

Plaintiff has alleged the following based upon the investigation of plaintiff's counsel, which included a review of U.S. Securities and Exchange Commission ("SEC") filings by Camelot Information Systems Inc. ("Camelot" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a securities class action on behalf of all persons who purchased or otherwise acquired the American Depositary Shares ("ADSs") of Camelot between July 21, 2010 and August 17, 2011, inclusive (the "Class Period"), and/or who acquired shares of Camelot ADSs pursuant or traceable to the Company's false and misleading Registration Statements and Prospectuses issued in connection with its July 21, 2010 initial public offering ("IPO") and December 10, 2010 Secondary Offering ("Secondary Offering"), seeking to pursue remedies under the Securities Act of 1933 ("1933 Act") and the Securities Exchange Act of 1934 ("1934 Act").

2. Camelot is a holding company that conducts business through its operating subsidiaries in China. The Company is a provider of enterprise application services and financial industry information technology ("IT") services in China.

3. During the Class Period, defendants issued materially false and misleading statements regarding the Company's business practices and financial results. Specifically, defendants failed to disclose negative trends in Camelot's business, including with Camelot's most important customers. As a result of defendants' false statements, Camelot ADSs traded at artificially inflated prices during the Class Period, reaching a high of \$26.73 per share on January 11, 2011.

4. On July 21, 2010, Camelot announced the pricing of its IPO of 13.3 million ADSs at \$11.00 per ADS (which included 9,166,667 ADSs sold by Camelot and the remainder by the selling shareholders, with underwriters granted a 30-day over-allotment option to purchase up to an additional 2 million ADSs), for net proceeds to Camelot of \$89.8 million pursuant to the IPO.

5. Subsequently, on December 9, 2010, Camelot announced the pricing of its Secondary Offering of 7,160,206 ADSs by selling shareholders at \$19.50 per ADS (with the underwriters granted the option to purchase up to an aggregate of 1,074,030 additional ADSs from the Company at the public offering price, less the underwriting discount), for net proceeds to Camelot of \$19.9 million pursuant to the Secondary Offering.

6. During the Class Period, defendants represented that the Company had competitive advantages with respect to its highly trained personnel that would permit the Company to continue to take advantage of China's growing economy.

7. On August 15, 2011, *Seeking Alpha* published an article questioning several key components of Camelot's business. This caused Camelot's stock to drop to below \$9 per share.

8. Then on August 18, 2011, Camelot issued a press release announcing its second quarter 2011 unaudited financial results. The Company reported net income of \$8.0 million, or \$0.16 diluted earnings per share ("EPS"), and revenue of \$59.4 million for the second quarter of 2011. Additionally, the Company reported lower-than-expected guidance for fiscal 2011, reporting expected net income of approximately \$34.0 million or \$0.69 diluted EPS, and revenue of approximately \$244 million. The release stated in part:

Mr. Simon Ma, Camelot's Chairman and Chief Executive Officer, commented, "The momentum we experienced in the first quarter has continued into the second quarter, with revenues approximating our guidance. We experienced a pick-up in the pace of deliveries in the second quarter and we continue to see traditional seasonal business patterns that call for an acceleration in the second half of the year."

“In the first half of this year, we leveraged our substantial competitive advantages to expand our leadership position further within key markets. In our EAS business line, we continue to implement complex, mission-critical systems, which create high barriers to entry that enable us to receive attractive pricing from our customers. Our customized and industry-leading solutions in our FIS service line help our customers to be innovative and the first to market, thus gaining market share and also minimizing risk. We continue to target our product development on what we believe will be the most attractive spending areas within the commercial banking industry. Our long-term business model focuses on scalability and margin expansion,” continued Mr. Ma.

“Our adjusted net income in the second quarter of 2011 fell short of our target due to a delay in the signing of some contracts and a provision for certain other current assets. Due mainly to the temporary impact from the streamlining of a business unit, we are reducing full-year guidance for net-revenue of approximately US\$244 million and net income attributable to Camelot of approximately US\$34.0 million. We are also offering third-quarter revenue and adjusted net-income guidance of \$63 million and \$9.5 million, respectively,” concluded Mr. Ma.

9. On this news, Camelot’s ADSs dropped \$2.24 per share to close at \$6.32 per share on August 18, 2011, a one-day decline of 26% on volume of 4.4 million shares.

10. The true facts, which were known by the defendants but concealed from the investing public during the Class Period, were as follows:

(a) The Company’s IT professionals were not a competitive advantage to the Company and many were dissatisfied with Camelot, which would adversely affect Camelot’s ability to retain its customers;

(b) The Company was suffering from undisclosed attrition of employees, which was having a negative impact on the Company’s ability to attract new customers;

(c) Camelot did not have the large numbers of highly trained professionals at its disposal that it had represented; and

(d) Camelot’s contract with its most important customer, IBM, was not as solid as represented, and would not be renewed on the same terms.

11. As a result of defendants' false statements, Camelot's stock traded at inflated levels during the Class Period. However, after the above revelations seeped into the market, the Company's shares were hammered by massive sales, sending them down over 76% from their Class Period high.

JURISDICTION AND VENUE

12. The claims asserted herein arise under and pursuant to §§11 and 15 of the 1933 Act [15 U.S.C. §§77k and 77o], and §§10(b) and 20(a) of the 1934 Act [15 U.S.C. §§78j(b) and 78t(a)] and SEC Rule 10b-5 [17 C.F.R. §240.10b-5]. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331, §27 of the 1934 Act and §22 of the 1933 Act.

13. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), because defendants maintain an office in this District and many of the acts and practices complained of herein occurred in substantial part in this District.

14. In connection with the acts and conduct alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails and interstate wire and telephone communications.

PARTIES

15. Plaintiff ██████████ as set forth in the accompanying certification and incorporated by reference herein, acquired Camelot ADSs pursuant or traceable to the IPO during the Class Period and has been damaged thereby.

16. Defendant Camelot is a provider of enterprise application services and financial industry IT services in China.

17. Defendant Yiming "Simon" Ma ("Ma") serves as Chairman of the Board and Chief Executive Officer ("CEO") of Camelot. Defendant Ma signed or authorized the signing of the false and misleading Registration Statements.

18. Defendant Gordon Lau (“Lau”) served as Chief Financial Officer (“CFO”) of Camelot until his resignation in November 2011. Defendant Lau signed or authorized the signing of the false and misleading Registration Statements.

19. Defendant Heidi Chou (“Chou”) served as President of Camelot until December 2011 and Chou currently serves as General Manager and a director of Camelot. Defendant Chou signed or authorized the signing of the false and misleading Registration Statements.

20. Defendant Ching-Hua “Brett” Ho (“Ho”) serves as Chief Operating Officer and a director of Camelot. Defendant Ho signed or authorized the signing of the false and misleading Registration Statements.

21. Defendant Shang-Wen Hsiao (“Hsiao”) serves as a director of Camelot. Defendant Hsiao signed or authorized the signing of the false and misleading Registration Statements

22. Defendant Ajit Bhushan (“Bhushan”) served as a director of Camelot until his resignation in October 2011. Defendant Bhushan signed or authorized the signing of the false and misleading Registration Statements.

23. Defendant Claude Leglise (“Leglise”) serves as a director of Camelot. Defendant Leglise signed or authorized the signing of the false and misleading Registration Statement.

24. The defendants referenced above in ¶¶17-20 are referred to herein as the “Officer Defendants.”

25. The defendants referenced above in ¶¶17 and 19-23 are referred to herein as the “Director Defendants.”

26. Defendant Goldman Sachs (Asia) LLC offered and sold the securities through its selling agent, defendant Goldman, Sachs & Co., a subsidiary of The Goldman Sachs Group, Inc. Defendants Goldman Sachs (Asia) LLC and Goldman, Sachs & Co. are collectively referred to as

“Goldman.” Goldman provides investment banking, securities and investment management services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Goldman acted as joint bookrunner manager and underwriter for Camelot’s IPO and Secondary Offering, helping to draft and disseminate the offering documents.

27. Defendant Barclays Capital Inc. (“Barclays”) provides securities brokerage and financial advisory services. Barclays acted as joint bookrunner and underwriter for Camelot’s IPO and Secondary Offering, helping to draft and disseminate the offering documents.

28. Defendant William Blair & Company, L.L.C. (“William Blair”) is an employee-owned financial services firm that offers investment banking, equity research, institutional and private brokerage, and asset management to individual, institutional, and issuing clients. William Blair acted as an underwriter for Camelot’s IPO and Secondary Offering, helping to draft and disseminate the offering documents.

29. Defendant Cowen and Company, LLC (“Cowen”) is an investment banking firm that provides financial advisory services to healthcare, technology, telecommunications, media and entertainment, aerospace, and defense sectors. Cowen offers mergers and acquisitions advisory, capital raising, IPO, and private placements services. Cowen acted as an underwriter for Camelot’s IPO and Secondary Offering, helping to draft and disseminate the offering documents.

30. Defendant Oppenheimer & Co. Inc. (“Oppenheimer”) offers investment banking, mutual fund advisory, securities research, and asset management services. Oppenheimer’s services include order execution, securities clearing, institutional equity sales and trading, and customer accounting. Oppenheimer acted as an underwriter for Camelot’s IPO and Secondary Offering, helping to draft and disseminate the offering documents.

31. The defendants named in ¶¶26-30 are referred to herein as the “Underwriter Defendants.”

32. Defendant Camelot and the Officer Defendants and Director Defendants who signed the Registration Statements are strictly liable for the false and misleading statements incorporated into the Registration Statements. The Underwriter Defendants drafted and disseminated the offering documents. The Underwriter Defendants’ failure to conduct an adequate due diligence investigation was a substantial factor leading to the harm complained of herein.

FRAUDULENT SCHEME AND COURSE OF BUSINESS

33. Defendants are liable for: (i) making false statements; or (ii) failing to disclose adverse facts known to them about Camelot. Defendants’ fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Camelot ADSs was a success, as it: (i) deceived the investing public regarding Camelot’s prospects and business; (ii) artificially inflated the price of Camelot ADSs; and (iii) caused plaintiff and other members of the Class to purchase Camelot ADSs at inflated prices.

BACKGROUND

34. Camelot is a holding company that conducts business through its operating subsidiaries in China. The Company is a provider of enterprise application services and financial industry IT services in China. The Company’s primary service lines include enterprise application services, which consists of packaged software services for enterprise resource planning and software development and maintenance services, and financial industry IT services, which primarily consists of software solutions, system support and maintenance, as well as IT consulting services for the financial industry. Camelot provides services to a range of industries, including financial services, resources and energy, manufacturing and automobile, and technology, as well as telecommunication, media and education. It provides its services to enterprise customers directly, as well as indirectly,

through international IT service providers. A key part of Camelot's business was hiring and retaining highly skilled IT professionals to interact with customers. Thus, defendants' statements about Camelot's workforce were extremely important to investors. Also, because IBM was Camelot's most important customer, investors keyed in on statements about the Company's relationship with IBM.

**DEFENDANTS' FALSE AND MISLEADING STATEMENTS
MADE IN CONNECTION WITH THE IPO AND SECONDARY
OFFERING AND DURING THE CLASS PERIOD**

35. Beginning in June 2010, the Company filed a Form F-1 Registration Statement and Amendments thereto in connection with its IPO, which Registration Statement was declared effective by the SEC on June 17, 2010.

36. On July 19, 2010, the Company filed a Form F-1/A Registration Statement with the SEC to facilitate the offering of 13.3 million ADSs of Camelot shares to the public.

37. On July 21, 2010, Camelot issued a press release announcing the pricing of the IPO, which stated in part:

Information Systems Inc. ("Camelot" or the "Company"), a leading domestic provider of enterprise application services and financial industry information technology services in China, announced today that its initial public offering of 13,333,334 American Depositary Shares ("ADSs"), each representing four ordinary shares, was priced at US\$11.00 per ADS. The ADSs are expected to begin trading on July 21, 2010 on the New York Stock Exchange under the symbol "CIS".

Of the 13,333,334 ADSs sold in the offering, 9,166,667 ADSs were sold by Camelot and the remainder by the selling shareholders. The selling shareholders have granted the underwriters a 30-day over-allotment option to purchase up to an additional 2,000,000 ADSs.

The total size of the offering is approximately US\$146.7 million, and if the over-allotment option is exercised in full the total size of the offering will be US\$168.7 million. The net proceeds to Camelot from the sale of the ADSs are approximately US\$89.8 million. Camelot intends to use these net proceeds for working capital and general corporate purposes, as well as to fund possible future strategic acquisitions.

Goldman Sachs (Asia) L.L.C. is acting as Sole Global Coordinator and Joint Bookrunner, and Barclays Capital is acting as Joint Bookrunner for the offering. William Blair & Company, Cowen and Company and Oppenheimer & Co. are acting as Co-Managers.

38. The Prospectus for the IPO represented the following:

We provide services to a wide range of industries, including financial services, resources and energy, manufacturing and automobile, technology, as well as telecommunication, media and education. We provide our services to enterprise customers directly as well as indirectly through international IT service providers such as IBM, Accenture and HP. We have enjoyed strong business relationships with IBM and Accenture since 2000 and with HP since 2002. As part of our long-term collaboration with IBM, we have entered into a number of strategic initiatives, including the joint development of a service delivery center focused on enterprise application software and services.

39. The Prospectus also emphasized the strength of Camelot's IT professionals:

As of March 31, 2010, we had 2,474 IT professionals. The scale of our operations enhances our ability to execute multiple large and specialized projects, and facilitates our monitoring and management of additional projects. In addition, we maintain a proprietary database of more than 9,000 qualified IT professionals, which provides us with a highly scalable delivery capacity to address our customers' needs and to maintain high productivity.

40. The Prospectus also made representations about Camelot's relationship with its most important customer, IBM:

- We have maintained a strong relationship with IBM for the past 12 years. We were selected by IBM in its first Service Provider Program (SPP) in 1998 and then in 2003 as its first, and now its largest, Core Services Provider (CSP) in Greater China. Recently, in 2009, we were selected by IBM as its Asia Pacific IT provider. As part of our cooperation with IBM, we have entered into a number of initiatives, including the joint development of a service delivery center focused on enterprise application software and services. This long-term relationship has allowed us to work closely with IBM Global Services (IGS) on application as well as infrastructure projects.

41. On August 19, 2010, Camelot issued a press release announcing its financial results for the second quarter of 2010, the period ended June 30, 2010. For the quarter, the Company reported net income of \$6.5 million, or \$0.04 diluted EPS, and that net revenues had increased 90.4% year-over-year to \$44.1 million. The release stated in pertinent part, as follows:

Mr. Simon Ma, Camelot's Chief Executive Officer, commented, "We are pleased to report a very strong set of quarterly financial and operational results, following on from our July 21 initial public offering (IPO) on the New York Stock Exchange. Amidst volatile capital market conditions, our successful listing demonstrated investors' confidence in the strength of our revenue model and the attractive positioning of our business. Our listing also affords us the financial flexibility and global recognition to execute on our growth initiatives and capitalize on the positive industry dynamics in China's high-growth, underpenetrated IT services market.

"During the second quarter, revenue increased significantly, helping us to achieve 90.4% year-over-year top-line growth. Our Enterprise Application Services ("EAS") continued to benefit from overall market expansion, strong client engagement, and further growth in our leading market share. Performance in our Financial Industry IT Services ("FIS") segment also strengthened, boosted by the integration of our customized solutions acquisitions which positioned us to capture the next wave of financial services sector IT spending. As the Chinese banking industry becomes more sophisticated and competition increases, banks are facing growing pressure to improve customer operations and financial product innovation, giving rise to a new phase of industry-wide development and opportunity for Camelot. Going into the second half of 2010, we expect the growth momentum across our business lines, especially in EAS, will continue."

Ms. Heidi Chou, Camelot's Chief Operating Officer, added, "Our goal is to become the market leader in each of the IT service and solutions markets in China that we address by broadening our service offering and capitalizing on cross-selling opportunities. A prime example of our approach is exhibited by our activities in the Financial Industry IT Services (FIS) segment. Entering the second half of 2010, we are poised to benefit from our two recently acquired customized solutions providers which capture this next phase of financial sector IT spending in China. One of the customized solutions relates to automating bank teller systems and branch operations to improve customer experiences. The other is a financial supply chain solution that enables banks to offer innovative loan products while reducing overall credit risks. These products have significantly increased our FIS scope and scale, and provide us with considerable ongoing cross-selling opportunities with EAS and within FIS, on which we intend to capitalize in coming quarters."

Mr. Gordon Lau, Chief Financial Officer, commented, "Our listing provides us with the financial strength to execute our strategic and operational plans, as we increase the scalability of our business and enhance our margin profile. We believe our competitive advantages across all businesses, strong execution capability and favourable industry dynamics position us to achieve sustained top- and bottom-line growth. As a result, we anticipate net revenue for the third quarter 2010 to be approximately US\$46.4 million, and adjusted net income attributable to Camelot to be approximately US\$8.9 million."

42. On November 18, 2010, Camelot issued a press release announcing its financial results for the third quarter of 2010, the period ended September 30, 2010. For the quarter, the Company reported that net income had increased 49.5% year-over-year to \$10.4 million, or \$0.06 diluted EPS, and net revenue had increased 56.6% year-over-year to \$53.5 million. The release stated, in pertinent part, as follows:

Simon Ma, Camelot's Chairman and Chief Executive Officer ("CEO"), commented, "We are pleased to report another quarter of strong results, with top- and bottom-line growth both exceeding our guidance. We continued to expand our Enterprise Application Services ("EAS") segment by capitalizing on the enormous potential in China's underpenetrated implementation market for sophisticated and high-end ERP systems across the various key industry verticals that we serve. These results demonstrate that we are successfully leveraging our leading position in a fragmented market to further drive our growth. As a result, revenue from our EAS segment increased 47.9% year-over-year. Our Financial Industry IT Services ("FIS") segment also delivered another robust performance, with revenue growth driven by greater demand for our customized solutions and services including bank teller automation systems and financial supply chain solutions, which allow our clients to improve their customer operations and accelerate financial product innovation. The strong demand for our customized solutions underscores the growing potential for Camelot to capture the next wave of IT spending in the financial services sector. Additionally, the continued growth of our FIS segment has led to a more balanced revenue mix between our FIS and EAS business lines.

"Overall, our strong growth for the quarter was supported by continued organic expansion, deepening customer relationships and increasing demand for our services. Looking ahead, we will continue to position ourselves to capitalize on the market opportunities and positive industry dynamics in China's high-growth, underpenetrated IT services market."

Ms. Heidi Chou, President, added, "As our key clients and partnerships have been, and will continue to be, the main drivers behind our strong revenue growth, my new role as President will focus on strengthening relationships with these key clients and partners while driving business development initiatives to capitalize on growth opportunities in the near- to mid-term."

* * *

Mr. Gordon Lau, Chief Financial Officer, concluded, "In addition to achieving impressive net revenues during the third quarter of 2010, our continued success in shifting our business mix towards higher value-added solutions and services, particularly in our FIS segment, resulted in significant gross margin improvement on a year-over-year basis. As we exceeded our guidance for the third

quarter, we have raised our annual guidance for the full-year 2010 to net revenue of approximately US\$186 million and adjusted net income attributable to Camelot of approximately US\$30 million.”

43. On November 24, 2010, Camelot filed with the SEC a Form F-1 for the Company’s Secondary Offering of 7,160,206 ADSs by selling shareholders at \$19.50 per ADS (with the underwriters granted the option to purchase up to an aggregate of 1,074,030 additional ADSs from the Company at the public offering price, less the underwriting discount), for net proceeds to Camelot of \$19.9 million pursuant to the Secondary Offering. The F-1 became effective on December 9, 2010.

44. The Prospectus for the Secondary Offering represented:

We are a leading domestic provider of enterprise application services and financial industry IT services in China, and we focus on enterprises operating in the Chinese market. According to IDC, we are the largest domestic provider of SAP-based ERP services in China as measured by 2009 revenue. Our flexible delivery model also allows us to provide IT services to other areas of the Asia-Pacific region, including Taiwan and Japan, which we believe further distinguishes us from our competitors.

* * *

Quality and Quality Management

Our well-established quality management systems and sophisticated project management techniques are critical to the success of our delivery model. As an integral part of our processes, we have established a strict quality assurance and control program. Our quality management system involves, among other things, a rigorous review of software development processes, review and testing of work product and regular internal quality audits.

* * *

We offer competitive salaries, incentive pay, extensive training, an entrepreneurial work environment and opportunities to work overseas, and since 2006, stock options. We were named one of China’s Top Employers of 2007 by the Corporate Research Foundation.

We expend significant efforts to recruit, train and retain the most highly skilled technical professionals available in the market. These efforts involve the following aspects:

- *Recruiting.* We actively recruit highly qualified and technical personnel experienced in IT services in order to achieve and maintain market leadership. We also recruit managers in non-software engineering fields as project leaders and provide them with extensive training in software engineering and project management. We maintain a proprietary database of a large number of experienced IT service professionals, which gives us the ability to recruit the right individuals to meet our staffing requirements timely and cost effectively.

45. On January 11, 2011, Camelot ADSs reached their Class Period high of \$26.73 per share.

46. On March 4, 2011, Camelot issued a press release announcing its fourth quarter and fiscal year 2010 financial results. The Company reported net income of \$11.2 million, or \$0.06 diluted EPS, and that net revenues had increased 49.3% year-over-year to \$60.0 million for the fourth of quarter 2011. The Company additionally reported net revenues for the full year had increased 63.4% year-over-year to \$192.9 million. The release stated in part:

Mr. Simon Ma, Camelot's Chairman and Chief Executive Officer ("CEO"), said, "We are pleased to report strong results exceeding our guidance across the board. Our robust fourth quarter performance reflects the normal seasonal trend in our sector whereby the second half is typically stronger than the first half as the pace of project delivery tends to intensify in the latter part of the year. 2010 has been a transformative year for Camelot, driven by increasing domestic demand for IT services and our ability to leverage our leading position and publicly listed status in a fragmented market. Looking ahead, we believe the demand for IT services in China will remain strong and we expect to continue gaining market share in each of our segments as we deepen our customer relationships and drive further organic growth."

Mr. Gordon Lau, Chief Financial Officer, concluded, "The continued growth of our business and focus on higher value-added solutions and services allowed us to deliver healthy margin expansion in the fourth quarter and full year. Furthermore, we believe additional margin enhancement is attainable given the growing scalability of our business and increasing operational leverage. In light of our strong performance and the continuing demand for our IT services in China, we expect to achieve 2011 full-year net revenue of approximately US\$250 million and adjusted net income attributable to Camelot of approximately US\$42 million."

47. On May 20, 2011, Camelot issued a press release announcing its first quarter 2011 financial results. The Company reported net income of \$5.1 million, or \$0.10 diluted EPS, and that

net revenues had increased 51.7% year-over-year to \$53.6 million for the first quarter 2011. The release stated in part:

Mr. Simon Ma, Camelot's Chairman and Chief Executive Officer, commented, "We are pleased to report a strong start in 2011, with first-quarter results exceeding our revenue and earnings guidance, even though the first quarter is seasonally the slowest for our IT clients. We expect the pace of deliveries to pick up in the second quarter and to accelerate in the second half of the year, which is consistent with historical business patterns."

"In 2011, strategically we continue to concentrate on markets in which we have developed leading positions and built sustainable competitive advantages. We focus on implementing complex, mission-critical systems for our EAS customers, which provides the best opportunity for long-lasting business relationships and attractive pricing. In the FIS service line, our customized solutions enable our clients to offer a superior experience to their branch customers, accelerate new-product innovation, and improve risk management, and these areas represent some of the fastest-growing areas of IT spending in the commercial banking industry. Overall, we have created a scalable business model that will continue to deliver margin enhancement as we grow," concluded Mr. Ma.

Mr. Gordon Lau, Chief Financial Officer, stated, "In the first quarter of 2011, we again reported strong growth and solid profitability, thus continuing to build a track record of consistent financial performance since our IPO. With healthy growth, our scalable business model will provide operating leverage throughout the balance of the year. Based on our outperformance in the first quarter, we are raising our 2011 full-year guidance to net revenues of approximately US\$254 million and adjusted net income attributable to Camelot of approximately US\$42.5 million."

48. Following the release of its results, Camelot hosted a conference call for investors, analysts and media representatives in which defendants stated the following:

[Ma:] We expect the pace of delivery to pick up in the second quarter escalating to strength in the second half of the year, which is consistent with our historical business patterns.

* * *

Due to the high amount of domain technical knowledge required for our solutions and services, our employees have superior skill sets as evidenced by our high revenue per employee.

* * *

[Chou:] Our solid execution on these fronts continued in the first quarter as evidenced by our strong top and bottom line results while winning new customers and increasing wallet share.

* * *

[Ho:] This focus on key accounts underpins our continued revenue growth and margin expansion while strengthening our tight work with our customers. We continue to develop solutions offerings to more integrated functionality that leverage our advanced technology and the strength of our existing solutions. As we discussed last year, I am now pleased to report that we have now formally launched an integrated branch solution. This integrated solution incorporates fraud detection and anti-money laundering functions, so that risk management can operate simultaneously with the branch teller transactions rather than after hours.

* * *

[Lau:] Our receivables are from financially strong, large scale global companies such as IBM, HP, and Lenova and stay on enterprises such as Sinopec and State Grid as well as major banks in China such as Bank of China, China Construction Bank, and Guandong Development Bank.

Moving on to full-year guidance. Due to our outperformance in Q1, we are raising our expectations for 2011. For the full-year we now expect net revenues of approximately \$254 million, adjusted new income of approximately \$42.5 million and diluted earnings per ADS of \$0.86 based on \$49.7 million weighted ADSs outstanding.

49. On May 24, 2011 Camelot issued a press release about the renewal of its contract with IBM for an additional four-year term. The release stated in part:

The renewal agreement with IBM is on substantially the same terms as the prior agreement, except that the right for IBM to purchase the delivery center has been removed.

Simon Ma, Camelot's Chairman and Chief Executive Officer, commented, "Camelot has maintained a strong and mutually beneficial relationship with IBM over the past 15 years. Our cooperation under the delivery center model has been successful and has significantly benefitted end customers. We look forward to continuing our partnership with IBM in the years to come."

50. On August 15, 2011, *Seeking Alpha* published an article by Ben Axler entitled "Extremely Cautious on Camelot Information Systems," which raised serious concerns about Camelot's purported success, including:

- ***“CIS’s Financial Model Shows Unusually High Revenues Per Employee.”***
- “The most notable omission in CIS’s disclosure on the competitiveness for employee talent is the topic of attrition rate. Is it possible that CIS somehow has a more productive, loyal and satisfied employee workforce than the rest of its competitors? Let’s explore this question in future detail.”
- “It may be inferred from this omission that IBM no longer sees value in acquiring this business from CIS, for whatever reason. The materiality of the IBM contract to CIS also underscores a unique risk facing CIS; IBM can terminate the contract at any time if certain conditions are met. CIS may also face termination if they are found to be competing with overlapping customers, a real risk we will explore when we discuss CIS’s recent acquisitions.”
- “A deeper dive into the cost of revenues yields some interesting observations; in particular, we note that CIS’s compensation costs are primarily outsourcing costs, and that total wage expenses as a percentage of total cost of revenues is materially lower for CIS than its peers. From this perspective, it appears that CIS is acting more like a staffing and placement operation, rather than a Company with deep technical knowledge and capable of achieving premium prices for its services as they suggest. CIS’s trend of outsourcing has accelerated in recent years, whereas its peers that disclose outsourcing costs have scaled back this practice.”
- “If we look closer at total wages (including outsourcing costs) and SG&A expenses per employee, we again find CIS to be an extreme outlier in its industry. The higher cost trend accelerated in 2010 as CIS’s wages cost grew by 80%, yet their stated employee growth was only 20%.”
- “CIS’s workforce, albeit on a limited sample set, has greater percentage of workers with bachelor’s degrees (lower % of master’s degrees) than the industry. Furthermore, their workforce tends to be less experienced with nearly one third of employees having less than 5 years of professional experience. Their IBM contract does tie prices to the experience level of its employees as indicated in Annex B of their agreement.”
- “Unfortunately, we find a contradictory view to these claims thanks to a Chinese career social networking website called 7yes.com. This website is analogous to the U.S. website called Glassdoor.com, which provides employee reviews and feedback on companies. Below are recent excerpts from the site. We did not simply pick or chose [sic] negative posts; all of the posts, dating back to 2005 to the present, had scathing comments, particular on the topic of HR recruitment, pay, and career opportunities.”
- “CIS has completed over 9 acquisitions in the past few years as part of its growth strategy, yet offers investors very limited disclosure on these deals.”

- **“Internal Controls Casts Doubt on Reliability of Financials** By its own recognition, CIS has a ‘significant deficiency’ over its internal controls for the financial reporting period ending December 31, 2010. The significant deficiency identified primarily relates to a lack of continuing professional training on U.S. GAAP and SEC regulation and rules for key accounting personnel. Furthermore, CIS had a ‘material weakness,’ which is a more severe issue, for the FY 2009 period and prior to going public. The material weaknesses identified primarily related to: (i) lack of a comprehensive accounting policies and procedures manual in accordance with U.S. GAAP accessible to accounting personnel to ensure that accounting policies and procedures are followed; and (ii) lack of dedicated resources to take responsibility for finance and accounting functions and the preparation of financial statements in compliance with U.S. GAAP.”
- “CIS’s current CFO is Mr. Gordon Lau. According to his published biography, Mr. Lau served as the CFO of BJB Career Education Company Limited (a company that failed to go public with Goldman and Credit Suisse underwriting it in Dec 2010 due to ‘market conditions,’ a period when dozens of Chinese companies came public in the US), and as the CFO of Xinhua Finance Limited, a financial information company listed on the Tokyo Stock Exchange. Certain readers may recall that Xinhau Finance also used to trade here in the U.S. on the Nasdaq under the ticker XFML, but was eventually delisted. Three former executives of Xinhau Finance are currently facing fraud charges and are set to go on trial Mr. Lau was not implicated in the alleged fraud, but given the connection to the XFML and the foregoing statements on internal control weaknesses, we believe our cautionary stance on CIS’s financial disclosures are warranted.”
- “To the contrary, we find no evidence they offer unique services that deserve premium prices, and we find compelling evidence that employees are dissatisfied in a number of areas including recruitment, pay, and the quality of career opportunities. Unlike its peers that report significant employee turnover, CIS does not, so we wonder if CIS is intentionally concealing troubles with retaining employees, or just a staffing company cloaked as an IT services specialist?”
- “We also illustrated that employees are nearly absent from LinkedIn, a popular and global career website. This observation makes us wonder: Is CIS’s business growing as fast as they are disclosing? One thing that is growing is the company’s pace of acquisitions. We present evidence that indicates CIS is paying extreme premiums for businesses that appear to have little in operating assets and contract backlogs, funded with stock at a large discount to its current value.”
- “We also find evidence of an unusual cash management strategy at odds with industry practice and the company’s own financial needs. For a company that has acknowledged material weaknesses in its financial reporting, we are extremely cautious and conclude that Camelot’s stock value may be closer to fantasy than reality.”

51. This report caused Camelot’s stock to drop below \$9 per share.

52. Then, on August 18, 2011, Camelot issued a press release announcing its second quarter 2011 unaudited financial results. The Company reported net income of \$8.0 million, or \$0.16 diluted EPS, and revenue of \$59.4 million for the second quarter of 2011. Additionally, the Company reported lower-than-expected guidance for fiscal 2011, reporting expected net income of approximately \$34.0 million or \$0.69 diluted EPS, and revenue of approximately \$244 million. The release stated in part:

Mr. Simon Ma, Camelot's Chairman and Chief Executive Officer, commented, "The momentum we experienced in the first quarter has continued into the second quarter, with revenues approximating our guidance. We experienced a pick-up in the pace of deliveries in the second quarter and we continue to see traditional seasonal business patterns that call for an acceleration in the second half of the year."

"In the first half of this year, we leveraged our substantial competitive advantages to expand our leadership position further within key markets. In our EAS business line, we continue to implement complex, mission-critical systems, which create high barriers to entry that enable us to receive attractive pricing from our customers. Our customized and industry-leading solutions in our FIS service line help our customers to be innovative and the first to market, thus gaining market share and also minimizing risk. We continue to target our product development on what we believe will be the most attractive spending areas within the commercial banking industry. Our long-term business model focuses on scalability and margin expansion," continued Mr. Ma.

"Our adjusted net income in the second quarter of 2011 fell short of our target due to a delay in the signing of some contracts and a provision for certain other current assets. Due mainly to the temporary impact from the streamlining of a business unit, we are reducing full-year guidance for net-revenue of approximately US\$244 million and net income attributable to Camelot of approximately US\$34.0 million. We are also offering third-quarter revenue and adjusted net-income guidance of \$63 million and \$9.5 million, respectively," concluded Mr. Ma.

53. In response to this announcement and the Company's lowered guidance, the price of Camelot ADSs fell \$2.24 per share, or approximately 26%, to close at \$6.32 per share on volume of 4.4 million shares.

54. The true facts, which were known by the defendants but concealed from the investing public during the Class Period, were as follows:

(a) The Company's IT professionals were not a competitive advantage to the Company and many were dissatisfied with Camelot, which would adversely affect Camelot's ability to retain its customers;

(b) The Company was suffering from undisclosed attrition of employees, which was having a negative impact on the Company's ability to attract new customers;

(c) Camelot did not have the large numbers of highly trained professionals at its disposal that it had represented; and

(d) Camelot's contract with its most important customer, IBM, was not as solid as represented, and would not be renewed on the same terms.

55. The market for Camelot ADSs was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Camelot ADSs traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Camelot ADSs relying upon the integrity of the market price of Camelot ADSs and market information relating to Camelot, and have been damaged thereby.

56. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Camelot's ADSs, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

57. At all relevant times, the material misrepresentations and omissions particularized in this complaint directly or proximately caused, or were a substantial contributing cause of, the

damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Camelot's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Camelot and its business, prospects and operations, thus causing the Company's ADSs to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's ADSs at artificially inflated prices, thus causing the damages complained of herein.

58. As a result of defendants' false statements, Camelot's ADSs traded at inflated levels during the Class Period. However, after the above revelations seeped into the market, the Company's shares were hammered by massive sales, sending them down over 76% from their Class Period high.

ADDITIONAL SCIENTER ALLEGATIONS

59. As alleged herein, Camelot and the Officer Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, these defendants, by virtue of their receipt of information reflecting the true facts regarding Camelot, their control over, and/or receipt and/or modification of Camelot's allegedly materially misleading statements and/or their associations with the Company which made them privy to confidential proprietary information concerning Camelot, participated in the fraudulent scheme alleged herein.

LOSS CAUSATION/ECONOMIC LOSS

60. During the Class Period, as detailed herein, defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Camelot ADSs and operated as a fraud or deceit on Class Period purchasers of Camelot ADSs by misrepresenting the Company's business and prospects. Later, when the defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the price of Camelot shares fell precipitously, as the prior artificial inflation came out of the price over time. As a result of their purchases of Camelot ADSs during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

NO SAFE HARBOR

61. Camelot's "Safe Harbor" warnings accompanying its reportedly forward-looking statements ("FLS") issued during the Class Period were ineffective to shield those statements from liability. To the extent that projected revenues and earnings were included in the Company's financial reports prepared in accordance with GAAP, including those filed with the SEC on Form 6-K, they are excluded from the protection of the statutory Safe Harbor. 15 U.S.C. §78u-5(b)(2)(A).

62. The defendants are also liable for any false or misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of Camelot who knew that the FLS was false. None of the historic or present tense statements made by defendants were assumptions underlying or relating to any plan, projection or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by defendants expressly related to or stated to be dependent on those historic or present tense statements when made.

CLASS ACTION ALLEGATIONS

63. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all those who purchased or otherwise acquired Camelot ADSs during the Class Period and/or pursuant or traceable to the Company's false and misleading Registration Statements for its IPO and Secondary Offering (the "Class"), and who were damaged thereby. Excluded from the Class are defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

64. The members of the Class are so numerous that joinder of all members is impracticable. Camelot shares were actively traded on the NYSE. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Camelot or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions. Camelot has more than 44 million ADSs outstanding.

65. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

66. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

67. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the 1933 Act and 1934 Act were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period and in the Registration Statements misrepresented material facts about the business, operations and management of Camelot; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

68. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD ON THE MARKET DOCTRINE**

69. At all relevant times, the market for Camelot's ADSs was an efficient market for the following reasons, among others:

(a) Camelot ADSs met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient and automated market;

(b) as a regulated issuer, Camelot filed periodic public reports with the SEC and the NYSE;

(c) Camelot regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Camelot was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

70. As a result of the foregoing, the market for Camelot ADSs promptly digested current information regarding Camelot from all publicly available sources and reflected such information in the prices of the stock. Under these circumstances, all purchasers of Camelot ADSs during the Class Period suffered similar injury through their purchase of Camelot ADSs at artificially inflated prices and a presumption of reliance applies.

COUNT I

For Violation of §10(b) of the 1934 Act and Rule 10b-5 Against Camelot and the Officer Defendants

71. Plaintiff incorporates ¶¶1-70 by reference.

72. During the Class Period, Camelot and the Officer Defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

73. Camelot and the Officer Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- (a) employed devices, schemes and artifices to defraud;
- (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Camelot ADSs during the Class Period.

74. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Camelot ADSs. Plaintiff and the Class would not have purchased Camelot shares at the prices they paid, or at all, if they had been aware that the market price had been artificially and falsely inflated by Camelot's and the Officer Defendants' misleading statements.

COUNT II

For Violation of §20(a) of the 1934 Act Against Camelot and the Officer Defendants

75. Plaintiff incorporates ¶¶1-74 by reference.

76. The Officer Defendants acted as controlling persons of Camelot within the meaning of §20(a) of the 1934 Act. By reason of their positions with the Company, and their ownership of Camelot stock, the Officer Defendants had the power and authority to cause Camelot to engage in the wrongful conduct complained of herein. Camelot controlled the Officer Defendants and all of its employees. By reason of such conduct, Camelot and the Officer Defendants are liable pursuant to §20(a) of the 1934 Act.

COUNT III

For Violation of Section 11 of the 1933 Act Against All Defendants

77. Plaintiff incorporates ¶¶1-32, 34-58 and 60-70 by reference.

78. This Count is brought pursuant to §11 of the 1933 Act, 15 U.S.C. §77k, on behalf of the Class, against all defendants.

79. This Count does not sound in fraud. All of the preceding allegations of fraud or fraudulent conduct and/or motive are specifically excluded from this Count. Plaintiff does not allege that the Officer Defendants, Director Defendants or the Underwriter Defendants had scienter or fraudulent intent, which are not elements of a §11 claim.

80. The Registration Statements for the IPO and Secondary Offering were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary in order to make the statements made not misleading, and omitted to state material facts required to be stated therein.

81. Camelot is the registrant for the IPO and Secondary Offering. The defendants named herein were responsible for the contents and dissemination of the Registration Statements.

82. As issuer of the shares, Camelot is strictly liable to plaintiff and the Class for any misstatements and omissions.

83. None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statements were true and without omissions of any material facts and were not misleading.

84. By reason of the conduct herein alleged, each defendant violated, and/or controlled a person who violated, §11 of the 1933 Act.

85. Plaintiff acquired Camelot shares pursuant and/or traceable to the Registration Statements for the IPO and Secondary Offering.

86. Plaintiff and the Class have sustained damages. The value of Camelot ADSs has declined substantially subsequent to and due to defendants' violations.

87. At the time of their purchases of Camelot ADSs, plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to August 17, 2011. Less than one year has elapsed from the time that plaintiff discovered or reasonably could have discovered the facts upon which this complaint is based to the time that plaintiff filed this complaint. Less than three years elapsed between the time that the securities upon which this Count is brought were offered to the public and the time plaintiff filed this complaint.

COUNT IV

For Violation of Section 15 of the 1933 Act Against Camelot, the Officer Defendants and the Director Defendants

88. Plaintiff repeats and realleges ¶¶1-32, 34-58, 60-70 and 77-87, by reference.

89. This Count is brought pursuant to §15 of the 1933 Act against Camelot, the Officer Defendants and the Director Defendants.

90. The Officer Defendants and the Director Defendants each were control persons of Camelot by virtue of their positions as a director and/or senior officer of Camelot. The Officer Defendants and the Director Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or officers and/or major shareholders of Camelot. Camelot controlled the Officer Defendants, the Director Defendants and all of Camelot's employees.

91. Defendants each were culpable participants in the violations of §11 of the 1933 Act alleged in the Count above, based on their having signed or authorized the signing of the

Registration Statements and having otherwise participated in the process which allowed the IPO and Secondary Offering to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

- A. Declaring this action to be a proper class action pursuant to Fed. R. Civ. P. 23;
- B. Awarding plaintiff and the members of the Class damages and interest;
- C. Awarding plaintiff's reasonable costs, including attorneys' fees;
- D. Awarding rescission or a rescissory measure of damages; and
- E. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: January 5, 2012
