Company, regardless of the outcome of such a Proceeding, to the fullest extent permitted by applicable law and the Company's Articles.

(e) With respect to any Proceeding for which indemnification or

advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense of a Proceeding, the Company will not be liable to the Indemnitee under this Agreement for any Expenses subsequently incurred by the Indemnitee in connection with the defense thereof, other than as provided below. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. The Indemnitee shall have the right to employ his own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Indemnitee, unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Indemnitee's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee.

9. LIMITATIONS ON INDEMNIFICATION. No payments pursuant to this Agreement shall be made by the Company:

(a) To indemnify or advance funds to the Indemnitee for Expenses with respect to (i) Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under applicable law or (ii) Expenses incurred by the Indemnitee in connection with preparing to serve or serving, prior to a Change in Control, as a witness in cooperation with any party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification or advancement of Expenses in each such case may be provided by the Company if the Board of Directors finds it to be appropriate;

(b) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, and sustained in any Proceeding for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(c) To indemnify the Indemnitee for any Expenses, judgments, fines, expenses or penalties sustained in any Proceeding for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any foreign or United States federal, state or local statute or regulation;

(d) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, for which the Indemnitee is indemnified by the Company otherwise than pursuant to this Agreement;

(e) To indemnify the Indemnitee for any Expenses (including without limitation any Expenses relating to a Proceeding attempting to enforce this Agreement), judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, on account of the Indemnitee's conduct if such conduct shall be finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct, including, without limitation, breach of the duty of loyalty; or

(f) If a court of competent jurisdiction finally determines that any indemnification hereunder is unlawful.

10. CONTINUATION OF INDEMNIFICATION. All agreements and obligations of the Company contained herein shall continue during the period that the Indemnitee is a director of the Company (or is or was serving at the request of the Company as

an agent of another enterprise, foreign or domestic) and shall continue thereafter so long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director of the Company or serving in any other capacity referred to in this Paragraph 10.

11. INDEMNIFICATION HEREUNDER NOT EXCLUSIVE. The indemnification provided by this Agreement shall not be deemed to be exclusive of any other rights to which the Indemnitee may be entitled under the Company's Articles, any agreement, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Indemnitee's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

12. SUCCESSORS AND ASSIGNS.

(a) This Agreement shall be binding upon, and shall inure to the benefit of, the Indemnitee and the Indemnitee's heirs, executors, administrators and assigns, whether or not the Indemnitee has ceased to be a director, and the Company and its successors and assigns. Upon the sale of all or substantially all of the business, assets or share capital of the Company to, or upon the merger of the Company into or with, any corporation, partnership, joint venture, trust or other person, this Agreement shall inure to the benefit of and be binding upon both the Indemnitee and such purchaser or successor person. Subject to the foregoing, this Agreement may not be assigned by either party without the prior written consent of the other party hereto.

(b) If the Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, the Company shall indemnify the Indemnitee's estate and the Indemnitee's spouse, heirs, executors, administrators and assigns against, and the Company shall, and does hereby agree to assume, any and all Expenses actually and reasonably incurred by or for the Indemnitee or the Indemnitee's estate, in connection with the investigation, defense, appeal or settlement of any Proceeding. Further, when requested in writing by the spouse of the Indemnitee, and/or the Indemnitee's heirs, executors, administrators and assigns, the Company

shall provide appropriate evidence of the Company's agreement set out herein to indemnify the Indemnitee against and to itself assume such Expenses.

13. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

14. SEVERABILITY. Each and every paragraph, sentence, term and provision of this Agreement is separate and distinct so that if any paragraph, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, unlawfulness or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Agreement may be modified by a court of competent jurisdiction to preserve its validity and to provide the Indemnitee with the broadest possible indemnification permitted under applicable law. The Company's inability, pursuant to a court order or decision, to perform its obligations under this Agreement shall not constitute a breach of this Agreement.

15. SAVINGS CLAUSE. If this Agreement or any paragraph, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Indemnitee as to any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable paragraph, sentence, term or provision of this Agreement that has not been invalidated or (b) applicable law.

16. INTERPRETATION; GOVERNING LAW. This Agreement shall be construed as a whole and in accordance with its fair meaning and any ambiguities shall not be construed for or against either party. Headings are for convenience only and shall not be used in construing meaning. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York without regard to the conflict of laws principles thereof.

17. AMENDMENTS. No amendment, waiver, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by the party against whom enforcement is sought. The indemnification rights afforded to the Indemnitee hereby are contract rights and may not be diminished, eliminated or otherwise affected by amendments to the Company's Articles, or by other agreements, including directors' and officers' liability insurance policies, of the Company.

18. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other.

19. NOTICES. Any notice required to be given under this Agreement shall be directed to ATA Inc., 8th Floor, East Tower, 6 Gongyuan West Street, Jian Guo Men Nei, Beijing 100005, China, Attention: Mr. Keven Xiaofeng Ma, and to the Indemnitee at _____

_____ or to such other address as either shall designate to the other in writing.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Indemnification Agreement as of the date first written above.

INDEMNITEE

- ---
Name:

ATA INC.

By:

Name:
Title:

Exhibit 10.5

TECHNICAL SUPPORT AGREEMENT

between

ATA ONLINE (BEIJING) EDUCATION TECHNOLOGY LIMITED

and

ATA LEARNING (BEIJING), INC.

BEJING

TECHNICAL SUPPORT AGREEMENT

THIS TECHNICAL SUPPORT AGREEMENT ("this Agreement") is entered into on October 27, 2006 by and between ATA Online (Beijing) Education Technology Limited ("Party A"), a company organized and existing under the laws of the People's Republic of China (the "PRC"), and ATA Learning (Beijing), Inc. ("Party B"), a wholly foreign-owned enterprise organized and existing under the laws of the PRC. Each of Party A and Party B shall hereinafter individually be referred to as a "Party" and collectively as the "Parties".

WHEREAS:

Party A engages in businesses such as the operating of internet testing preparation in PRC (the "Business") and Party B possesses expertise and resources on technology involved in the Business. Party A intends to retain Party B to provide relevant technical support service with respect to the Business ("Technical Support Service"), and Party B is willing to accept such retainer pursuant to the terms and conditions of this Agreement.

The Parties hereby agree as follows:

ARTICLE 1 SERVICE AND PAYMENT

1. Party A hereby:

A. appoints Party B, effective as of the date of this Agreement, as the provider

of Technical Support Service relating to the Business as agreed by the Parties from time to time; and

B. agrees to pay Party B a service fee (the "Service Fee"). The amount of the Service Fee shall be decided and settled by Party A and Party B in written according to the Technical Support Service provided by Party B upon request of Party A, and in accordance with the number of days and personnel involved in the Technical Support Service on quarterly basis, and be paid within three (3) months after settlement. In addition to the Service Fee, Party A shall reimburse Party B for reasonable out of pocket expenses that incurred by Party B in connection with providing the Technical Support Service under this Agreement, including but not limited to, business trip costs, accommodation and meal costs, transportation and telecommunication expenses. If Party A is not satisfied with the services provided by Party B in the relevant period and requests deduction of related Service Fee, or the actual fee paid by Party A is higher than the Service Fee payable under this Agreement, Party A shall, upon mutual

agreement between the Parties, have the right to deduct the corresponding amount from the next payment of Service Fee payable by Party A to Party B.

2. Party B agrees to provide the Technical Support Service listed in Schedule A hereof and as requested by Party A.

3. Unless otherwise agreed by Party B in writing, Party A shall not retain any third party to provide the services listed in Schedule A hereof.

ARTICLE 2 TERM, TERMINATION AND SURVIVAL

1. Term. This Agreement shall be effective upon execution hereof by authorized representatives of the Parties and shall remain effective for a period of ten (10) years. Party A shall not cancel this Agreement in effective term of this Agreement. This Agreement will be automatically renewed for another one (1) year upon expiry of each term unless Party B notifies Party A of its intention not to renew thirty (30) days before the current term expires. Party A shall not terminate this Agreement within the term of this Agreement.

2. No Further Obligations. Upon termination of this Agreement, Party B shall have no further obligation to render any Technical Support Service hereunder to Party A.

3. Survival. Termination of this Agreement shall not affect any obligation owed by one Party to the other Party that has accrued prior to such termination.

ARTICLE 3 MISCELLANEOUS

1. Entire Agreement. This Agreement constitutes the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings or arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

2. Amendment. No variation of, or supplement to, this Agreement shall be effective unless the Parties have agreed in writing and have respectively obtained the required authorizations and approvals (including an approval that Party B must obtain from the audit committee or other independent institution, which has been established under the Sarbanes-Oxley Act and the NASDAQ Rules, of the board of directors of Party B's overseas holding company, ATA, Inc.). The amendment and supplement duly executed and signed by both Parties shall be part of this Agreement and shall have the same legal effect as this Agreement.

3. Waiver. A waiver on the part of any Party hereto of any rights or interests of any part under this Agreement shall not constitute the waiver of any other rights or interests or any subsequent waiver of such rights or interests. The failure of any Party at any time to require performance by the other Party under any provision of this Agreement shall not affect the right of such Party to require full performance from the other Party at any time thereafter.

4. Assignment, Obligations of Transferees. This Agreement shall be binding upon the Parties hereto and their respective successors and permitted transferees and assignees and it shall be made for the interests of these parties. Without the prior written consent of the other Party hereto, neither Party shall assign or transfer any rights or obligations that it may have under this Agreement.

5. Governing Law. The execution, interpretation, performance and termination of this Agreement shall be governed by and construed in accordance with the laws of the People's Republic of China.

6. Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provisions. This Agreement shall continue in full force and effect except for any such invalid, illegal or unenforceable provision.

7. Headings. The headings throughout this Agreement are for convenience only and are not intended to limit or be used in the interpretation of the provisions of this Agreement.

8. Language and Counterparts. This Agreement is executed in Chinese. This Agreement and any amendment hereto may be executed by the Parties in separate counterparts, each counterpart shall be the original and all of which together shall constitute one and the same instrument.

9. This Agreement is executed in two counterparts. Each Party shall hold one counterpart, and both counterparts shall have the same legal effect.

10. Dispute Resolution. All disputes arising from the execution of, or in connection with this Agreement shall be settled through amicable negotiations between the Parties. If no settlement can be reached through amicable negotiations, the dispute shall be submitted to the China International Economic and Trade Arbitration Commission (CIETAC) Beijing Commission for arbitration, in accordance with its then effective arbitration rules. There shall be three arbitrators. The arbitration shall be held in Beijing and the language of the arbitration shall be Chinese. The arbitral

award shall be final and binding on both Parties. The costs of the arbitration shall be borne by the losing Party, unless the arbitration award stipulates otherwise.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized signatories as of the day and year first written above.

Party A: ATA Online (Beijing) Education Technology Co., Ltd.

Authorized representative: [COMPANY SEAL]
(signature)

Party B: ATA Learning (Beijing), Inc.

(Seal)

Authorized representative: [COMPANY SEAL]
(signature)

SCHEDULE A

TECHNICAL SUPPORT SERVICE TO BE PROVIDED

Technical Support Service to be provided by Party B to Party A shall be as follows subject to the regulation of applicable laws:

1. Providing technical support and professional training necessary for carrying out Party A's business.

2. Providing maintenance for computer facilities.

3. Providing website design and design, installation, testing and maintenance services for Party A's network and computer system.

4. Providing overall safety services for Party A's website.

5. Providing database support and software services.

6. Other services related to Party A's business.

7. Providing personnel support upon the requirement of Party A, including but not limited to dispatching the related personnel (Party A shall bear all the labor costs and expenses).

8. Other services agreed by both parties.

Exhibit 10.6

STRATEGIC CONSULTING SERVICE AGREEMENT

between

ATA ONLINE (BEIJING) EDUCATION TECHNOLOGY LIMITED

and

ATA LEARNING (BEIJING), INC.

BEJING

STRATEGIC CONSULTING SERVICE AGREEMENT

THIS STRATEGIC CONSULTING SERVICE AGREEMENT ("this Agreement") is entered into in Beijing, People's Republic of China ("PRC") on October 7, 2006 by and between:

Party A ("Entrusting Party"): ATA Online (Beijing) Education Technology Limited ("Party A"), with its registered address at Room 528, Building 9, No. 30 Middle North Third Ring Road, Haidian District, Beijing, China; and

Party B ("Entrusted Party"): ATA Learning (Beijing), Inc. ("Party B"), with its registered address at 8th Floor, East Building, No. 6 Gongyuan West Street, JianGuoMenNei, Beijing, Beijing, China.

Each of Party A and Party B shall hereinafter individually be referred to as a "Party" and collectively as the "Parties".

WHEREAS,

1. Party A is a company organized and existing under the laws of PRC, with its main business in providing Internet testing preparation services and in the PRC (the "Business"). Party B is a wholly foreign-owned enterprise organized and existing under the laws of the PRC and it has expertise and resources in strategic consulting in the area of the Business.

2. Party A agrees to entrust Party B to provide strategic consulting services with respect of the Business, and Party B agrees to accept such entrustment under the terms and conditions set out below.

NOW THEREFORE, the Parties agree to the terms and conditions under this Agreement as follows:

ARTICLE 1 ENTRUSTED MATTERS

Matters entrusted by Party A to Party B under this Agreement (the "Entrusted Matters") shall be providing strategic services pursuant to Article 2 under this Agreement.

ARTICLE 2 SCOPE OF SERVICES

2

Services to be provided by Party B to Party A under this Agreement shall mainly include the following subject to the regulation of applicable Chinese laws:

(1) New product evaluation;

(2) Market research;

(3) Marketing and sales strategy; and

(4) Other services related to Party A's business.

ARTICLE 3 FEE AND PAYMENT

The Parties agree that consulting fee hereunder shall be calculated and paid in the following manner:

1. The consulting fee payable by Party A to Party B hereunder shall be confirmed by Party B in written and calculated in accordance with the actual amount of time during which Party B provides services pursuant to this Agreement to Party A on quarterly basis.

2. Party B reserves the right to adjust the monthly rates of the consulting fee and other reasonable fees in accordance with the actual performance of Party A.

3. Party A shall inform Party B all the information in connection with the contracts entered into between Party A and any third parties in a timely manner. Party B shall have the right to exam and check those contracts at any time upon its discretion.

4. The consulting fee hereunder shall be paid on a quarterly basis. Party A shall, within three (3) months after settlement of each quarter, pay consulting fee of each quarter into an account designated by Party B. At the end of each year, Party B shall settle the consulting fee with Party A in accordance with the actual fees payable by Party A under this Agreement.

ARTICLE 4 OBLIGATIONS OF THE PARTIES

1. THE OBLIGATIONS OF PARTY A

3

(1) Party A shall promptly provide Party B with any materials and information necessary for the fulfillment of the Services hereunder, and shall warrant the authenticity and accuracy of all such materials and information it provides.

(2) Party A shall pay consulting fee to Party B pursuant to Article 3 hereof;

(3) Unless otherwise agreed by Party B in writing, Party A shall not entrust any third party to provide any Services as stipulated in Article 2 hereof;

(4) Party A shall perform other obligations under applicable laws and regulations of the PRC.

2. THE OBLIGATIONS OF PARTY B

(1) Party B shall provide the consulting services to Party A pursuant to this Agreement;

(2) Party B warrants to Party A that the information and suggestions provided by Party B to Party A under this Agreement shall be in compliance with relevant laws and regulations of the PRC;

(3) During the term of this Agreement and upon termination of this Agreement due to any reasons whatsoever, Party B shall keep confidential of any technical information and materials provided by Party A, and all other information which Party A does not want to disclose.

ARTICLES 5 INTELLECTUAL PROPERTY RIGHTS

1. RIGHTS CREATED

Except as otherwise agreed to by the Parties, Party B shall own all Intellectual Property Rights created or acquired by Party A in the provision of consulting services. Party A shall sign all documents and take all actions necessary for Party B to become the owner of such Intellectual Property Rights. Party A shall not contest Party B's ownership of all such Intellectual Property Rights, and will not apply to register, or attempt to acquire or otherwise obtain any such Intellectual Property Rights.

2. NAMES, TRADEMARKS AND LOGOS

Party A shall not use Party B's name, trademark, logo, domain name or any variations thereof, or language from which any connection of said names may be

implied in any advertising, sales promotion materials, press releases or any other publicity matters without Party B's prior written approval.

ARTICLE 6 CONFIDENTIALITY

1. CONFIDENTIAL INFORMATION

Confidential Information means all technology, know-how, techniques, software, proprietary databases, trade secrets, trade practices, methods, specifications, designs and other proprietary information disclosed by Party B to Party A under the terms of this Agreement or otherwise, as well as the terms of this Agreement and other confidential business and technical information.

2. GENERAL OBLIGATION.

During the term of this Agreement and for a period of five (5) years after termination or expiration of this Agreement for any reason whatsoever, Party A shall:

(1) keep the Confidential Information confidential;

(2) not disclose the Confidential Information to any third party other than with the prior written consent of Consultant or in accordance with Section 3 of Article 6; and

(3) not use the Confidential Information for any purpose other than the performance of its obligations under this Agreement.

3. DISCLOSURE TO RECIPIENTS

Party A may disclose the Confidential Information to its directors, officers, managers, employees, legal, financial and professional advisors (collectively, "Recipients"), on a need to know basis, to the extent necessary for the implementation of this Agreement. Party A shall use its best efforts to ensure that each Recipient is made aware of, and complies with the obligation of

confidentiality of Party A in respect of the Confidential Information under this Agreement as if the Recipient were a party to this Agreement.

4. EXCEPTIONS

The provisions of Article 6 shall not apply to:

(1) Confidential Information that is or becomes generally available to the public other than as a result of disclosure by or at the direction of Party A or any of the Recipients in violation of this Agreement;

(2) disclosure by Party A to the extent required under any applicable laws, regulations, requirements of any regulatory authority or any applicable rules of any stock exchange; provided that such disclosure shall be limited merely to the extent required by applicable laws or regulations and, to the extent practicable, Party B shall be given an opportunity to review and comment on the contents of the disclosure before it is made; and

(3) disclosure by Party A to the extent required by applicable laws or governmental regulations or judicial or regulatory process or in connection with any judicial, regulatory or arbitration process regarding any legal action, suit or proceeding arising out of or relating to this Agreement; provided that such disclosure shall be limited merely to the extent required by applicable laws or regulations and, to the extent practicable, Party B shall be given an opportunity to review and comment on the contents of the disclosure before it is made.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

1. Party B represents, warrants and covenants to Party A (such representations, warranties and covenants shall become effective from the Effective Date of this Agreement) that:

(1) Party B shall use its expertise and resources in strategic consulting with respect to the Business to organize and coordinate the Entrusted Matters and shall set up working groups consisting of experienced personnel to provide consulting services to Party A;

(2) Party B shall, during the course of providing the consulting services hereunder, act in due diligence and perform its obligations pursuant to applicable laws, regulations and relevant administrative rules of the PRC as well as the terms and conditions of this Agreement.

2. Party A represents and warrants to Party B (such representations and warranties shall become effective from the Effective Date of this Agreement) that:

(1) The obligations of Party A under this Agreement shall be legal and binding on Party A. Party A's performance of its obligations hereunder shall neither conflict with any of its obligations under any other agreement or document, nor contravene any applicable laws, regulations or administrative rules of the PRC;

(2) Any document and material provided by Party A to Party B under this Agreement shall be authentic and accurate.

3. Upon the occurrence of an event which may make any representation, warranty or covenant of a Party hereto under this Articles 5 become unauthentic or inaccurate, such Party shall promptly inform the other Party thereof in written, and, upon reasonable request of the other Party, take measures to remedy and disclose details of such event.

4. The legal liabilities arising out of a breach of any of the representations, warranties or covenants mentioned above shall not be affected upon the completion of the Entrusted Matters hereunder.

5. No Party hereto shall assign any of its rights or obligations under this Agreement to any third party.

ARTICLE 8 INDEMNIFICATION

In the event that a Party fails to comply with any of its obligations hereunder and such failure result in losses to the other Party, the defaulting Party shall make full and effective compensation to the other Party; if the failure makes it impossible to continue to perform this Agreement, the other Party shall have the right to terminate this Agreement and the defaulting Party itself shall bear its losses arising out of such termination.

ARTICLE 9 FORCE MAJEURE AND CHANGE OF CIRCUMSTANCES

If, at any time before the completion of the Entrusted Matters, a significant change or event in politics, economy, finance, law or otherwise occurs, and such change or event has had or may have a material adverse effect to the performance of the Entrusted Matters, the Parties may consult with each other to suspend or terminate this Agreement and neither Party shall assume any defaulting liability to the other Party.

ARTICLE 10 TERMINATION

1. Each Party shall have the right to terminate this Agreement by giving the other Party a notice in writing if:

(1) The other Party breaches or fails to fulfill any obligations under this Agreement; or

(2) Any representation, warranty or covenant made by the other Party hereunder is materially unauthentic or misleading and therefore not fulfilled.

2. In the event that this Agreement is terminated pursuant to Section 1 of this Article 10 or Article 9 hereof, the obligations of both Parties hereunder shall be terminated immediately. Notwithstanding the forgoing sentence, any right or claim having come into existence, or any liability arising out of the representation, warranty, covenant or indemnification hereunder, shall remain unaffected upon such termination.

ARTICLE 11 DISPUTE RESOLUTION

1. Any and all disputes, controversy or claim arising from or relating to this Agreement or its interpretation, violation, termination or validity shall be first settled through amicable negotiations between the Parties; such negotiations shall commence on the date on which a Party issues a written notice to the other Party requesting for such negotiations. If the dispute fails to be settled within thirty (30) days of the issuance of the written notice, then, upon the request of and notification by either Party to the other Party, such dispute shall be submitted for arbitration.

2. The arbitration shall be conducted in Beijing by 3 arbitrators of the China International Economic and Trade Arbitration Commission Beijing Commission in accordance with such Commission's Arbitration Rules then in effect.

3. The arbitration award shall be final and binding on the Parties, and the costs of the arbitration shall be borne by the losing Party, unless the arbitration award stipulates otherwise.

ARTICLE 12 VARIATION AND SUPPLEMENT

Upon the effectiveness of this Agreement, both Parties hereto shall fulfill their respective obligations hereunder. No variation of or supplement to this Agreement shall be effective unless the Parties have agreed in writing and have respectively obtained the required authorizations and approvals (including an approval that Party B must obtain from the audit committee or other independent institution, which has been established under the Sarbanes-Oxley Act and the NASDAQ Rules, of the board of directors of Party B's overseas holding company, ATA, Inc.). The duly signed variation and supplement to this Agreement shall constitute the integral part of this Agreement and have the same legal effect.

ARTICLE 13 VALIDITY

This Agreement shall become effective immediately after it is signed and sealed by the legal representatives or the authorized representatives of both Parties, and shall supersede all the relevant agreements and documents previously signed by the Parties on the subject matter upon the effectiveness of this Agreement.

The term of this Agreement shall be twenty (20) years, which will be automatically renewed for another one (1) year upon expiry of each term unless Party B notifies Party A in written of its intention not to renew thirty (30) days before the current term expires.

ARTICLE 14 COUNTERPARTS

This Agreement is executed in two (2) counterparts. Each Party shall hold one counterpart, and both counterparts shall have the same legal effect.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized signatories as of the day and year first written above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

(Execution Page Only)

PARTY A: ATA Online (Beijing) Education Technology Limited

Authorized representative: (COMPANY SEAL)

PARTY B: ATA Learning (Beijing), Inc.

Authorized representative: (COMPANY SEAL)

Exhibit 10.7

LOAN AGREEMENT

The Loan Agreement (the "Agreement") is entered into as of October 27, 2006 between the following two parties:

(1) ATA Testing Authority (Holdings) Limited (the "Lender"), a limited liability company established and registered in the British Virgin Islands ("BVI").

(2) Ma Xiaofeng (the "Borrower")

PRC ID NUMBER: 110102631021233
ADDRESS: No.2 Fu Xing Men Wai Street, Beijing, PRC

Lender and Borrower will each be referred to as a "Party" and collectively referred to as the "Parties."

WHEREAS, Borrower, together with other individuals, intends to establish a limited liability company with the company name of "(CHINESE CHARACTERS)" in Beijing, People's Republic of China ("PRC") to operating ICP related test preparation business("ICP Company") and hold 90% of the equity of ICP Company.

WHEREAS, Borrower wishes to borrow a loan from Lender to finance its investment in ICP Company and Lender agrees to provide such loan to Borrower.

NOW THEREFORE, the Parties agree as follows:

1. LOAN

1.1 Lender agrees to provide a loan to Borrower with the principal amount equal to the US Dollar equivalent of RMB 900,000 in accordance with the terms and conditions set forth herein (the "Loan"). Term for such loan shall be ten (10) years which may be extended upon the agreement of the Parties (the "Term"). Notwithstanding the foregoing, in the following circumstances, Borrower shall repay the Loan regardless if the Term has expired:

(1) Borrower deceases or becomes a person without legal capacity or with limited legal capacity;

(2) Borrower commits a crime or is involved in a criminal act; or

(3) Lender or its designated assignee can legally purchase Borrower's interest in ICP Company under the PRC law and Lender chooses to do so.

1.2 Lender shall remit the amount of the Loan to an account designated by Borrower within seven (7) days after receiving Borrower's disbursement notice in writing, provided that all of the conditions precedent to disbursement set forth in Section 2 of this Agreement have been fully satisfied. Borrower shall deliver a written confirmation to Lender within one (1) day after receiving the amount of the Loan.

1.3 The Loan shall only be used by Borrower to invest in ICP Company's registered capital. Without Lender's prior written consent, Borrower shall not use the Loan for any other purpose or transfer or pledge his interest in ICP Company to any third party.

1.4 Borrower can only repay the Loan by transferring all of his interest in ICP Company to Lender or a third party designated by Lender when such transfer is permitted under the PRC law.

1.5 In the event (1) Borrower transfers his interest to the Lender or a third party transferee designated by Lender to the extent permitted by applicable PRC laws or (2) Borrower receives any dividends from ICP Company, Borrower shall pay the full amount of the proceeds it receives from such transfer or from such dividends to Lender regardless if the amount of such proceeds exceeds or is less than the amount of the Loan.

1.6 Lender and Borrower hereby jointly agree and confirm that Lender has the right to, but has no obligation to, purchase or designate a third party (legal person or natural person) to purchase all or part of Borrower's interest in ICP Company at a price equal to the amount of the Loan (or at the lowest price permitted by applicable PRC laws if the foregoing determined price is not permitted in accordance with applicable PRC laws) when such purchase is allowed under the PRC law. If Lender or the third party assignee designated by Lender only purchases part of Borrower's interest in ICP Company, the purchase price shall be reduced on a pro rata basis.

1.7 In the event when Borrower transfers his interest in ICP Company to Lender or a third party transferee designated by Lender, (i) if the amount of (1) the actual transfer price paid by Lender or the third party transferee and (2) the dividends (if any) received by Borrower from ICP Company equals or is less than the principal amount of the Loan, the Loan shall be deemed as interest free; or (ii) if the amount of (1) the actual transfer price paid by Lender or the third party transferee and (2) the dividends (if any) received by Borrower from ICP Company is higher than the principal amount of the Loan, to the extent permitted by the applicable PRC laws, the amount exceeding the principal amount of the Loan shall be deemed as an interest accrued on the Loan and paid by Borrower to Lender in full.

2. CONDITIONS PRECEDENT TO DISBURSEMENT

The following conditions must be satisfied before the Loan is disbursed to Borrower:

2.1 Subject to the terms of Section 1.2, Lender has received the written disbursement notice from Borrower.

2.2 The representation and warranties under Section 3 remain true and correct on the day when the disbursement notice is delivered to Lender and on the date the Loan is disbursed to Borrower as if such representations and warranties are made as of such dates.

2.3 Borrower has not materially breached any terms or conditions hereof.

3. REPRESENTATION AND WARRANTIES

3.1 Lender hereby represents and warrants to Borrower that:

(a) Lender is a company registered and validly existing under the laws of BVI;

(b) subject to its Memorandum and Articles of Association and other organizational documents, Lender has full right, power and all necessary approvals and authorizations to execute and perform this Agreement;

(c) the execution and the performance of this Agreement will not contravene any provision of law applicable to Lender or any contractual restriction binding on or affecting it; and

(d) this Agreement shall constitute the legal, valid and binding obligations of Lender, which is enforceable against Lender in accordance with its terms upon its execution.

3.2 Borrower hereby represents and warrants to Lender that:

(a) Borrower has full right, power and all necessary and appropriate approval and authorization to execute and perform this Agreement;

(b) the execution and the performance of this Agreement will not contravene any provision of law applicable to Borrower or any contractual restriction binding on or affecting Borrower;

(c) this Agreement shall constitute the legal and valid obligations of Borrower, which is enforceable against Borrower in accordance with its terms upon its execution; and

(d) there are no legal or other proceedings before any court, tribunal or other regulatory authority pending or threatened against Borrower.

4. OBLIGATIONS AFTER DISBURSEMENT

4.1 Upon the establishment of ICP Company, Borrower shall formally execute an equity pledge agreement (the "Equity Pledge Agreement") with Lender's wholly owned subsidiary as designated by Lender ("ATA (Beijing)"), under which Borrower agrees to pledge all his interest in ICP Company to ATA (Beijing).

4.2 Upon the establishment of ICP Company, Borrower shall execute and cause ICP Company to execute as well a call option and cooperation agreement (the "Call Option Agreement") with Lender and/or ATA (Beijing), according to which Borrower grants Lender and/or ATA (Beijing) an irrevocable option to purchase all of his interest in ICP Company when certain conditions provided in the agreement are met.

5. NOTIFICATIONS

Notice or other communications under this Agreement shall be delivered personally or sent by facsimile transmission or by registered mail to the address set forth below, except that such address has been changed in writing. The date noted on the return

receipt of the registered mail is the service date of the notice if the notice is sent by registered mail; the sending date is the service date of the notice if the notice is sent personally or by facsimile transmission. The original of the notice shall be sent personally or by registered mail to the following address after the notice is sent by facsimile.

Lender: ATA Testing Authority (Holdings) Limited

Address: 8th Floor, East Tower
6 Gongyuan West Street
Jianguomen Nei
Beijing 100005, China

Borrower: Ma Xiaofeng

Address: 8th Floor, East Tower
6 Gongyuan West Street
Jianguomen Nei
Beijing 100005, China

6. CONFIDENTIALITY

The Parties acknowledge and confirm that any oral or written materials concerning this Agreement exchanged between them are confidential information. The Parties shall protect and maintain the confidentiality of all such confidential data and information and shall not disclose to any third party without the other party's written consent, except (a) the data or information that was in the public domain or later becomes published or generally known to the public, provided that it is not released by the receiving party, (b) the data or information that shall be disclosed pursuant to applicable laws or regulations, and (c) the data or information that shall be disclosed to One Party's legal counsel or financial counsel who shall also bear the obligation of maintaining the confidentiality similar to the obligations hereof. The undue disclosing of the confidential data or information of One Party's legal counsel or financial counsel shall be deemed the undue disclosing of such party who shall take on the liability of breach of this Agreement.

7. GOVERNING LAW AND SETTLEMENT OF DISPUTES

7.1 The execution, validity, interpretation, performance, implementation, termination and settlement of disputes of this Agreement shall be governed by the laws of Hong Kong, SAR.

7.2 In event of any dispute arising from or in connection with this Agreement, the Parties shall attempt to resolve the dispute through friendly consultations. In the event that satisfactory resolution is not reached within thirty (30) days after commencement of such consultation, the dispute shall be submitted (which submission may be made by either Borrower or Lender) to resolution by arbitration administered by Hong Kong International Arbitration Center (the "Center") in Beijing, China, in accordance with the procedural rules of the Center, which are in effect at the time the application for

arbitration is made. The arbitral award shall be final and binding upon all parties hereto.

8. MISCELLANEOUS

8.1 This Agreement can only be amended by written agreements jointly executed by the parties. Lender may freely and at its sole discretion assign any of its rights and delegate any of its responsibilities under this Agreement to a third party.

8.2 Any provision of this Agreement that is invalid or unenforceable shall not affect the validity and enforceability of any other provisions hereof.

8.3 This Agreement shall substitute and replace in full the Loan Agreement dated May 19 2006 between the Lender and the Borrower.

(THE FOLLOWING SPACE IS INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the Parties have duly executed this Agreement, or have caused this Agreement to be duly executed on their behalf, as of the date first hereinabove set forth.

LENDER:

ATA TESTING AUTHORITY (HOLDINGS) LIMITED

By:
Title:

BORROWER:

MA XIAOFENG

Exhibit 10.8

LOAN AGREEMENT

The Loan Agreement (the "Agreement") is entered into as of October 27, 2006 between the following two parties:

(1) ATA Testing Authority (Holdings) Limited (the "Lender"), a limited liability company established and registered in the British Virgin Islands ("BVI").

(2) Wang Lin (the "Borrower")

PRC ID NUMBER: 110108196107114972
ADDRESS: Room 8, Building 2, 15 Bei Feng Wo Road, Haidian District, Beijing, PRC.

Lender and Borrower will each be referred to as a "Party" and collectively referred to as the "Parties."

WHEREAS, Borrower, together with other individuals, intends to establish a limited liability company with the company name of "(CHINESE CHARACTERS)" in Beijing, People's Republic of China ("PRC") to operating ICP related test preparation business("ICP Company") and hold 5% of the equity of ICP Company.

WHEREAS, Borrower wishes to borrow a loan from Lender to finance its investment in ICP Company and Lender agrees to provide such loan to Borrower.

NOW THEREFORE, the Parties agree as follows:

1. LOAN

1.1 Lender agrees to provide a loan to Borrower with the principal amount equal to the US Dollar equivalent of RMB 50,000 in accordance with the terms and conditions set forth herein (the "Loan"). Term for such loan shall be ten (10) years which may be extended upon the agreement of the Parties (the "Term"). Notwithstanding the foregoing, in the following circumstances, Borrower shall repay the Loan regardless if the Term has expired:

(1) Borrower deceases or becomes a person without legal capacity or with limited legal capacity;

(2) Borrower commits a crime or is involved in a criminal act; or

(3) Lender or its designated assignee can legally purchase Borrower's interest in ICP Company under the PRC law and Lender chooses to do so.

1.2 Lender shall remit the amount of the Loan to an account designated by Borrower within seven (7) days after receiving Borrower's disbursement notice in writing, provided that all of the conditions precedent to disbursement set forth in Section 2 of this Agreement have been fully satisfied. Borrower shall deliver a written confirmation to Lender within one (1) day after receiving the amount of the Loan.

1.3 The Loan shall only be used by Borrower to invest in ICP Company's registered capital. Without Lender's prior written consent, Borrower shall not use the Loan for any other purpose or transfer or pledge his interest in ICP Company to any third party.

1.4 Borrower can only repay the Loan by transferring all of his interest in ICP Company to Lender or a third party designated by Lender when such transfer is permitted under the PRC law.

1.5 In the event (1) Borrower transfers his interest to the Lender or a third party transferee designated by Lender to the extent permitted by applicable PRC laws or (2) Borrower receives any dividends from ICP Company, Borrower shall pay the full amount of the proceeds it receives from such transfer or from such dividends to Lender regardless if the amount of such proceeds exceeds or is less than the amount of the Loan.

1.6 Lender and Borrower hereby jointly agree and confirm that Lender has the right to, but has no obligation to, purchase or designate a third party (legal person or natural person) to purchase all or part of Borrower's interest in ICP Company at a price equal to the amount of the Loan (or at the lowest price permitted by applicable PRC laws if the foregoing determined price is not permitted in accordance with applicable PRC laws) when such purchase is allowed under the PRC law. If Lender or the third party assignee designated by Lender only purchases part of Borrower's interest in ICP Company, the purchase price shall be reduced on a pro rata basis.

1.7 In the event when Borrower transfers his interest in ICP Company to Lender or a third party transferee designated by Lender, (i) if the amount of (1) the actual transfer price paid by Lender or the third party transferee and (2) the dividends (if any) received by Borrower from ICP Company equals or is less than the principal amount of the Loan, to the extent permitted by the applicable PRC laws, the Loan shall be deemed as interest free; or (ii) if the amount of (1) the actual transfer price paid by Lender or the third party transferee and (2) the dividends (if any) received by Borrower from ICP Company is higher than the principal amount of the Loan, the amount exceeding the principal amount of the Loan shall be deemed as an interest accrued on the Loan and paid by Borrower to Lender in full.

2. CONDITIONS PRECEDENT TO DISBURSEMENT

The following conditions must be satisfied before the Loan is disbursed to Borrower:

2.1 Subject to the terms of Section 1.2, Lender has received the written disbursement notice from Borrower.

2.2 The representation and warranties under Section 3 remain true and correct on the day when the disbursement notice is delivered to Lender and on the date the Loan is disbursed to Borrower as if such representations and warranties are made as of such dates.

2.3 Borrower has not materially breached any terms or conditions hereof.

3. REPRESENTATION AND WARRANTIES

3.1 Lender hereby represents and warrants to Borrower that:

(a) Lender is a company registered and validly existing under the laws of BVI;

(b) subject to its Memorandum and Articles of Association and other organizational documents, Lender has full right, power and all necessary approvals and authorizations to execute and perform this Agreement;

(c) the execution and the performance of this Agreement will not contravene any provision of law applicable to Lender or any contractual restriction binding on or affecting it; and

(d) this Agreement shall constitute the legal, valid and binding obligations of Lender, which is enforceable against Lender in accordance with its terms upon its execution.

3.2 Borrower hereby represents and warrants to Lender that:

(a) Borrower has full right, power and all necessary and appropriate approval and authorization to execute and perform this Agreement;

(b) the execution and the performance of this Agreement will not contravene any provision of law applicable to Borrower or any contractual restriction binding on or affecting Borrower;

(c) this Agreement shall constitute the legal and valid obligations of Borrower, which is enforceable against Borrower in accordance with its terms upon its execution; and

(d) there are no legal or other proceedings before any court, tribunal or other regulatory authority pending or threatened against Borrower.

4. OBLIGATIONS AFTER DISBURSEMENT

4.1 Upon the establishment of ICP Company, Borrower shall formally execute an equity pledge agreement (the "Equity Pledge Agreement") with Lender's wholly owned subsidiary as designated by Lender ("ATA (Beijing)"), under which Borrower agrees to pledge all his interest in ICP Company to ATA (Beijing).

4.2 Upon the establishment of ICP Company, Borrower shall execute and cause ICP Company to execute as well a call option and cooperation agreement (the "Call option Agreement") with Lender and/or ATA (Beijing), according to which Borrower grants Lender and/or ATA (Beijing) an irrevocable option to purchase all of his interest in ICP Company when certain conditions provided in the agreement are met.

5. NOTIFICATIONS

Notice or other communications under this Agreement shall be delivered personally or sent by facsimile transmission or by registered mail to the address set forth below, except that such address has been changed in writing. The date noted on the return

receipt of the registered mail is the service date of the notice if the notice is sent by registered mail; the sending date is the service date of the notice if the notice is sent personally or by facsimile transmission. The original of the notice shall be sent personally or by registered mail to the following address after the notice is sent by facsimile.

Lender: ATA Testing Authority (Holdings) Limited

Address: 8th Floor, East Tower
6 Gongyuan West Street
Jianguomen Nei
Beijing 100005, China

Borrower: Wang Lin

Address: 8th Floor, East Tower
6 Gongyuan West Street
Jianguomen Nei
Beijing 100005, China

6. CONFIDENTIALITY

The Parties acknowledge and confirm that any oral or written materials concerning this Agreement exchanged between them are confidential information. The Parties shall protect and maintain the confidentiality of all such confidential data and information and shall not disclose to any third party without the other party's written consent, except (a) the data or information that was in the public domain or later becomes published or generally known to the public, provided that it is not released by the receiving party, (b) the data or information that shall be disclosed pursuant to applicable laws or regulations, and (c) the data or information that shall be disclosed to One Party's legal counsel or financial counsel who shall also bear the obligation of maintaining the confidentiality similar to the obligations hereof. The undue disclosing of the confidential data or information of One Party's legal counsel or financial counsel shall be deemed the undue disclosing of such party who shall take on the liability of breach of this Agreement.

7. GOVERNING LAW AND SETTLEMENT OF DISPUTES

7.1 The execution, validity, interpretation, performance, implementation, termination and settlement of disputes of this Agreement shall be governed by the laws of Hong Kong, SAR.

7.2 In event of any dispute arising from or in connection with this Agreement, the Parties shall attempt to resolve the dispute through friendly consultations. In the event that satisfactory resolution is not reached within thirty (30) days after commencement of such consultation, the dispute shall be submitted (which submission may be made by either Borrower or Lender) to resolution by arbitration administered by Hong Kong International Arbitration Center (the "Center") in Beijing, China, in accordance with the procedural rules of the Center, which are in effect at the time the application for

arbitration is made. The arbitral award shall be final and binding upon all parties hereto.

8. MISCELLANEOUS

8.1 This Agreement can only be amended by written agreements jointly executed by the parties. Lender may freely and at its sole discretion assign any of its rights and delegate any of its responsibilities under this Agreement to a third party.

8.2 Any provision of this Agreement that is invalid or unenforceable shall not affect the validity and enforceability of any other provisions hereof.

8.3 This Agreement shall substitute and replace in full the Loan Agreement dated May 19 2006 between the Lender and the Borrower.

(THE FOLLOWING SPACE IS INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the Parties have duly executed this Agreement, or have caused this Agreement to be duly executed on their behalf, as of the date first hereinabove set forth.

LENDER:

ATA TESTING AUTHORITY (HOLDINGS) LIMITED

By:
Title:

BORROWER:

WANG LIN

Exhibit 10.9

CALL OPTION AND COOPERATION AGREEMENT

Among

ATA TESTING AUTHORITY (HOLDINGS) LIMITED.

MA XIAO FENG

WANG LIN

WANG JIAN GUO

and

ATA ONLINE (BEIJING) EDUCATION TECHNOLOGY LIMITED

October 27, 2006
BEIJING, CHINA

CALL OPTION AND COOPERATION AGREEMENT

This Call Option and Cooperation Agreement ("this Agreement") is entered into in Beijing, People's Republic of China (the "PRC") on October 27, 2006 by and among:

Party A: ATA Testing Authority (Holdings) Limited.
Address: Sea Meadow House, Blackburne Highway, (P.O.Box 116), Road Town, Tortola, British Virgin Islands

Party B: Ma Xiao Feng
Address: No. 2 Fu Xing Men Nei Avenue, Beijing, China
ID Number: 110102631021233

Party C: Wang Lin
Address: No. 8 Building 2, No. 15 Bei Feng Wo Road, Haidian District, Beijing, China
ID Number: 110108196107114972

Party D: Wang Jian Guo
Address: Room 2706, Tower A, No. 210, Guang An Men Nei Avenue, Xuanwu District, Beijing, China
ID Number: 110102195508080010

Party E: ATA Online Education Technology Limited
Address: Room 528, Building 9, No. 30, Bei San Huan Zhong Road, Haidian District, Beijing, China.

WHEREAS,

(1) Party E, a company with limited liability duly organized under the People's

Republic of China, Party B, Party C and Party D are shareholders of Party E and each holds 90%, 5% and 5% equity interests in Party E, respectively;

(2) Party A, a company with limited liability duly organized and validly existing under the laws of the British Virgin Islands, provides through its wholly owned subsidiary in the PRC -- ATA Learning (Beijing), Inc. (hereinafter referred to as "ATA Beijing") certain technical support, strategic consulting and other services to Party E, and currently ATA Beijing is a major business partner of Party E;

(3) To finance the investment by Party B, Party C and Party D in Party E, Party A has entered into a loan agreement (hereafter the "Loan Agreement" respectively with Party B, Party C and Party D on October 27, 2006, providing Party B, Party C and Party D with loans of 900,000 RMB Yuan, 50,000 RMB Yuan and 50,000 RMB Yuan, respectively. Pursuant to the Loan Agreement, Party B, Party C and Party D shall invest the full amount of the loans in Party E's registered capital; and

(4) Party B, Party C and Party D hereto wish to grant Party A or its designated eligible entity the exclusive purchase option to acquire, at any time upon satisfaction of the requirements under the PRC law, the entire or a portion of Party E's share equity/assets owned by Party B, Party C and/or Party D.

NOW THEREFORE, in accordance with the principle of sincere cooperation, mutual benefit and joint development and after friendly negotiations, the Parties hereby enter into the following agreements pursuant to the provisions of relevant laws and regulations of the PRC:

ARTICLE 1 DEFINITIONS

The terms used in this Agreement shall have the meanings set forth below:

1.1. "This Agreement" means this Call Option and Cooperation Agreement and all appendices thereto, including written instruments as originally executed and as may from time to time be amended and supplemented by the Parties hereto through written agreements;

1.2. "The PRC" means, for the purpose of this Agreement, the People's Republic of China, excluding Hong Kong, Taiwan and Macao;

1.3. "Date" means the year, month and day. In this Agreement, "within" or "no later than", when used before a year, month or day, shall always include the relevant year, month or day.

ARTICLE 2 THE GRANT AND EXERCISE OF PURCHASE OPTION

2.1 The Parties hereto agree that Party A shall be granted an exclusive purchase option to acquire, at any time upon satisfaction of the requirements under applicable laws and conditions as agreed in this Agreement (including, without limitation, when Party B, Party C and/or Party D cease to be Party E's directors or employees, or Party B, Party C and/or Party D attempt to transfer their share equity in Party E to any party other than the existing shareholders of Party E) or designate eligible entity to acquire entire or a portion of Party E's share equity or owned by Party B, Party C and

Party D or each of them ("Option"). The Option granted hereby shall be irrevocable during the term of this Agreement and may be exercised by Party A or any eligible entity designated by Party A.

2.2 Pursuant to the laws and regulations of the PRC, Party A (or its designated eligible entity) may exercise the Option by delivering a written notice to any of Party B, Party C and Party D or Party E (as the case maybe) (the "Exercise Notice"). The Exercise Notice shall define the specific portion of the shares to be purchased from Party B, Party C and/or Party C or the assets to be purchased from Party E (hereinafter referred to as the "Purchased Shares (Asset)) and the purchase method.

2.3 Within thirty (30) days of the receipt of the Exercise Notice, Party B, Party C, Party D or Party E (as the case may be) shall execute a share/asset transfer contract and other documents necessary to carry through such transfer

(collectively, the "Transfer Documents") with Party A (or any eligible party designated by Party A).

2.4 When applicable laws permit the exercise of the purchase option provided hereunder and Party A elects to exercise such purchase option, Party B, Party C, Party D and Party E shall unconditionally assist Party A to obtain all approvals, permits, registrations, filings and other procedures necessary to effect the transfer of relevant share equity or assets.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Each party hereto represents to the other parties that:

3.1 It has all the necessary rights, powers and authorizations to enter into this Agreement and perform its duties and obligations hereunder;

3.2 The execution or performance of this Agreement shall not violate any significant contract or agreement to which it is a party or by which it or its assets are bounded.

ARTICLE 4 EXERCISE PRICE

When it is permitted by applicable laws, Party A (or any eligible party designated by Party A) shall have the right to acquire, at any time, all of Party E's assets or its share equity owned by Party B, Party C and Party D, at a price equal to the sum of the principles of the loans (RMB 1,000,000) from Party A to Party B, Party C and Party D under the Loan Agreement. If Party A (or any eligible party designated by Party A) elects to purchase a portion of Party E's share equity or assets, then the exercise price for such purpose shall be adjusted accordingly based on the percentage of such share equity or assets to be purchased over the total share equity or

assets. When Party A (or a qualified entity designated by party A) is to acquire all or a portion of Party E's equity share or assets from Party B, Party C and Party D pursuant to this Agreement, Party A has the right to substitute the principal amounts Party B, Party C and Party D respectively owe Party A under the Loan Agreement for the purchase prices payable to Party B, Party C and Party D, respectively.

ARTICLE 5 COVENANTS

The Parties further agree as follows:

5.1 Before Party A (or a qualified entity designated by Party A) has acquired all the equity or assets of Party E by exercising the purchase option provided hereunder, Party E shall not:

5.1.1 sell, assign, mortgage or otherwise dispose of, or create any encumbrance on, any of its assets, operations or any legal or beneficiary interests with respect to its revenues (unless such sale, assignment, mortgage, disposal or encumbrance is relating to its daily operation or has been disclosed to and agreed by Party A in writing);

5.1.2 enter into any transaction which may materially affect its assets, liability, operation, equity or other legal rights (unless such transaction is relating to its daily operation or has been disclosed to and agreed by Party A in writing); and

5.1.3 distribute any dividend to its shareholders in any manner.

5.2 Before Party A (or a qualified entity designated by party A) has acquired all the equity/assets of Party E by exercising the purchase option provided hereunder, Party B, Party C and/or Party D shall not individually or collectively:

5.2.1 supplement, alter or amend the articles of association of Party E in any manner to the extent that such supplement, alteration or amendment may have a material effect on Party E's assets, liability, operation, equity or other legal rights (except for pro rata increase of registered capital mandated by applicable laws);

5.2.2 cause Party E enter into any transaction to the extent such transaction may have a material effect on Party E's assets, liability, operation, equity or other legal rights (unless such transaction is relating to Party E's daily operation or has been disclosed to and agreed by Party A in writing); and

5.2.3 cause Party E's board of directors adopt any resolution on distributing dividends to its shareholders.

5.3 Party B, Party C and Party D shall, to the extent permitted by applicable laws, cause Party E's operational term to be extended to equal the operational term of ATA Beijing.

5.4 Party A shall provide financings to Party E to the extent Party E needs such financing to finance its operation. In the event that Party E is unable to repay such financing due to its losses, Party A shall waive all recourse against Party E with respect to such financing.

5.5 To the extent Party B, Party C and/or Party D are subject to any legal or economic liabilities to any institution or individual other than Party A as a result of performing their obligations under this Agreement or any other agreements between them and Party A or ATA Beijing, Party A shall provide all support necessary to enable Party B, Party C and/or Party D to duly perform their obligations under this Agreement and any other agreements and to hold Party B, Party C and/or Party D harmless against any loss or damage caused by their performance of obligations under such agreements.

5.6 To the extent Party A decides to transfer all its rights under the Loan Agreement to any third party and informs the other parties in writing, Party A shall have the right to transfer the rights and responsibilities under this Agreement to any third party without the prior consent from the other parties.

ARTICLE 6 CONFIDENTIALITY

Each Party shall keep confidential all the content of this Agreement. Without the prior consent of all Parties, no Party shall disclose any content of this Agreement to any other party or make any public announcements with respect to any content of this Agreement. Notwithstanding the forgoing provisions of this Article 6, the following disclosure shall be permitted: (i) disclosure made pursuant to any applicable laws or any rules of any stock exchange; (ii) disclosure of information which has become public information other than due to any breach by the disclosing party; (iii) disclosure to any Party's shareholders, legal counsel, accountants, financial advisors or other professional advisors, or (iv) disclosure to any potential purchasers of a Party or its shareholders' equity/assets, its other investors, debts or equity financing providers, provided that the receiving party of confidential information has agreed to keep the relevant information confidential (such disclosure shall be subject to the consent of Party A in the event that Party A is not the potential purchaser).

Parties agree that this Article 6 shall survive upon any invalidity, modification, expiration or termination of this Agreement.

ARTICLE 7 APPLICABLE LAW AND EVENTS OF DEFAULT

The execution, effectiveness, interpretation, performance and dispute resolution of this Agreement shall be governed by the laws of the PRC.

Any violation of any provision hereof, incomplete performance of any obligation provided hereunder, any misrepresentation made hereunder, material concealment or omission of any material fact or failure to perform any covenants provided hereunder by any Party shall constitute an event of default. The defaulting Party shall assume all the legal liabilities pursuant to the applicable laws.

ARTICLE 8 DISPUTE RESOLUTION

8.1 Any dispute arising from the performance of this Agreement shall be first subject to the Parties' friendly consultations. In the event any dispute cannot

be solved by friendly consultations, the relevant dispute shall be submitted to China International Economic and Trade Arbitration Commission in accordance with the then effective arbitration rules of the Commission for arbitration;

8.2 The arbitration shall be administered by the Beijing branch of China International Economic and Trade Arbitration Commission in accordance with the then effective arbitration rules of the Commission in Beijing;

8.3 The arbitration award shall be final and binding on the Parties. The costs of the arbitration (including but not limited to arbitration fee and attorney fee) shall be borne by the losing party, unless the arbitration award stipulates otherwise.

ARTICLE 9 EFFECTIVENESS

9.1 This Agreement shall be effective upon the execution hereof by all Parties hereto and shall remain effective thereafter. This Agreement may not be terminated without the unanimous consent of all the Parties except Party A may, by giving a thirty (30) days prior notice to the other Parties hereto, terminate this Agreement.

9.2 In the term of this Agreement, to the extent that the operation term of Party A or Party E expires or is terminated for other reasons, this Agreement shall be terminated upon such expiration or termination, provided that, Party A has transferred its rights and responsibilities pursuant to Article 5.6 under this Agreement.

ARTICLE 10 AMENDMENT

All Parties hereto shall fulfill their respective obligations hereunder. No amendment to this Agreement shall be effective unless such amendment has been agreed by all of the Parties and Party A and Party E have obtained necessary authorization and approvals with respect to such amendment (including the approval that Party A must obtain from the audit committee or other independent body established under the Sarbanes-Oxley Act, the NASDAQ Rules under the board of directors of its overseas holding company -- ATA, Inc.). The amendment or modification to this Agreement shall be the integral part of this Agreement and shall have the same legal effect as this Agreement.

ARTICLE 11 COUNTERPARTS

This Agreement is executed in five (5) counterparts. Party A, Party B, Party C, Party D and Party E shall each hold one counterpart. All the counterparts shall have the same legal effect.

ARTICLE 12 MISCELLANEOUS

12.1 Party B, Party C and Party D's obligations, covenants and liabilities to Party A hereunder are joint and several, and Party B, Party C and Party D shall assume joint and several liabilities with respect to such obligations, covenants and liabilities.
With respect to Party A, a default by Party B, Party C or Party D shall automatically constitute a default by the other Party, and vice versa;

12.2 The title and headings contained in this Agreement are for convenience of reference only and shall not in any way affect the meaning or interpretation of any provision of this Agreement;

12.3 The Parties may enter into supplementary agreements to address any issue not covered by this Agreement. The supplementary agreements so entered shall be an appendix hereto as the integral part of this Agreement and shall have the same legal effect as this Agreement.

(THE FOLLOWING SPACE IS INTENTIONALLY LEFT BLANK)

(Execution Page Only)

Party A: ATA Testing Authority (Holdings) Limited

Authorized Representative (Signature):

Party B: Ma Xiao Feng

(Signature):

Party C: Wang Lin

(Signature):

Party D: Wang Jian Guo

(Signature):

Party E: ATA Online (Beijing) Education Technology Limited

(COMPANY SEAL):

Authorized Representative (Signature):

(CHINESE CHARACTERS)
FRAMEWORK AGREEMENT ON EXERCISE OF CALL OPTION

(CHINESE CHARACTERS):
This Framework Agreement (the "Agreement") is entered into in Beijing, the People's Republic of China on February 12th, 2007, by and between the following parties:

(CHINESE CHARACTERS): ATA Testing Authority (Holdings) Limited
PARTY A: ATA Testing Authority (Holdings) Limited

(CHINESE CHARACTERS): Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands
Registered Address: Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands

(CHINESE CHARACTERS)
PARTY B: Ma Xiao Feng

(CHINESE CHARACTERS)
Address: No. 2 Fu Xing Men Nei Avenue, Beijing, China

(CHINESE CHARACTERS): 110102631021233
ID Number: 11010263102123

(CHINESE CHARACTERS)
PARTY C: Wang Lin

(CHINESE CHARACTERS)
Address: No. 8 Building 2, No. 15 Bei Feng Wo Road, Haidian District, Beijing, China

(CHINESE CHARACTERS): 110108196107114972
ID Number: 110108196107114972

(CHINESE CHARACTERS)
PARTY D: Wang Jian Guo

(CHINESE CHARACTERS)
Address: Room 2706, Tower A, No. 210, Guang An Men Nei Avenue, Xuanwu District, Beijing, China

(CHINESE CHARACTERS): 110102195508080010
ID Number: 110102195508080010

(CHINESE CHARACTERS)
PARTY E: ATA Online Education Technology Limited

(CHINESE CHARACTERS)
Registered Address: Room 528, Building 9, No. 30, Bei San Huan Zhong Road, Haidian District, Beijing, China.

(CHINESE CHARACTERS)
PARTY F: ATA Learning (Beijing), Inc.

(CHINESE CHARACTERS)
Address: 8th Floor, East Tower, No. 6 GongYuan West Road, JianGuoMenNei, Beijing, China

(CHINESE CHARACTERS):
WHEREAS,

(1) (CHINESE CHARACTERS)

Party E is a limited liability duly organized and validly existing under the laws of the People's Republic of China; Party B, Party C and Party D are the shareholders of Party E and each holds 90%, 5% AND 5% equity interests in Party D respectively;

(2) (CHINESE CHARACTERS)
Party A, a limited liability duly organized and validly existing under the laws of the British Virgin Islands, provides certain technical support, strategic consulting and other services through its wholly owned subsidiary in the PRC -- Party F to Party E. Party F currently is a major business partner of Party E;

(3) (CHINESE CHARACTERS)
To finance the investment by Party B, Party C and Party D in Party E, Party A has entered into the Loan Agreements ("Loan Agreement") with Party B, Party C and Party

D on October 27, 2006, providing Party B, Party C and Party D with loans of of RMB 900,000, RMB 50,000 and RMB 50,000 respectively. Pursuant to the Loan Agreement, Party B, Party C and Party D shall invest the full amount of the loans in Party E's registered capital; and

(4) (CHINESE CHARACTERS)
As the consideration of those loans provided to Party B, Party C and Party D, Party B, Party C, Party D entered into the Call Option and Cooperation Agreement (the "Call Option Agreement") with Party A and Party E on October 27, 2006, granting Party A the exclusive purchase option to acquire, at any time upon satisfaction of the requirements under the PRC law, the entire or a portion of Party E's share equity/assets owned by Party B, Party C and/or Party D.

(5) (CHINESE CHARACTERS)
To secure the payment made by Party E to Party F under the agreements, Party B, Party C and Party D entered into the Equity Pledge Agreement (the "Pledge Agreement") with Party F, pledging their equity shares in Party E to Party F respectively.

(6) (CHINESE CHARACTERS)
Pursuant to the Call Option Agreement, Party A intends to exercises its call option to acquire all the equity shares held by Party D in Party E and designates Party C to exercise such call option.

(CHINESE CHARACTERS);
NOW THEREFORE, in accordance with the principle of sincere cooperation, mutual benefit and joint development, after friendly negotiations, Parties hereby enter into this agreement as follows:

(CHINESE CHARACTERS) ARTICLE 1 EXERCISE OF CALL OPTION

1.1 (CHINESE CHARACTERS)
Party A herby grants its call option right to Party C pursuant to Article 2.1 of the Call Option Agreement and Party C accepts such grant. Party C shall, pursuant the provision of the Call Option Agreement, to exercise the call option right to acquire all the equity shares owned by Party D in Party E.

1.2 (CHINESE CHARACTERS)

Pursuant to Article 4 of the Call Option Agreement, Party C shall, with Party A's authorization, acquire all the equity shares held by Party D in Party E at a price equal to the principle of the loan (RMB 50,000) provide by Party A to Party D (the "Consideration").

(CHINESE CHARACTERS) ARTICLE 2 SHARE TRANSFER

2.1 (CHINESE CHARACTERS)
Pursuant to Article 2.3 of the Call Option Agreement, Party D and Party C shall, within thirty (30) days upon Party D's receipt of the Exercise

Notice from Party A (Exhibit A), enter into a Share Transfer Agreement (the "Share Transfer Agreement") substantially in the form of Exhibit B and other documents necessary for the registration of changes with the Administrative Department of Industry and Commerce

2.2 (CHINESE CHARACTERS)
Party B hereby agrees to waive its right of first of refusal granted by Party E's Article of Association or applicable laws on all the equity shares held by Party D in Party E.

(CHINESE CHARACTERS) ARTICLE 3 LOAN ARRANGEMENT

3.1 (CHINESE CHARACTERS)
The consideration shall be fully provided by Party A to Party C so as to purchase all the equity shares held by Party D in Party E. Party A and Party C shall enter into an amendment to the Loan Agreement substantially in the form of Exhibit C and satisfactory to Party A. The new loan shall be RMB 50,000.

3.2 (CHINESE CHARACTERS)
Party C shall agree and irrevocably designate Party A to pay the new loan provided by Party A to Party D directly pursuant to the terms and conditions under this Agreement.

3.3 (CHINESE CHARACTERS)
Party D shall agree to pay such amount received by selling Party E's share equity to

Party A in performing its obligations under the Loan Agreement. The Loan Agreement between Party D and Party A shall be terminated upon the completion of Party D's repayment pursuant to Article 4.2 of the Loan Agreement.

(CHINESE CHARACTERS) ARTICLE 4 OFFSET BETWEEN PAYMENT AND OBLIGATION

4.1 (CHINESE CHARACTERS)
Pursuant to Article 3.2, all parties agree that Party A shall pay the full consideration to Party D directly on the date of the change of the registration with the Administrative Department of Industry and Commerce ("AIC registration date). Pursuant to Article 1.1 of the Loan Agreement, Party D shall repay full amount of the loan to Party A upon the exercise of the call option, Party A and Party D agree that the foregoing loan will be offset at the same time. Upon the offset, Party A shall not pay any amount to Party D for the purchase, and Party D shall not repay any amount to Party D for the purpose of the loan.

4.2 (CHINESE CHARACTERS)
Notwithstanding the foregoing provisions, upon the offset, Party D shall provide a receipt to Party C stating they have been paid full amount of the purchase (Party D Receipt, Exhibit D) and Party C's obligation under the Share Transfer Agreement have been fully performed. Party A shall provide a receipt to Party D stating they have been paid all amount of the loan ("Part A Receipt", Exhibit E) and Party D's obligations under the Loan Agreement has been fully performed.

(CHINESE CHARACTERS) ARTICLE 5 MODIFICATION OF THE CALL OPTION AGREEMENT

5.1 (CHINESE CHARACTERS)
All Parties agree, as a condition precedent to Party A's payment of the consideration to Party C, on the date of the execution of the Share Transfer Agreement, Party C shall enter into a new Call Option and Cooperation Agreement with Party A, Party B and Party E substantially in the form of Exhibit F.

5.2 (CHINESE CHARACTERS)

The prior Call Option Agreement shall be terminated on the AIC Registration Date, Party D's obligation under the prior Call Option Agreement shall be terminated, unless otherwise stipulated in such agreement or agreed by all the parties.

(CHINESE CHARACTERS) ARTICLE 6 MODIFICATION OF THE PLEDGE AGREEMENT

6.1 (CHINESE CHARACTERS)
All Parties agree, as a condition precedent to Party A's payment of the consideration to Party C, on the date of the execution of the Share Transfer Agreement, Party C shall enter into a new Share Pledge Agreement with Party A, Party B and Party E substantially in the form of Exhibit G.

6.2 (CHINESE CHARACTERS)
The prior Share Pledge Agreement shall be terminated on the AIC Registration Date, Party D's obligation under the prior Share Pledge Agreement shall be terminated, unless otherwise stipulated in such agreement or agreed by all the parties.

(CHINESE CHARACTERS) ARTICLE 7 CONFIDENTIALITY

(CHINESE CHARACTERS)
Without other parties' prior consent, each Party shall keep all the information of this Agreement confidential and shall not disclose any information of this Agreement to any other party or make any public announcements with respect to any information of this Agreement. Notwithstanding the forgoing, the following disclosure shall not be prohibited: (i) disclosure made pursuant to any applicable laws or any rules of any stock exchange; (ii) disclosure of the information which has become public information other than due to any breach by the disclosing party; (iii) disclosure to any Party's shareholders, legal counsel, accountants, financial advisors or other professional advisors, or (iv) disclosure to any potential purchaser of a Party or its shareholders' equity/assets, its other investors, debts or equity financing providers, provided that the receiving party of confidential information has agreed to keep the relevant information confidential (such disclosure shall be subject to the consent of Party A in the event that Party A is not the transferor).

(CHINESE CHARACTERS) ARTICLE 8 NOTICE

8.1 (CHINESE CHARACTERS)
Any notices, requests, demands and other communications under this Agreement shall be in writing and deliver to all parties as the address stated on the page first written above.

8.2 (CHINESE CHARACTERS)
Any notice under this Agreement shall be delivered to another party's address and/or number via the courier, postage prepaid registered air mail, recognized express service or facsimile. Any notice so addresses thereof shall be deemed to have been delivered, (a) when received, if delivered by hand, (b) on the seventh day following the date of deposit of postage prepaid registered air mail (upon stamp or seal) (c) on the third day following the date of deposit with a courier service, and (d) on the next business day following the date of facsimile transmission.

(CHINESE CHARACTERS) ARTICLE 9 DISPUTE RESOLUTION

9.1 (CHINESE CHARACTERS)
In the event of any dispute with respect to the interpretation and performance of the provisions of this Agreement, the parties shall first try to resolve such dispute through friendly consultations in good faith. In the event that the disputing parties cannot enter into a written agreement after the consultation, any party may submit the relevant dispute for arbitration pursuant to the relevant provisions of this Agreement. The arbitration award shall be final and exclusive. Except otherwise stipulated in this Agreement, any party hereby irrevocably waives its right to submit any dispute to the court.

9.2 (CHINESE CHARACTERS)

Any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission ("Arbitration Commission") for arbitration in accordance with its then effective arbitration rules. Unless otherwise decided by the arbitration tribunal, the arbitration fee (reasonable fees and expenses of legal counsel) shall be borne by the losing party.

(CHINESE CHARACTERS) ARTICLE 10 MISCELLANEOUS

10.1 (CHINESE CHARACTERS)
No failure or delay by a Party in exercising any right under this Agreement operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or future exercise thereof or the exercise of any other right.

10.2 (CHINESE CHARACTERS)
The titles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

10.3 (CHINESE CHARACTERS)
The execution, effectiveness, interpretation, performance and dispute resolution of this Agreement shall be governed by the laws of the PRC.

10.4 (CHINESE CHARACTERS)
All parties enter into this Agreement for legal purpose, in case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement. Parties shall use every effort to reach the new provisions superceding the invalid, illegal, or unenforceable provision so that it will be valid, legal, and enforceable to the maximum extent of parties' commercial purpose.

10.5 (CHINESE CHARACTERS)
This Agreement shall not be amended unless such amendment has been agreed by all of the Parties and Party A, Party E and Party F have obtained all necessary authorization and approvals with respect to such amendment (including the approval that Party A must obtain from the audit committee or other independent body established according to the Sarbanes-Oxley Act and the NASDAQ Rules under the board of directors), the amendment shall be made in written.

10.6 (CHINESE CHARACTERS)
The Parties may enter into supplementary agreements to address any issue not covered in this Agreement. The supplementary agreements so entered shall be an appendix

hereto shall have the same legal effect as this Agreement.

10.7 (CHINESE CHARACTERS)
This Agreement shall be executed in six counterparts and have the same legal effect. Each of the Parties shall hold one counterpart.

10.8(CHINESE CHARACTERS)
This Agreement shall become effective upon the execution.

(CHINESE CHARACTERS)
[The remainder of this page intentionally left blank.]

[(CHINESE CHARACTERS)]
[Signature Page]

(CHINESE CHARACTERS):
THIS FRAMEWORK IS ENTER INTO BY AND AMONG THE FOLLOWING PARTIES:

(CHINESE CHARACTERS): ATA TESTING AUTHORITY (HOLDINGS) LIMITED
PARTY A: ATA TESTING AUTHORITY (HOLDINGS) LIMITED
(CHINESE CHARACTERS):
(COMPANY SEAL)
(CHINESE CHARACTERS):
AUTHORIZED REPRESENTATIVE (SIGNATURE)

(CHINESE CHARACTERS)
PARTY B: MA XIAO FENG
(CHINESE CHARACTERS):
(SIGNATURE)

(CHINESE CHARACTERS)
PARTY C: WANG LIN
(CHINESE CHARACTERS):
(SIGNATURE)

(CHINESE CHARACTERS)
PARTY D: WANG JIAN GUO
(CHINESE CHARACTERS):
(SIGNATURE)

(CHINESE CHARACTERS)
PARTY E:
(CHINESE CHARACTERS): ATA Online Education Technology Limited
(COMPANY SEAL)

(CHINESE CHARACTERS):
AUTHORIZED REPRESENTATIVE (SIGNATURE)

(CHINESE CHARACTERS)
PARTY F: ATA Learning (Beijing), Inc.
(CHINESE CHARACTERS):
(COMPANY SEAL)
(CHINESE CHARACTERS):
AUTHORIZED REPRESENTATIVE (SIGNATURE)

(CHINESE CHARACTERS)
Exhibit A Call Option Exercise Notice

(CHINESE CHARACTERS)
Exhibit B Share Transfer Agreement

(CHINESE CHARACTERS)
Exhibit C Amendment to Loan Agreement

Exhibit 10.11

ATA TESTING AUTHORITY (HOLDINGS) LIMITED

(CHINESE CHARACTERS)
OPTION EXERCISE NOTICE

(CHINESE CHARACTERS)
(CHINESE CHARACTERS)

To: Mr. Wang Jian Guo
Address: Room 2706, Tower A, No. 210, Guang An Men Nei Avenue, Xuanwu District, Beijing, China

(CHINESE CHARACTERS): 07/02/12
Date: February, 12th, 2007

(CHINESE CHARACTERS):
Dear Mr. Wang Jianguo:

(CHINESE CHARACTERS)
As per the Call Option and Cooperation Agreement entered into on October 27, 2006 among us and others, we hereby designate Mr. Wang Lin (ID Number: 110108196107114972) to acquire all of the share equity of ATA Online Education Technology Limited owned by you. Please do anything necessary to completed the transfer of shares within [30] days of this Notice.

(CHINESE CHARACTERS)!
Your truly,

- ------------------
ATA TESTING AUTHORITY (HOLDINGS) LIMITED
(CHINESE CHARACTERS) Name:
(CHINESE CHARACTERS) Position:

Exhibit 10.12

CALL OPTION AND COOPERATION AGREEMENT

Among

ATA TESTING AUTHORITY (HOLDINGS) LIMITED.

MA XIAO FENG

WANG LIN

and

ATA ONLINE (BEIJING) EDUCATION TECHNOLOGY LIMITED

February, 12th, 2007
BEIJING, CHINA

CALL OPTION AND COOPERATION AGREEMENT

This Call Option and Cooperation Agreement ("this Agreement") is entered into in Beijing, People's Republic of China (the "PRC") on [February, 12th], 2007 by and among:

Party A: ATA Testing Authority (Holdings) Limited.
Address: Sea Meadow House, Blackburne Highway, (P.O.Box 116), Road Town, Tortola, British Virgin Islands

Party B: Ma Xiao Feng
Address: No. 2 Fu Xing Men Nei Avenue, Beijing, China
ID Number: 110102631021233

Party C: Wang Lin
Address: No. 8 Building 2, No. 15 Bei Feng Wo Road, Haidian District, Beijing, China
ID Number: 110108196107114972

Party D: ATA Online Education Technology Limited
Address: Room 528, Building 9, No. 30, Bei San Huan Zhong Road, Haidian District, Beijing, China.

WHEREAS,

(1) Party D, a company with limited liability duly organized under the People's Republic of China, Party B and Party C are shareholders of Party D and each

holds 90% and 10% equity interests in Party D, respectively;

(2) Party A, a company with limited liability duly organized and validly existing under the laws of the British Virgin Islands, provides through its wholly owned subsidiary in the PRC -- ATA Learning (Beijing), Inc. (hereinafter referred to as "ATA Beijing") certain technical support, strategic consulting and other services to Party D, and currently ATA Beijing is a major business partner of Party D;

(3) To finance the investment by Party B and Party C in Party D, Party A has entered into loan agreements respectively with Party B and Party C on October 27, 2006 and has entered into an amendment to loan agreement with Party C on [ ] 2007 (collectively, the "Loan Agreement"). According the Loan Agreement, Party A has provided Party B and Party C with loans of 900,000 RMB Yuan and 100,000 RMB

Yuan respectively. Pursuant to the Loan Agreement, Party B and Party C shall invest the full amount of the loans in Party D's registered capital; and

(4) Party B and Party C hereto wish to grant Party A or its designated eligible entity the exclusive purchase option to acquire, at any time upon satisfaction of the requirements under the PRC law, the entire or a portion of Party D's share equity/assets owned by Party B and/or Party C.

NOW THEREFORE, in accordance with the principle of sincere cooperation, mutual benefit and joint development and after friendly negotiations, the Parties hereby enter into the following agreements pursuant to the provisions of relevant laws and regulations of the PRC:

ARTICLE 1 DEFINITIONS

The terms used in this Agreement shall have the meanings set forth below:

1.1. "This Agreement" means this Call Option and Cooperation Agreement and all appendices thereto, including written instruments as originally executed and as may from time to time be amended and supplemented by the Parties hereto through written agreements;

1.2. "The PRC" means, for the purpose of this Agreement, the People's Republic of China, excluding Hong Kong, Taiwan and Macao;

1.3. "Date" means the year, month and day. In this Agreement, "within" or "no later than", when used before a year, month or day, shall always include the relevant year, month or day.

ARTICLE 2 THE GRANT AND EXERCISE OF PURCHASE OPTION

2.1 The Parties hereto agree that Party A shall be granted an exclusive purchase option to acquire, at any time upon satisfaction of the requirements under applicable laws and conditions as agreed in this Agreement (including, without limitation, when Party B and/or Party C cease to be Party D's directors or employees, or Party B and/or Party C attempt to transfer their share equity in Party D to any party other than the existing shareholders of Party D) or designate eligible entity to acquire entire or a portion of Party D's share equity or owned by Party B and Party C or each of them("Option"). The Option granted hereby shall be irrevocable during the term of

this Agreement and may be exercised by Party A or any eligible entity designated by Party A.

2.2 Pursuant to the laws and regulations of the PRC, Party A (or its designated eligible entity) may exercise the Option by delivering a written notice to any of Party B and Party C or Party D (as the case maybe) (the "Exercise Notice"). The Exercise Notice shall define the specific portion of the shares to be purchased from Party B and/or Party C or the assets to be purchased from Party D (hereinafter referred to as the "Purchased Shares (Asset)) and the purchase method.

2.3 Within thirty (30) days of the receipt of the Exercise Notice, Party B, Party C or Party D (as the case may be) shall execute a share/asset transfer contract and other documents necessary to carry through such transfer (collectively, the "Transfer Documents") with Party A (or any eligible party designated by Party A).

2.4 When applicable laws permit the exercise of the purchase option provided hereunder and Party A elects to exercise such purchase option, Party B, Party C and Party D shall unconditionally assist Party A to obtain all approvals, permits, registrations, filings and other procedures necessary to effect the transfer of relevant share equity or assets.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Each party hereto represents to the other parties that:

3.1 It has all the necessary rights, powers and authorizations to enter into this Agreement and perform its duties and obligations hereunder;

3.2 The execution or performance of this Agreement shall not violate any significant contract or agreement to which it is a party or by which it or its assets are bounded.

ARTICLE 4 EXERCISE PRICE

When it is permitted by applicable laws, Party A (or any eligible party designated by Party A) shall have the right to acquire, at any time, all of Party D's assets or its share equity owned by Party B and Party C, at a price equal to the sum of the principles of the loans (RMB 1,000,000) from Party A to Party B and Party C under the Loan Agreement. If Party A (or any eligible party designated by Party A) elects to purchase a portion of Party D's share equity or assets, then the exercise price for such purpose shall be adjusted accordingly based on the percentage of such share

equity or assets to be purchased over the total share equity or assets. When Party A (or a qualified entity designated by party A) is to acquire all or a portion of Party D's equity share or assets from Party B and Party C pursuant to this Agreement, Party A has the right to substitute the principal amounts Party B and Party C respectively owe Party A under the Loan Agreement for the purchase prices payable to Party B and Party C, respectively.

ARTICLE 5 COVENANTS

The Parties further agree as follows:

5.1 Before Party A (or a qualified entity designated by Party A) has acquired all the equity or assets of Party D by exercising the purchase option provided hereunder, Party D shall not:

5.1.1 sell, assign, mortgage or otherwise dispose of, or create any encumbrance on, any of its assets, operations or any legal or beneficiary interests with respect to its revenues (unless such sale, assignment, mortgage, disposal or encumbrance is relating to its daily operation or has been disclosed to and agreed by Party A in writing);

5.1.2 enter into any transaction which may materially affect its assets, liability, operation, equity or other legal rights (unless such transaction is relating to its daily operation or has been disclosed to and agreed by Party A in writing); and

5.1.3 distribute any dividend to its shareholders in any manner.

5.2 Before Party A (or a qualified entity designated by party A) has acquired all the equity/assets of Party D by exercising the purchase option provided hereunder, Party B and/or Party C shall not individually or collectively:

5.2.1 supplement, alter or amend the articles of association of Party D in any manner to the extent that such supplement, alteration or amendment may have a material effect on Party D's assets, liability, operation, equity or other legal rights (except for pro rata increase of registered capital mandated by

applicable laws);

5.2.2 cause Party D enter into any transaction to the extent such transaction may have a material effect on Party D's assets, liability, operation, equity or other legal rights (unless such transaction is relating to Party D's daily operation or has been disclosed to and agreed by Party A in writing); and

5.2.3 cause Party D's board of directors adopt any resolution on distributing dividends to its shareholders.

5.3 Party B and Party C shall, to the extent permitted by applicable laws, cause Party D's operational term to be extended to equal the operational term of ATA Beijing.

5.4 Party A shall provide financings to Party D to the extent Party D needs such financing to finance its operation. In the event that Party D is unable to repay such financing due to its losses, Party A shall waive all recourse against Party D with respect to such financing.

5.5 To the extent Party B and/or Party C are subject to any legal or economic liabilities to any institution or individual other than Party A as a result of performing their obligations under this Agreement or any other agreements between them and Party A or ATA Beijing, Party A shall provide all support necessary to enable Party B and/or Party C to duly perform their obligations under this Agreement and any other agreements and to hold Party B and/or Party C harmless against any loss or damage caused by their performance of obligations under such agreements.

5.6 To the extent Party A decides to transfer all its rights under the Loan Agreement to any third party and informs the other parties in writing, Party A shall have the right to transfer the rights and responsibilities under this Agreement to any third party without the prior consent from the other parties.

ARTICLE 6 CONFIDENTIALITY

Each Party shall keep confidential all the content of this Agreement. Without the prior consent of all Parties, no Party shall disclose any content of this Agreement to any other party or make any public announcements with respect to any content of this Agreement. Notwithstanding the forgoing provisions of this Article 6, the following disclosure shall be permitted: (i) disclosure made pursuant to any applicable laws or any rules of any stock exchange; (ii) disclosure of information which has become public information other than due to any breach by the disclosing party; (iii) disclosure to any Party's shareholders, legal counsel, accountants, financial advisors or other professional advisors, or (iv) disclosure to any potential purchasers of a Party or its shareholders' equity/assets, its other investors, debts or equity financing providers, provided that the receiving party of confidential information has agreed to keep the relevant information confidential (such disclosure shall be subject to the consent of Party A in the event that Party A is not the potential purchaser).

Parties agree that this Article 6 shall survive upon any invalidity, modification, expiration or termination of this Agreement.

ARTICLE 7 APPLICABLE LAW AND EVENTS OF DEFAULT

The execution, effectiveness, interpretation, performance and dispute resolution of this Agreement shall be governed by the laws of the PRC.

Any violation of any provision hereof, incomplete performance of any obligation provided hereunder, any misrepresentation made hereunder, material concealment or omission of any material fact or failure to perform any covenants provided hereunder by any Party shall constitute an event of default. The defaulting Party shall assume all the legal liabilities pursuant to the applicable laws.

ARTICLE 8 DISPUTE RESOLUTION

8.1 Any dispute arising from the performance of this Agreement shall be first subject to the Parties' friendly consultations. In the event any dispute cannot be solved by friendly consultations, the relevant dispute shall be submitted to China International Economic and Trade Arbitration Commission in accordance with the then effective arbitration rules of the Commission for arbitration;

8.2 The arbitration shall be administered by the Beijing branch of China International Economic and Trade Arbitration Commission in accordance with the then effective arbitration rules of the Commission in Beijing;

8.3 The arbitration award shall be final and binding on the Parties. The costs of the arbitration (including but not limited to arbitration fee and attorney fee) shall be borne by the losing party, unless the arbitration award stipulates otherwise.

ARTICLE 9 EFFECTIVENESS

9.1 This Agreement shall be effective upon the execution hereof by all Parties hereto and shall remain effective thereafter. This Agreement may not be terminated without the unanimous consent of all the Parties except Party A may, by giving a thirty (30) days prior notice to the other Parties hereto, terminate this Agreement. This Agreement shall fully replace and substitute the Call Option and Cooperation Agreement dated October 27 2006 entered by ATA Testing Authority (Holdings) Limited, ATA Online Education Technology Limited, Ma Xiaofeng, Wang Lin and Wang Jianguo.

9.2 In the term of this Agreement, to the extent that the operation term of Party A or Party D expires or is terminated for other reasons, this Agreement shall be terminated upon such expiration or termination, provided that, Party A has transferred its rights and responsibilities pursuant to Article 5.6 under this Agreement.

ARTICLE 10 AMENDMENT

All Parties hereto shall fulfill their respective obligations hereunder. No amendment to this Agreement shall be effective unless such amendment has been agreed by all of the Parties and Party A and Party D have obtained necessary authorization and approvals with respect to such amendment (including the approval that Party A must obtain from the audit committee or other independent body established under the Sarbanes-Oxley Act, the NASDAQ Rules under the board of directors of its overseas holding company -- ATA, Inc.). The amendment or modification to this Agreement shall be the integral part of this Agreement and shall have the same legal effect as this Agreement.

ARTICLE 11 COUNTERPARTS

This Agreement is executed in four (4) counterparts. Party A, Party B, Party C and Party D shall each hold one counterpart. All the counterparts shall have the same legal effect.

ARTICLE 12 MISCELLANEOUS

12.1 Party B and Party C's obligations, covenants and liabilities to Party A hereunder are joint and several, and Party B and Party C shall assume joint and several liabilities with respect to such obligations, covenants and liabilities. With respect to Party A, a default by Party B or Party C shall automatically constitute a default by the other Party, and vice versa;

12.2 The title and headings contained in this Agreement are for convenience of reference only and shall not in any way affect the meaning or interpretation of any provision of this Agreement;

12.3 The Parties may enter into supplementary agreements to address any issue not covered by this Agreement. The supplementary agreements so entered shall be an appendix hereto as the integral part of this Agreement and shall have the same legal effect as this Agreement.

(THE FOLLOWING SPACE IS INTENTIONALLY LEFT BLANK)

(Execution Page Only)

Party A: ATA Testing Authority (Holdings) Limited
(COMPANY SEAL):

Authorized Representative (Signature):

Party B: Ma Xiao Feng

(Signature):

Party C: Wang Lin

(Signature):

Party D: ATA Online (Beijing) Education Technology Limited

(COMPANY SEAL):

Authorized Representative (Signature):

Exhibit 10.13

EQUITY PLEDGE AGREEMENT

This Equity Pledge Agreement (this "Agreement") is executed by and among the following parties on February, 12th , 2007 in Beijing, China.

PLEDGOR A: Ma Xiao Feng
ID NUMBER: 110102631021233
ADDRESS: No. 2 Fu Xing Men Wai Avenue, West District, Beijing, China

PLEDGOR B: Wang Lin
ID NUMBER: 110108196107114972
ADDRESS: No. 8, Building 2, No. 15 Bei Feng Wo Road, Haidian District, Beijing, China

Unless otherwise provided hereunder, Pledgor A and Pledgor B shall hereinafter be referred to collectively as the "Pledgors".

PLEDGEE: ATA Learning (Beijing), Inc.
REGISTERED ADDRESS: 8th Floor, East Tower, No. 6 GongYuan West Road, JianGuoMenNei, Beijing, China
POST CODE: 100005

WHEREAS:

Pledgors, Ma Xiao Feng and Wang Lin are all citizens of the People's Republic of China (the "PRC"), and each holds 90% and 10% interests in ATA Online (Beijing) Education Technology Limited (hereinafter referred to as "ICP Company") respectively. ICP Company is a company registered in Beijing, PRC, engaged in the business of Internet Testing Preparation Service.

Pledgee is a wholly foreign-owned enterprise registered in Beijing, PRC, with approvals from the relevant PRC authorities to engage in the business of, among others, the internet testing preparation service. Pledgee and ICP Company owned by Pledgors have entered into the agreements listed in Appendix 1 hereto (collectively, the "Service Agreements").

To secure the fees payable under the Service Agreements (the "Service Fee") from ICP Company to Pledgee, Pledgors hereby pledge their respective interests in

ICP Company to Pledgee as pledge for all indebtedness of ICP Company to Pledgee pursuant to Service Agreements.

Pursuant to the provisions of the Service Agreements, Pledgors and Pledgee have agreed to enter into this Agreement according to the following terms and conditions.

1. DEFINITIONS

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 "Pledge Rights" means the rights set forth in Article 2 of this Agreement.

1.2 "Share Equity" means the equity interest held by Pledgors in ICP Company.

1.3 "Pledged Property" means the equity interest and the dividends deriving therefrom pledged by Pledgors to Pledgee under this Agreement.

1.4 "Secured Indebtedness" means all the amounts payable by ICP Company to Pledgee under the Service Agreements, including the Service Fee and interests accrued thereon, liquidated damages, compensations, costs and expenses incurred by Pledgee in connection with collection of such fees, interest, damages and compensations, and losses incurred to Pledgee as a result of any default by ICP

Company and other expenses payable under the Service Agreements.

1.5 "Term of Pledge" means the term stated in Section 4.1 of this Agreement.

1.6 "Service Agreements" means all the agreements entered into by ICP Company and Pledgee as set forth in Appendix 1 hereto.

1.7 "Event of Default" means any event set forth in Article 8 of this Agreement.

1.8 "Notice of Default" means the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. PLEDGE RIGHTS

2.1 Pledgors hereby pledge to Pledgee all of their Share Equity in ICP Company to secure the Secured Indebtedness of ICP Company. Pledge Rights shall mean Pledgee's

priority right in receiving compensation from the proceeds of convert, auction or sale of the Pledged Property pledged by Pledgors to Pledgee, which includes the dividends generated by the Share Equity during the term of this Agreement.

3. SCOPE OF PLEDGE SECURITY

3.1 The scope of pledge security hereunder shall cover all of the Secured Indebtedness, including all the Service Fee and interest accrued thereon, liquidated damages, compensation, costs for actualizing creditor's right arising out of Service Agreements paid by ICP Company to Pledgee, or losses incurred to Pledgee as a result of any default by ICP Company and all other expenses payable under the Service Agreements.

4. TERM OF PLEDGE AND REGISTRATION

4.1 This Agreement shall become effective on the date when the Pledge hereunder is registered in the Shareholders' List of ICP Company. The term of the Pledge shall be the same as the term of the Strategy Consulting Services Agreement (should the term of the Strategy Consulting Services Agreement be extended, the term of the Pledge shall be extended accordingly). Pledgors shall cause ICP Company to register the Pledge hereunder in its Shareholders' List within three (3) days after this Agreement is executed.

4.2 In the event that any change of the matters registered in ICP Company's Shareholders' List is required as a result of change of any matters relating to the Pledge, Pledgors and Pledgee shall cause the matters registered in ICP Company's Shareholders' List be changed accordingly within fifteen (15) days after such change takes place.

5. CUSTODY OF CERTIFICATES

Pledgors shall deliver to Pledgee the capital contribution certificates with respect to their interest in ICP Company and ICP Company's Shareholders' List within seven (7) days after this Agreement is executed.

6. REPRESENTATIONS AND WARRANTIES OF PLEDGORS

6.1 Pledgors are legally registered shareholders of ICP Company.

6.2 Pledgors fully understand the contents of the Service Agreements and have entered into this Agreement voluntarily with genuine expression. The signatories signing this Agreement on behalf of Pledgors have the rights and authorizations

to do so.

6.3 All documents, materials and certificates provided by Pledgors to Pledgee hereunder are correct, true, complete and valid.

6.4 When Pledgee exercises its right hereunder at any time in accordance with this Agreement, there shall be no intervention from any other parties.

6.5 Pledgee shall have the right to dispose of and transfer the Pledge Rights in accordance with the provisions hereof.

6.6 Pledgors have not created any pledge right over the Share Equity other than the Pledge created to Pledgee hereunder.

7. COVENANTS OF PLEDGORS

7.1 For the benefit of Pledgee, Pledgors hereby make the following covenants, during the term of this Agreement:

7.1.1 without the prior written consent of Pledgee, Pledgors shall not transfer the Share Equity, or create or consent to any creation of any pledge over, the Share Equity that may affect Pledgee's rights and interests hereunder, or cause the shareholders' meetings of ICP Company to adopt any resolution on sale, transfer, pledge or in other manner disposal of the Share Equity or approving the creation of any other security interest on the Share Equity, unless otherwise provided the Share Equity may be transferred to Pledgee or any party designated by Pledgee according to Call Option and Cooperation Agreement [ ], 2007 among Pledgors, ATA Testing Authority (Holdings) Limited and ICP Company, or Pledgors may transfer the Share Equity to each other to the extent such transfer will not effect validity of Pledge Rights hereunder (the transferring Pledgor shall deliver a prior notice to Pledgee before making the transfer).

7.1.2 Pledgors shall comply with all laws and regulations applicable to the Pledge. Within five (5) days of receipt of any notice, order or recommendation issued or promulgated by competent government authorities relating to the Pledge, Pledgors shall deliver such notice, order or recommendation to Pledgee, and shall comply with

the same, or make objections or statements with respect to the same upon Pledgee's reasonable request or with Pledgee's consent.

7.1.3 Pledgors shall promptly notify Pledgee of any event or notice received by Pledgors that may have a material effect on Pledgee's rights in the Pledged Property or any portion thereof, as well as promptly notify Pledgee of any change to any warranty or obligation of Pledgors hereunder, or any event or notice received by Pledgors that may have a material effect to any warranty or obligation of the Pledgors hereunder.

7.2 Pledgors warrant that Pledgee's exercise of the Pledge Rights as pledge pursuant to this Agreement shall not be interrupted or impaired by Pledgors or any successors or representatives of Pledgors or any other parties through any legal proceedings.

7.3 Pledgors hereby warrant to Pledgee that, to protect or perfect the security interest created by this Agreement to secure the Secured Indebtedness, Pledgors will execute in good faith, and cause other parties who have an interest in the Pledge Rights to execute, all certificates of rights and instruments as requested by Pledgee, and/or take any action, and cause other parties who have an interest in the Pledge Rights to take any action, as requested by Pledgee, and facilitate the exercise by Pledgee of its rights and authority provided hereunder, and execute all amendment documents relating to certificates of Share Equity with Pledgee or its designated person(s) (natural persons/legal persons), and shall provide Pledgee, within a reasonable period of time, with all notices, orders and decisions regarding the Pledge Rights requested by Pledgee. Pledgors hereby warrant to Pledgee that, for Pledgee's benefit, Pledgors shall comply with and perform all warranties, covenants, agreements, representations and conditions provided hereunder. In the event that Pledgors fail to perform or partially perform any warranties, covenants, agreements, representations and

conditions, Pledgors shall indemnify Pledgee for all of its losses resulting therefrom.

8. EVENTS OF DEFAULT

8.1 Each of the following events shall constitute an Event of Default:

8.1.1 ICP Company fails to pay in full any Secured Indebtedness on time;

8.1.2 Any representation or warranty made by Pledgors under Article 6 of this Agreement is materially misleading or untrue, or Pledgors have violated any of the warranties in Article 6 of this Agreement;

8.1.3 Pledgors breach any of the covenants in Article 7 of this Agreement;

8.1.4 Pledgors breach any other provisions of this Agreement;

8.1.5 Pledgors give up all or any part of the Pledged Property, or transfer all or any part of the Pledged Property without the written consent of Pledgee (except the transfers permitted hereunder);

8.1.6 Any of Pledgors' loans, guarantees, indemnification, commitment or other indebtedness to any third party (1) have been subject to a demand of early repayment or performance due to an event of default; or (2) have become due but failed to be repaid or performed in a timely manner, thus leading Pledgee to believe that Pledgors' ability to perform their obligations under this Agreement has been impaired;

8.1.7 Pledgors are unable to repay any other material debts;

8.1.8 Any applicable laws have rendered this Agreement illegal or made it impossible for Pledgors to continue to perform their obligations hereunder;

8.1.9 All approvals, licenses, permits or authorizations from government agencies that make this Agreement enforceable, legal and effective have been withdrawn, terminated, invalidated or substantively revised;

8.1.10 Any adverse change has taken place to any properties owned by Pledgors, which leads Pledgee to believe that Pledgors' ability to perform their obligations under this Agreement has been affected;

8.1.11 The successor or trustee of ICP Company is only able to partially perform or refuses to perform the payment obligations under the Service Agreements;

8.1.12 Any breach of other provisions of this Agreement resulting from any action or omission by Pledgors; and

8.1.13 Any other event whereby Pledgee is unable to exercise its right with respect to the Pledge hereunder pursuant to relevant laws.

8.2 Pledgors shall immediately notify Pledgee in writing of any event set forth in Section 8.1 or any circumstance which may lead to any such event as soon as Pledgors know or are aware of such event.

8.3 Unless an Event of Default set forth in this Section 8.1 has been resolved to the satisfaction of Pledgee, Pledgee may, upon the occurrence of an Event of Default or at any time thereafter, issue a Notice of Default to Pledgors in writing and demand that Pledgors to immediately pay all the amounts due under the Service Agreements and all other amounts payable due to Pledgee, or exercise Pledge Rights in accordance with the provisions of this Agreement as permitted by Chinese laws and regulations.

9. EXERCISE OF PLEDGE RIGHTS

9.1 Prior to the full payment of Secured Indebtedness under the Service Agreements, Pledgors shall not assign, or in any other manner dispose of, the Pledged Property without Pledgee's written consent.

9.2 If there is any event of Default as set forth in Article 8, Pledgee shall issue a Notice of Default to Pledgors when exercising the Pledge Rights.

9.3 Subject to the provisions of Section 8.3, Pledgee may exercise the right to dispose of the Pledged Property concurrently with the issuance of the Notice of Default in accordance with Section 8.3 or at any time after the issuance of the Notice of Default.

9.4 Pledgee shall have the right to dispose of the Pledged Property under this Agreement in part or in whole in accordance with legal procedures as permitted by Chinese law (including but not limited to negotiated transfer, auction or sale of the Pledged Property) and receive a priority payment from the proceeds of the Pledged Property until all of the Secured Indebtedness have been fully repaid.

9.5 When Pledgee disposes of Pledge Property in accordance with this Agreement, Pledgors shall not create any impediment, and shall provide necessary assistance to enable Pledgee to exercise the Pledge Rights.

10. ASSIGNMENT

10.1 Without Pledgee's prior consent, Pledgors cannot give away or assign to any party their rights and obligations under this Agreement.

10.2 This Agreement shall be valid and binding on each Pledgor and their respective successors.

10.3 Pledgee may assign any and all of its rights and obligations under the Service Agreements to its designated person(s) (natural/legal persons) ("Assignee") at any

time, in which case the Assignee shall have the rights and obligations of Pledgee under this Agreement, as if it were a party to this Agreement.

10.4 In the event that the Pledgee changes due to any transfer permitted hereunder, the new parties to the Pledge shall execute a new pledge agreement.

11. TERMINATION

This Agreement shall be terminated when the Secured Indebtedness has been fully repaid and ICP Company is no longer obliged to undertake any obligations under the Service Agreements. In this circumstance, Pledgee shall cancel or terminate this Agreement as soon as reasonably practicable.

12. HANDLING FEES AND OTHER EXPENSES

12.1 All fees and out of pocket expenses relating to this Agreement, including but not limited to legal fees, cost of documentation, stamp duty and any other taxes and fees, shall be borne by Pledgors. In the event that the law requires Pledgee to pay any taxes, Pledgors shall reimburse Pledgee for such taxes paid by Pledgee.

12.2 In the event that Pledgors fail to pay any taxes or fees in accordance with the provisions of this Agreement, or due to any other reasons, Pledgee has to recover such taxes and fees payable by Pledgors through any means or in any manner, all costs and expenses (including but not limited to all the taxes, handling fees, management fees, cost of litigation, attorney's fees and insurance premiums) resulting therefrom shall be borne by Pledgors.

13. FORCE MAJEURE

13.1 In the event that the performance of this Agreement is delayed or impeded

by "an event of force majeure", the party affected by such event of force majeure shall not be liable for any liability hereunder with respect to the part of performance being delayed or impeded. "An event of force majeure" means any event beyond the reasonable control of the effected party and cannot be avoided even if the affected party has exercised reasonable care, which include but not limited to government actions, acts of God, fire, explosions, geographic changes, storms, flood, earthquakes, tides, lightning and war. Notwithstanding the foregoing, a lack of credit, funds or financing shall not be deemed as a circumstance beyond the reasonable control of an effected party. The party affected by "an event of force majeure" and seeking to relieve the performance liability under this Agreement or any provisions thereof shall notify the

other party of its intention for seeking such relief and the measures it will take to reduce the impact of the force majeure as soon as possible.

13.2 The party affected by force majeure shall not be liable for any liability with respect to the part of performance being delayed or impeded if the effected party has taken reasonable efforts to perform this Agreement. As soon as the cause of such relief is corrected and remedied, the Parties shall use their best efforts to resume the performance of this Agreement.

14. RESOLUTION OF DISPUTES

14.1 This Agreement shall be governed by and construed according to the laws of the PRC.

14.2 In the event of any dispute with respect to the construction and performance of the provisions of this Agreement, the parties shall first try to resolve the dispute through friendly consultations with good faith. Within thirty (30) days upon failure of such consultations, any party may submit the relevant disputes to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration tribunal shall be three (3) arbitrators and shall be administered in Beijing and the language used for the arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. Unless otherwise decided by the arbitration tribunal, the arbitration fee shall be borne by the losing party.

15. NOTICES

Notices sent by the parties hereto shall be in writing ("in writing" shall include facsimiles and telexes). If sent by hand, such notice shall be deemed to have been delivered upon actual delivery; if sent by telex or facsimile, such notice shall be deemed to have been delivered at the time of transmission. If the date of transmission is not a business day or if transmission is after working hours, then the next business day shall be deemed as the date of delivery. The address of delivery shall be the addresses of the Parties stated on the first page of this Agreement or addresses notified in writing at any time after this Agreement is executed. The form of writing shall include fax and telex.

16. AMENDMENTS, TERMINATION AND CONSTRUCTION

16.1 This Agreement shall not be amended, modified or terminated unless such amendment, modification and termination has been agreed by all of the Parties and Parties have obtained all necessary authorization and approvals with respect to such amendment, modification and termination (including the approval that Pledgee must obtain from the audit committee or other independent body established according to the Sarbanes-Oxley Act and the NASDAQ Rules under the board of directors of its overseas holding company -- ATA, Inc.). The attachments, appendixes and other amendments and modifications shall constitute the integral part of this Agreement.

16.2 The duly signed supplemental agreements and amendment to this Agreement

shall be the integral part of this Agreement and shall have the equivalent legal effect. 16.3 The provisions to this Agreement are severable from each other. The invalidity of any provision hereof shall not effect the validity or enforceability of any other provision hereof.

17. EFFECTIVENESS AND OTHERS

17.1 This Agreement shall take effect upon satisfaction of the following conditions:

(1) This Agreement has been executed by all parties hereto; and
(2) Pledgors have recorded the Pledge of Pledge Property hereunder in the Shareholders' List of ICP Company and have handed over such list to Pledgee.

17.2 If any provision of this Agreement is invalid or unenforceable because of inconsistent with the relevant laws, such provision shall be only deemed invalid in such jurisdiction and shall not affect the validity of the remaining provisions.

17.3 This Agreement shall fully replace and substitute the Equity Pledge Agreement dated October 27 2006 entered by ATA Learning (Beijing), Inc., Ma Xiaofeng, Wang Lin and Wang Jianguo.

17.4 This Agreement is written in Chinese in three counterparts. Each of the Parties shall hold one counterpart. Those counterparts shall have the same legal effect.

IN WITNESS WHEREOF, the parties have caused this Agreement executed by their duly authorized representatives in Beijing on the date first above written.

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[Execution Page Only]

Pledgor A:
Signature: Ma Xiao Feng

Pledgor B:
Signature: Wang Lin

Pledgee: ATA Learning (Beijing), Inc. [COMPANY SEAL]

Authorized representative:

Exhibit 21.1

LIST OF SUBSIDIARIES

Wholly Owned Subsidiaries:

- ATA Testing Authority (Holdings) Limited, incorporated in the British Virgin Islands
- ATA Testing Authority (Beijing) Limited, incorporated in the People's Republic of China
- ATA Learning (Beijing) Inc., incorporated in the People's Republic of China

Consolidated Affiliated Entity:

- ATA Online (Beijing) Education Technology Limited, incorporated in the People's Republic of China

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
ATA Inc.:

We consent to the use of our report dated September 1, 2007, except as to Note 2(d) and paragraphs (b) and (c) of Note 19, which are as of October 15, 2007, and as to paragraph (d) of Note 19, which is as of January 7, 2008, with respect to the consolidated balance sheets of ATA Inc. and its subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, included herein and to the reference to our firm under the heading "Experts" in the registration statement.

Hong Kong, China
January 7, 2008

Exhibit 23.3

January 7, 2008

ATA Inc. (the "Company")
8th Floor, Tower E
6 Gongyuan West Street
Jian Guo Men Nei
Beijing 100005
People's Republic of China

Ladies and Gentlemen:

We hereby consent to the use of our name under the captions "Risk Factors," "Enforceability of Civil Liabilities," "Regulation" and "Legal Matters" in the prospectus included in the registration statement on Form F-1, originally filed by the Company on January 7, 2008, with the Securities and Exchange Commission under the Securities Act of 1933, as amended. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Sincerely yours,

/s/ Jincheng & Tongda Law Firm
- ------------------------------

Exhibit 23.4

3rd January 2008

Mr. Carl Yeung
ATA Inc.
CC: MERRILL LYNCH

8th Floor, Tower E
6 Gongyuan West Street
Jian Guo Men Nei
Beijing 100005, China

Re. Letter of Authorization to use IDC research data in IPO
- ----------

Dear Mr. Carl Yeung,

Absent prior written consent, the IDC name, logo, trademarks, or copyrighted information, cannot be used in promotional materials, publicity releases, advertising, or any other similar publications and communications, whether oral or written.

Please consider this letter as written authorization to use the IDC's name, and IDC data in the ATA Inc. prospectus for the special study: China Computer-based Testing 2006-2010 Forecast and Analysis - Mid term Data.

The text of the prospectus section headed Summary is based on the latest market research performed by IDC as of 9th December 2007. A copy of the final version of the text is attached for reference. "ATA is the leading provider of computer-based testing services in China, with the largest market share, 30.9%, in terms of revenue in 2006." Should there by changes of this text, please notify IDC immediately.

IDC is not responsible for any damage, or loss, resulting from the use of IDC information, regardless of the circumstance, and will be held harmless from any loss, costs, or expense suffered or incurred as a result of, or in connection with any claim, suit, action from any party pertaining to that use.

Should you have any questions, feel free to contact CoAnn Teoh at +65 6829 7732.

Best Regards,

CoAnn Teoh
Regional Account Executive
IDC Asia / Pacific

IDC Asia / Pacific
80 Anson Road #38-00
Fuji Xerox Building
Singapore 079907
Tel: (65) 6226 0330
Fax: (65) 6220 6116

Exhibit 23.5

[January 2, 2008]

Directors
ATA Inc.
8th Floor, Tower E
6 Gongyuan West Street,
Jian Guo Men Nei
Beijing 100005, China

SUBJECT: WRITTEN CONSENT TO REFERENCE SALLMANNS (FAR EAST) LIMITED IN SEC FILINGS OF ATA INC.

Dear Sirs,

We hereby consent to the references to our name, valuation methodologies, assumptions and value conclusions for accounting purposes, with respect to our appraisal reports addressed to the board of ATA Inc. (the "Company") in the Company's Registration Statement on Form F-1 (together with any amendments thereto, the "Registration Statement") to be filed with the U.S. Securities and Exchange Commission ("SEC"). In giving such consent, we do not admit that we are experts within the meaning of the term experts as used in the Securities Act of 1933, as amended or the rules and regulations of the SEC.

In the preparation of our valuation reports, we relied on the accuracy and completeness of the financial information and other data related to the Company provided to us by the Company and its representatives. We did not audit or independently verify such financial information or other data relating to the Company and take no responsibility for the accuracy of such information. The responsibility for determining fair value rests solely with the Company and our valuation reports were only used as part of the Company's analysis in reaching their conclusion of value.

Yours sincerely,
For and on behalf of
SALLMANNS (FAR EAST) LIMITED

Simon M.K. Chan
Director

Exhibit 23.6

January 7, 2008

Directors
ATA Inc.
8th Floor, Tower E
6 Gongyuan West Street,
Jian Guo Men Nei
Beijing 100005, China

SUBJECT: WRITTEN CONSENT RE FILING OF REGISTRATION STATEMENT OF ATA INC.

Pursuant to Rule 438 of Regulation C promulgated under the Securities Act of 1933, as amended, I, Hope Ni, consent to be named in the Registration Statement on Form F-1 of ATA Inc. and in all amendments and supplements thereto as a person who will become a member of the board of directors of ATA Inc. effective upon declaration of effectiveness of the Registration Statement on Form F-1 by the Securities and Exchange Commission.

Sincerely yours,

Hope Ni

Exhibit 23.7

January 7, 2008

Directors
ATA Inc.
8th Floor, Tower E
6 Gongyuan West Street,
Jian Guo Men Nei
Beijing 100005, China

SUBJECT: WRITTEN CONSENT RE FILING OF REGISTRATION STATEMENT OF ATA INC.

Pursuant to Rule 438 of Regulation C promulgated under the Securities Act of 1933, as amended, I, Hope Ni, consent to be named in the Registration Statement on Form F-1 of ATA Inc. and in all amendments and supplements thereto as a person who will become a member of the board of directors of ATA Inc. effective upon declaration of effectiveness of the Registration Statement on Form F-1 by the Securities and Exchange Commission.

Sincerely yours,

Alec Tsui

Exhibit 99.1

ATA INC.

CODE OF CONDUCT

1. PURPOSE OF CODE OF CONDUCT. We believe that ATA Inc. (together with its subsidiaries and consolidated PRC entities, the "COMPANY") enjoys a reputation of which we can be proud, and one that reflects our goals and the manner in which we work to achieve them. As a Company employee, you will be expected to know and comply with law and Company policies. The purpose of this Code of Conduct (this "CODE") is to provide a summary of certain of the Company's key policies and procedures, and is just one element of our overall effort to ensure lawful and ethical conduct. Simply restating these policies and procedures, however, does not lead inevitably to ethical conduct. You -- the employee -- must continue to understand, support and comply with these policies and procedures to help enable us to achieve our business objectives. If you ever have any doubts as to whether certain conduct may violate this Code or any other policies or procedures of the Company, you should always feel free to discuss the situation with your immediate supervisor, the director of Human Resources or the Company's general counsel. Regardless of information provided by the Company, however, you are expected to know and follow the law as it relates to you as an employee and citizen. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, you should adhere to these higher standards.

2. APPLICABILITY. This Code applies to all of the directors, officers, employees and advisors of the Company, whether they work on a full-time, part-time consultative, or temporary basis (each an "EMPLOYEE" and collectively, the "EMPLOYEES"). We have a separate Code of Ethics For Senior Executive and Financial Advisors, which also applies to the Company's chief executive officer, president, chief financial officer, vice presidents, general counsel, chief accounting officer and financial controller (or any persons performing similar functions for the Company).

   The Board of Directors of the Company (the "BOARD") has appointed Kevin Xaiofeng Ma, as the compliance officer for the Company. If you have any questions regarding the Code or would like to report any violation of the Code, please contact the compliance officer at 6518-1122 (ext. 5101) or maxiaofeng@ata.net.cn.

   This Code was adopted by the Board on January 7, 2008 and will become effective immediately upon completion of the Company's initial public offering of ordinary shares in the U.S.

3. CONFLICTS OF INTEREST. A conflict of interest occurs when an employee's interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. All employees of the Company must be wary of any investment, business interest or other association that interferes -- or even appears to interfere -- with their objective ability to act in the best interests of the Company. A conflict of interest arises when an employee's judgment in acting on behalf of the Company may be influenced by an actual or potential personal benefit of any kind. The benefits may be direct or indirect, may or may not be

   financial in nature, and could exist through family connections, personal associations or otherwise.

   It is not possible to describe all the circumstances where conflicts of interest may exist, but the following examples provide some activities that should raise a "red flag":

   (a) Competing with, or helping others to compete with, the Company.

   (b) Using corporate property, information or position within the Company to secure a business opportunity that would otherwise be available to the Company.

   (c) Accepting material gifts, payment or services from those doing or

seeking to do business with the Company.

(d) Owning a substantial interest in a company that is a competitor, customer or supplier of the Company, or directing Company business to a company in which a Company employee has a substantial interest (except that an ownership interest of less than two (2) percent in such a company, where the employee has no influence on the management of that company and his interest is not so significant that it would affect his employment duties on behalf of the Company, is not prohibited).

(e) Obtaining loans or guarantees of personal obligations from, or entering into any other personal financial transactions with, any company that is a material customer, supplier or competitor of the Company, unless it is an arms-length transactions with a recognized bank or other financial institution.

(f) Serving on a board of directors or trustees or on a committee of any entity (whether for-profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.

(g) Actions of family members outside the workplace that may give rise to one of the concerns described above because they may influence an employee's objectivity in making decisions on behalf of the Company.

The Company requires that employees fully disclose any situations that reasonably could be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it immediately to the Company's director of Human Resources, who will be responsible for contacting the Company's chief executive officer for appropriate guidance.

4. FINANCIAL MATTERS AND DISCLOSURE. The Company is a publicly traded company in the United States. As such, we rely on the public securities markets for capital to fund many of our activities. Public investors rely upon the quality and integrity of our financial reports and press releases and, accordingly, we are subject to a number of laws and regulations addressing the accuracy and completeness of our public reports and releases filed with the United States Securities and Exchange Commission (the "SEC"). Our Disclosure Controls and Procedures and Internal Financial Controls are outlined in a

separate guideline, a copy of which has been provided or made available to you. These Disclosure Controls and Procedures and Internal Financial Controls are overseen and monitored by the members of our Disclosure Committee. These requirements extend to all of our employees, however. You must help to ensure that the Company maintains and reports its financial and non-financial information accurately and properly.

(a) FINANCIAL STATEMENTS. Knowingly misrepresenting facts related to preparing financial statements, financial data or other Company records is strictly prohibited by Company policy and the law. In that regard, you must not:

(i) make or approve, or direct another person to make, materially false or misleading entries in the financial statements or records of the Company;

(ii) fail to correct any financial statements or records of the Company that are materially false or misleading when you have the authority to make such corrections or fail to notify your immediate supervisor of necessary corrections where you do not have the authority to make such corrections; or

(iii) sign, or permit or direct another to sign, a document that contains materially false or misleading information or that omits material information necessary to prevent the document, in light of the circumstances at the time, from being misleading.

If you are or become aware of any such prohibited act, you must promptly

notify your immediate supervisor.

(b) PERIODIC REPORTS AND OTHER DISCLOSURE DOCUMENTS. We are committed to providing full, fair, accurate, timely and understandable disclosure in periodic reports ("PERIODIC REPORTS") we file with, or furnish to, the SEC and in all other disclosure documents we file with, or furnish to, the SEC or provide to the Company's investors or prospective investors ("DISCLOSURE DOCUMENTS"). If you help prepare, review, file or distribute the Company's Periodic Reports or Disclosure Documents, or collect and submit financial and non-financial data for inclusion in such reports or documents, you must:

(i) promptly notify appropriate management personnel of all material information relating to the Company, particularly during periods in which any such report or document is being prepared;

(ii) carefully review the information (including, as applicable, footnote disclosure, selected financial data, and Management's Discussion and Analysis of Financial Condition and Results of Operation) contained in drafts of any Periodic Reports or Disclosure Document submitted to you for review;

(iii) if you believe the information included in such report or document does not fairly present in all material respects the business, financial condition, results of operations and cash flows of the Company, you should promptly

notify appropriate management personnel (or follow the reporting alternatives under Section 5) of any issues, concerns or significant deficiencies in the financial and non-financial disclosure contained in any draft Periodic Report or Disclosure Document;

(iv) promptly notify appropriate management personnel (or follow the reporting alternatives under Section 5) if you become aware of (a) any significant deficiencies in the design or operation of the Company's internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data and information, and (b) any fraud, whether or not material, that involves management or other Company employees who have a significant role in the Company's financial reporting or internal controls; and

(v) review our Disclosure Controls and Procedures and Internal Financial Controls frequently to ensure adequate understanding of your obligations to the Company regarding reporting of material financial or legal matters.

(c) DEALINGS WITH EXTERNAL AUDITORS AND INTERNAL AUDIT STAFF. Our personnel who communicate with our external auditors and internal audit staff must adhere to the following guidelines:

(i) You should be candid and forthright in all dealings with the Company's external auditors or internal audit staff, and you must not knowingly misrepresent facts or knowingly fail to disclose material facts.

(ii) You must not take, or direct any other person to take, any action to fraudulently influence, coerce, manipulate, or mislead any auditor engaged in the performance of an audit of the Company's financial statements.

(iii) You must not make false or misleading statements to an accountant or auditor in connection with any audit or other examination or review of the Company's financial statements.

(d) STEPS TO TAKE IF YOU DISAGREE WITH OR QUESTION FINANCIAL STATEMENTS OR REPORTING, OR OTHERWISE BECOME AWARE OF A PROHIBITED ACT. If you have a disagreement or dispute with your superiors relating to the

Company's financial statements or the way transactions are recorded in the Company's books, or if you otherwise become aware of a prohibited act, you should take appropriate steps to ensure that the situation is resolved properly. You should make your concerns known to the appropriate higher level(s) of management within the Company (or follow the reporting alternatives under Section 5). You should also document your understanding of the facts, the issues involved, and the parties with whom these matters were discussed. If you are an attorney, you may be subject to additional ethical and legal responsibilities with respect to reporting such matters, and you should follow the procedures defined by the Company's legal department with respect to such matters.

If you have any questions regarding our Disclosure Control and Procedures and Internal Financial Controls, you should contact the chairman of our Disclosure Committee.

5. COMPLAINT PROCEDURES AND ENFORCEMENT. It is the policy of the Company to treat complaints about accounting, internal accounting controls, auditing matters, deceptive financial practices or Code violations ("COMPLAINTS") seriously and expeditiously.

Employees are encouraged to submit Complaints, including without limitation, reports or suspicions about the following:

(a) fraud against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements to the SEC or members of the investing public;

(b) violations of SEC rules and regulations applicable to the Company and related to accounting, internal accounting controls and auditing matters;

(c) any violation of the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act, as amended;

(d) intentional error or fraud in the preparation, review or audit of any financial statement of the Company;

(e) significant deficiencies in or intentional noncompliance with the Company's internal accounting and reporting controls;

(f) other violations of the Code.

If requested by the employee, the Company will protect the confidentiality and anonymity of the employee to the fullest extent possible, consistent with the need to conduct an adequate review. Vendors, customers, business partners and other parties external to the Company will also be given the opportunity to submit Complaints; however, the Company is not obligated to keep Complaints from non-employees confidential or to maintain the anonymity of non-employees, but will consider doing so if requested by the reporting person.

The procedures governing Complaints (the "COMPLAINT PROCEDURES") are set forth in Annex A, and have been adopted by the Audit Committee of the Board, in accordance with the requirements of Section 301 of the Sarbanes-Oxley Act of 2002 and Section 10A(m)(4) of the United States Securities Exchange Act, as amended, and Rule 10A-3(b)(3) made under that Act, as well as the Company's listing requirements under the Nasdaq Stock Market listing rules.

The Company intends to enforce the provisions of this Code in a consistent manner, regardless of the status of the employee at the Company. An employee who is unsure of whether a situation violates this Code may discuss the situation with the director of human resources or the chief executive officer to prevent possible misunderstandings and embarrassment at a later date. Complaints will be reviewed under Audit Committee direction or such other persons as the Audit Committee determines to be appropriate.

The Company wishes to encourage employees to report questionable behavior,

and the Company will, therefore, not tolerate any retaliatory actions toward employees that have made reports in good faith.

6. COMPLIANCE WITH LAW AND THIS CODE, REPORTING OF VIOLATIONS AND ACCOUNTABILITY. You are expected to comply with both the letter and spirit of all applicable laws, rules and regulations and this Code, and to promptly report any suspected violations of applicable laws, rules and regulations or this Code to the chief executive officer, or in accordance with the procedures set forth in Annex A. No one will be subject to retaliation because of a good faith report of a suspected violation. If you fail to comply with this Code or any applicable laws, rules or regulations, you may be subject to disciplinary measures, up to and including termination of your employment.

7. AMENDMENTS AND WAIVERS. Amendments to this Code must be in writing and approved by the Board of Directors. Any exception from or waiver of the specific policies set forth in this Code for employees will only be granted in extraordinary circumstances and must have the written approval of the Board of Directors, our chief executive officer or other persons designated by the Board of Directors. In addition, any exception from or waiver of this Code for executive officers or directors may be made only by our Board of Directors and will be disclosed to the public (along with the reasons for the waiver), in each case, as required by law or the rules of the Nasdaq Stock Market.

ANNEX A

COMPLAINT PROCEDURES

Receipt of Complaints

1. Telephone Hotline: Any person with a Complaint can call [PHONE NUMBER] to submit his or her Complaint. Employees who call this number may, but need not, leave their name, telephone number, email address or other personal information and the investigation that follows from any employee call will be conducted in a manner that protects the confidentiality and anonymity of the employee making the call to the fullest extent possible, consistent with the need to conduct an adequate review. The intake phone call will be received by a member of the Audit Committee designated to receive hotline calls. Among other things, the following information should be given to the person receiving the call:

   - If an employee, the division of the Company in which the caller works and, if a non-employee, where such person is employed or such person's relationship to the Company;

   - Any relevant information concerning the allegations; and

   - Name, telephone number and or email address of the caller (unless an employee decides to remain anonymous).

   The information from the call will be documented in a format acceptable to the Company and the Audit Committee and shall include at a minimum a written description of the information received concerning the Complaint allegations.

2. Written Complaints: Any person may submit a written Complaint to the chairman of the Audit Committee at either [E-MAIL ADDRESS] or to the following address: [MAILING ADDRESS]. Employees submitting this information may, but need not, provide their name, telephone number, email address or other personal information and the investigation that follows from a Complaint from an employee will be conducted in a manner that protects the confidentiality and anonymity of the employee submitting the Complaint to the fullest extent possible, consistent with the need to conduct an adequate review.

Treatment of Complaints

3. A Complaint made under these procedures will be directed to the full Audit Committee or other designated management personnel who will report directly

to the Audit Committee on such matters.

4. The Audit Committee will review the Complaint, and may investigate such Complaint itself or may assign another employee, outside counsel, advisor, expert or third-party service provider to investigate, or assist in investigating the Complaint. The Audit Committee may direct that any individual assigned to investigate a Complaint to work at the direction of or in conjunction with the Audit Committee or any other person in the course of the investigation.

5. Unless otherwise directed by the Audit Committee, the person assigned to investigate will conduct an investigation of the Complaint and report his or her findings or recommendations to the Audit Committee. If the investigator is in a position to recommend appropriate disciplinary or corrective action, the investigator also may recommend disciplinary or corrective action.

6. If determined to be necessary by the Audit Committee, the Company will provide for appropriate funding, as determined by the Audit Committee, to obtain and pay for additional resources that may be necessary to conduct the investigation, including without limitation, retaining outside counsel and/or expert witnesses.

7. At least once each calendar quarter and whenever else deemed necessary, the Audit Committee will submit a report to the Board that summarizes any new Complaint made within the last 3 months and any outstanding Complaints that remain unresolved and shows specifically: (a) the complainant (unless anonymous, in which case the report will so indicate), (b) a description of the substance of the Complaint, (c) the status of the investigation, (d) any conclusions reached by the investigator, and (e) findings and recommendations.

8. At any time with regard to any Complaint, the Audit Committee may specify a different procedure for investigating and treating such a Complaint, such as when the Complaint concerns pending litigation.

Access to Reports and Records and Disclosure of Investigation Results

All reports and records associated with Complaints are considered confidential information and access will be restricted to members of the Audit Committee, the Company's legal department, employees or outside counsel involved in investigating a Complaint as contemplated by these procedures. Access to reports and records may be granted to other parties at the discretion of the Audit Committee.

Complaints and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at the time.

Retention of Records

All Complaints and documents relating to such Complaints made through the procedures outlined above will be retained for at least five years from the date of the Complaint, after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry, or investigation, in which case the information may not be destroyed and must be retained for the duration of that litigation, inquiry, or investigation and thereafter as necessary.

Third party contractors

In the event that the Company contracts with a third party to handle Complaints or any part of the complaint process, the third party will comply with these policies and procedures.