In addition to other information in this document, you should carefully consider the risk factors described below.

RISKS RELATING TO THE BUSINESS OF THE GROUP

Reliance on revenue from advertising

For each of the three years ended 31st December, 2006, revenue derived from advertising accounted for approximately 100.0%, 70.7% and 64.6%, respectively, of the revenue generated by the Group. A significant decline in the advertising spending by major advertisers would have a material adverse effect on the results of operations of the Group.

The Group has not entered into any long-term agreement or commitment with its advertising customers and there is no assurance that these customers will continue to place advertisements in the Group's printed and/or online publications. Should there be any significant decrease in demands from these customers, revenue generated from the Group's advertising business will be adversely affected.

Reliance on key executives and personnel

The Group's performance depends on the expertise and experience of the executive Directors, namely, Mr. Lau Chuk Kin, Ms. Ho Suk Yi and Mr. Peh Tun Lu, Jefferson and its senior management. It also depends on the Group's ability to retain and motivate its officers and employees. Information regarding the Directors and senior management is set out in the section headed "Directors, senior management, audit committee and staff" in this document. Each executive Director and member of senior management has entered into an employment contract with the Group. However, the loss of services of key personnel or the inability to identify, hire, train and retain other qualified technical and managerial personnel in future may adversely affect the Group's sustained performance.

Reliance on major customers

For each of the three years ended 31st December, 2006, the five largest customers together accounted for approximately 24.5%, 40.3% and 46.3% of the Group's turnover respectively, whereas the single largest customer accounted for approximately 9.1%, 13.4% and 17.0% of the Group's turnover respectively. The Group has had business relationships with its five largest customers as at 31st December, 2006 for more than 2 years. The major customers generally do not have any long-term commitments with the Group. Should any of these major customers cease to use or reduce using the Group's services or products and the Group finds itself unable to secure substitute orders of comparable sizes, the turnover and profitability of the Group may be adversely affected.

Reliance on major suppliers

For each of the three years ended 31st December, 2006, the five largest suppliers together accounted for approximately 85.3%, 56.7% and 47.7% of the Group's purchase respectively, whereas the single largest supplier accounted for approximately 26.2%, 15.1% and 22.3% of the Group's purchases respectively. If any of these major suppliers cease to supply raw materials and/or services and the Group is unable to source suitable substitutes, the Group's services and/or production activities may be disrupted. The Group's operations and profitability may then be adversely affected.

The Group may face an increasing number of competitors

The number of companies in Hong Kong and the PRC developing jobs databases and seeking recruitment advertising income may increase in the future resulting in increasing price competition in recruitment advertising market which could in turn adversely affect the results of operations and financial condition of the Group. The Group also faces competition from print and online advertising media such as newspapers, magazines and recruitment advertising operators with online operations.

The Group's Internet business may be subject to capacity constraints

Any substantial increase in the traffic volume of the Group's Internet services will require the Group to expand and upgrade its existing computer systems. There is no assurance that the Group will be able to project accurately the rate and the timing of increases in traffic volume, if any, in the use of its Internet services and accordingly expand and upgrade its computer systems to accommodate such increases. Any failure or delay to expand or upgrade the Group's computer systems could adversely affect its Internet business, results of operations and financial condition.

The Group may face potential liability for its website content

The Group faces potential liability for defamation, copyright, patent or trademark infringement and other claims based on the content accessible on or through recruitonline.com and 1010job.com. As such, the Group could be exposed to liability with respect to such content.

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Ordinance") requires any person (a "data user") who controls the collection, holding, processing or use of data to comply with the data protection principles prescribed by the Ordinance. These principles govern the manner of collection, use and security of personal data. The Group may be considered as a "data user" when it collects information on the subscribers to its services. As such, the Group is required to comply with the data protection principles prescribed under the Ordinance. The Ordinance also prohibits the use of personal data by the data user for direct marketing purposes unless certain requirements have been complied with.

The Group may not be able to register domain names for its business in the future

The Group has currently registered various domain names in English, which include recruitonline.com and 1010job.com. Particulars of these domain names are set forth in the section headed "Intellectual properties" in Appendix V to this document.

The Group may not be able to prevent third parties from acquiring or registering domain names which resemble the Group's domain names, brand names, trademarks or other proprietary rights. Websites with similar domain names offering similar content may diminish the efforts of the Group in establishing recruitonline.com and 1010job.com as websites providing career-related and self-improvement information. In such event, users may not be able to locate the Group's websites and this could have a material adverse impact on the business of the Group.

Intellectual property is important to the Group's business, and any unauthorised use of the Group's intellectual property by third parties may adversely affect the Group's business

Copyrights, service marks, trademarks, trade secrets and other intellectual property are important to the Group's business, and any unauthorised use of such intellectual property by third parties may adversely affect the Group's business and reputation. The Group relies on the protection of intellectual property laws and contractual arrangements with its employees, clients, business partners and others to protect its intellectual property rights. Furthermore, the validity, enforceability and scope of protection of intellectual property in Internet-related industries in the PRC is uncertain and still evolving, and these laws may not protect intellectual property rights to the same extent as the laws of some other jurisdictions, such as the United States and Hong Kong. Moreover, litigation may be necessary in the future to enforce such intellectual property rights, which could result in substantial costs and diversion of the Group's resources, and have a material adverse effect on the Group's business, financial condition and results of operations.

Public companies listed on Main Board of the Stock Exchange will only be required to publish their announcements on a website rather than in newspapers

As disclosed in the exposure conclusion on the "Abolition of Requirement for Main Board Issuers to Publish Paid Announcements in Newspapers and Related Matters" by the Stock Exchange on 7th July, 2006, the Directors note that the Stock Exchange will revise the current mechanisms for information dissemination by Main Board issuers, which will result in the abolition of the mandatory requirement for issuers to publish paid announcements in newspapers. Details of such changes in requirement are also set out in the news release "HKEx Sets Date for the Launch of Electronic and Abolition of Mandatory Paid Announcements" dated 23rd March, 2007. The initial phase of the abolition of publication of paid announcements in newspapers will begin on Monday, 25th June, 2007. During the six months initial phase Main Board listed issuers will no longer be required to publish paid announcements so long as the listed issuer publishes a notification whenever it publishes an announcement and publishes a full announcement on their own website and the Stock Exchange website. Notifications will no longer be required after 25th December, 2007. Twelve months after the implementation all Main Board and GEM issuers are required to have their own websites to publish announcements and other Listing Rules documents in addition to publication on the Stock Exchange and GEM websites. The consequent reduction in paid announcement is likely to adversely affect the Group's business, financial condition and results of operations.

Reliance on paper supply

Paper is the principal raw material for the Group's production. The market price and the available quantity of paper are determined by demand and supply, both of which fluctuate from time to time. Any shortage in supply of paper or increase in price may have an adverse impact on the business and the profitability of the Group.

Hong Kong taxation

Pursuant to Section 14 of the Hong Kong Inland Revenue Ordinance ("IRO"), a company carrying on business in Hong Kong is subject to Hong Kong Profits Tax in respect of profits arising in, or derived from, Hong Kong.

Departmental Interpretation and Practice Note No. 21 ("DIPN21") on locality of profits issued by the Hong Kong Inland Revenue Department ("IRD") in March 1998 sets out the Hong Kong IRD's views on, inter alia, the Hong Kong taxation of goods manufactured partly in Hong Kong and partly in the PRC.

According to DIPN 21, in the following circumstances the Hong Kong IRD is prepared to apportion the profits from the manufacture of goods on a 50:50 basis with 50% of the profits not being subject to Profits Tax in Hong Kong.

The Hong Kong manufacturing business enters into a processing agreement with a PRC entity. The PRC entity is responsible for processing the goods that are required to be exported to places outside the PRC. The PRC entity provides the factory premises, the land and labour. For this it charges a processing fee and exports the completed goods to the Hong Kong manufacturing business. The Hong Kong manufacturing business normally provides the raw materials. It may also provide technical know-how, management, production skills, design, skilled labour, training and supervision for PRC recruited labour and the manufacturing plant and machinery. The PRC entity takes no ownership to the raw materials and the processed goods throughout the course of processing, and all the processed goods are exported back to the Hong Kong business.

The Group has received advice that its mode of manufacturing operations under the Processing Agreement is within the scope of profits eligible for apportionment under DIPN21 described above.

During the Track Record Period, nil, nil and 16.3% of the Group's profits are generated by the sale of goods manufactured under the Processing Agreement for each of the three years ended 31st December, 2006 respectively.

In the event that (i) the IRD considers that the Group's mode of manufacturing operations under the Processing Agreement is not within the scope of profits eligible for apportionment under DIPN 21; or (ii) there are any changes in Hong Kong tax law or its interpretation, the IRD might treat the Group's profits generated from the sale of goods manufactured under the Processing Agreement as profits derived from Hong Kong. If it did so and the Group failed to prove otherwise, that may cause an adverse impact on the Group's profitability.

The results of operations may fluctuate due to seasonality

The Group's sales are subject to seasonality. The peak season for sales of the Group's inflight magazine business usually coincide with the three major "Golden Week" holidays in the PRC, including the Chinese New Year holiday in January or February, the Labour Day holiday in early May and the Chinese National Day holiday in early October. The peak season for the printing division is in the second half of the year as books are produced and shipped to overseas before the Christmas. In general, sales of the Group peak in the second half of a year. Sales can also fluctuate during the course of a financial year for a number of other reasons, including timing of the launching of new products advertising and promotional campaigns. In addition, the Group's results may be affected by unforeseen circumstances, such as production interruptions. Due to these fluctuations, comparisons of sales and operating results of the different periods within a single year, or between same period in different financial years, are not necessarily meaningful and should not be relied on as indicators of performance of the Group.

Volatility of the Group's operating results

The Group's future operating results may be subject to fluctuations due to a variety of factors. Downturns in economies in Hong Kong or the PRC may also have an adverse effect on the financial results of the Group.

There is no assurance that the Group will continue to make profits in the future. If the Group is unable to generate sufficient revenue to meet its operating expenditure, its operations will have to be funded by internal resources and/or external sources. In the event that the Group is unable to obtain adequate financing to fund its operations, the operations, performance and prospects of the Group will be adversely affected.

Fluctuation of the Group's gross profit

The gross profit margin for each of the three years ended 31st December, 2006 were 53.3%, 39.9% and 38.8% respectively. During the Track Record Period, the Group's gross profit margin was subject to fluctuations mainly due to the diversification of the Group's business in the printing industry. The Group's future gross profit margin may be subject to fluctuations as a result of, among other things, the market environment and the development of the Group's printing business.

Non-recurring nature in certain other operating income items

For each of the three years ended 31st December, 2006, other operating income amounted to HK$4.4 million, HK$11.6 million and HK$15.0 million, respectively, while a gain on disposal of investment properties of HK$12.1 million was recorded during the year ended 31st December, 2006. Other operating income includes certain items which are non-recurring in nature, such as gain from changes in fair value of investment properties and gain on partial disposal of investments in subsidiaries. Accordingly, the Group can not assure investors that such non-recurring items will continue to contribute to the Group's income in the future.

A sudden decrease in market demand for the Group's printed products may lead to obsolete inventories

The Group started to have inventories since 2005 when its printing business commenced operations in early 2005. The Group's inventories are all related to its printing business. The average inventory turnover days (being average inventory balance divided by cost of inventories and multiplied by number of days in the relevant year) were 68 days and 92 days for each of the two years ended 31st December, 2006, respectively. As the printing business of the Group is subject to change in market demand and trends, a sudden decrease in the market demand for the Group's printed products could cause the inventory to accumulate and may adversely affect the financial condition and results of operations of the Group.

A provision for trade debtors or advances to associates may adversely affect the results of the Group

The Group's turnover days of trade receivables (being average trade receivables divided by revenue and turnover and multiplied by number of days in the relevant year) were 44 days, 65 days and 78 days for each of the three years ended 31st December, 2006, respectively. For each of the three years ended 31st December, 2006, the Group recorded impairment of receivables of approximately HK$290,000, HK$698,000 and HK$2.1 million, representing approximately 0.3%, 0.3% and 0.7% of revenue and turnover of the respective years. In the event that a major debtor is not able to settle its balance, it may adversely affect the financial condition and results of operations of the Group.

The amount of advances to associates amounted to HK$5.4 million as at 31st December, 2005 and increased to HK$19.0 million as at 31st December, 2006. The amounts were mainly advanced to PPGI, which owned 50% interest in PPGL. PPGL has been the printing service provider to the Group's recruitment magazines in Hong Kong. Should there be any adverse changes to PPGI and/or PPGL, the recoverability of the amounts will be undermined. The Group may have to recognise further impairment losses and its financial results will be adversely affected.

RISKS RELATING TO THE GROUP'S OPERATION IN THE PRC

Government regulation of the advertising business in the PRC

The advertising industry in the PRC is governed by the Advertising Law which came into effect on 1st February, 1995. PRC advertisers, advertising operators and distributors that engage in advertising activities are required to comply with applicable procedures and provisions under the Advertising Law. If the Group's operations are ruled to be in breach of the Advertising Law, penalties may be imposed which include fines, confiscation of advertising fees, orders to cease dissemination of the relevant advertisement and orders to publish an advertisement with corrective information. These may have a material adverse effect on the Group's business, financial condition and results of operations.

Exclusive advertising market consultancy and production services agreements with two PRC airlines may not continue

The Group is the exclusive advertising market consultancy and production services provider for the major inflight magazines and newspaper of two airlines, CEA and CSA. The relevant agreements carry terms ranging from five and a half years to fifteen years. If either of these airlines ceases to engage the Group to be its exclusive advertising market consultant and production services provider and the Group is unable to find suitable replacements, the Group's turnover and profitability may be adversely affected.

Contractual Arrangements – The Group operates some of its businesses through companies in which it does not have any ownership stakes

The PRC government limits foreign investment in recruitment agency, advertising and Internet-related businesses. Accordingly, the Group operates its recruitment advertising, through print and the Internet, and recruitment agency businesses in the PRC through the PRC Entities in which it does not have any ownership stake, but nevertheless recognises as subsidiaries. These subsidiaries of the Group held under the Contractual Arrangements accounted for none of the Group's turnover, net profit and net assets, respectively for the year ended and as at 31st December, 2004, approximately 0.9%, nil and 4.0% of the Group's turnover, net profit and net assets, respectively for the year ended and as at 31st December, 2005 and approximately, 3.4%, nil and 2.7% of the Group's turnover, net profit and net assets, respectively for the year ended and as at 31st December, 2006. The Group controls the PRC Entities and operates their businesses through the Contractual Arrangements.

In the event that the relevant PRC regulatory authorities regard the Contractual Arrangements as a violation of the PRC laws and regulations in the future (see the paragraph headed "There are uncertainties regarding interpretation and enforcement of PRC laws and regulations" in this section), according to current PRC Administrative Penalty Law, the administrative punishment can be in the form of administration fines, confiscation of the illegal operation incomes, and revocation of the entities' business licences, which is the most serious punishment to an entity. It is rarely that, in a few extreme cases, relevant liable director or senior management of PRC entities may face criminal charges. Under the relevant laws and regulations of the PRC, the PRC Entities may incur the following fines and penalties:

(i) *PRC Advertising Law (1995)*

Maximum fine:

– 5 times of the relevant actual amount of advertising fee

Maximum penalty:

– Revoking business license in relation to advertisement business

– Under a few extreme cases, relevant liable advertising operators or publishers may face criminal charge *(ii) Regulations on Administration of Human Resource Markets (2005)*

Maximum fine:

– Below RMB10,000 or 3 times of amount of revenue generated from illegal business activities; however, not exceeding RMB30,000

Maximum penalty:

– Requiring to cease all or a portion of business which are out of its business scope

(iii) Internet Information Service Administrative Measure (2000)

Maximum fine:

– Revenue generated from illegal activities: Confiscation of income and fine below 5 times of the amount of revenue

– No revenue generated or revenue below RMB50,000 from illegal activities: ranging from RMB100,000 to RMB1,000,000

Maximum penalty:

– Closure of the website

– Revoking Internet content provider licence

In the event that the business licences of the PRC Entities are revoked, the Group has to cease the operations of the PRC Entities in the PRC, and there may be a material adverse impact on the reputation, business and financial condition of the Group.

The Contractual Arrangements may not be as effective in providing control over the Group's operations as direct ownership of these businesses. If parties to the Contractual Arrangements fail to comply with, or refuse to renew, the Contractual Arrangements, the Group's business may be disrupted. Also, if the PRC Entities fail to perform or make payments as required under the Contractual Arrangements, the Group will have to rely on remedies under the PRC legal system to enforce the Contractual Arrangements. Any legal proceedings could be disruptive to the Group's business. There can be no assurance that the results of such legal proceedings would be satisfactory to the Group.

Reliance on the PRC Entities

The PRC government limits foreign investment in recruitment agency, advertising and Internet-related businesses in the PRC and therefore the Group relies on the PRC Entities to operate its recruitment advertising and recruitment agency businesses in the PRC. Should the Group fail to renew its agreements with any of the PRC entities, the

Group will have to identify other PRC Entities in order to continue its recruitment advertising and recruitment agency businesses in the PRC which may result in disruption to the Group's business. The turnover and profitability of the Group may also be adversely affected.

Discontinuation of the Processing Arrangement

The printing operation is carried out under the Processing Arrangement with a PRC Independent Third Party in the Production Facility in Boluo County, Huizhou City, Guangdong Province, the PRC for the period commenced from March 2005 to April 2014. A processing fee was paid by the Group for the operating cost, insurance, tax, handling fee and other expenses by the PRC contracting parties for the day-to-day operation of the Production Facility. The products manufactured or processed by the Production Facility generated approximately nil, 3.8% and 34.4% of the Group's turnover for each of the three years ended 31st December, 2006, respectively.

In the event that the PRC party terminates or fails to renew the Processing Agreement and the Group finds itself unable to identify other processing service providers and make similar arrangements, the business, turnover and profitability of the Group may be adversely affected. In addition, any change in the relevant PRC laws and regulations in respect of the Processing Agreement may impact on the operation mode of the Production Facility and may also affect the Group's performance.

Reliance on provision of production facility by the PRC party

The Production Facility used in the Group's printing operations is provided by the PRC party pursuant to the Processing Agreement.

No assurance can be given by the Group that the piece of land where the Production Facility is situated is free from title defects or that the PRC party has not violated any conditions regarding its land use rights. If for any reason, the PRC party is not able to continue to provide the Production Facility for the Group, the Group may need to seek alternative printing facilities which may result in interruption in its printing operation and if so the Group's printing business turnover and profitability may be adversely affected.

Reliance on a local publisher to publish 1010job精英招聘

The State Council of the PRC regulates that an entity is required to have a permit to carry on publishing activities in the PRC. The Group therefore relies on a local publisher, which has the required permit, to publish 1010job精英招聘 in Shanghai. Should the Group fail to renew the agreement with such local publisher, the Group will have to identify another publisher, which has the required permit, to continue publishing 1010job精英招聘 which may result in disruption in the Group's business. The turnover and profitability of the Group may also be affected.

The publishing industry in the PRC is regulated by 出版管理條例 (Publication Regulation) issued by 中華人民共和國新聞出版總署 (General Administration of Press and Publication of the PRC) which came into effect on 1st February, 2002. Publishing units (including newspaper publishers, magazine publishers, book publishers, audio-visual publishers and electronic publishers) engaging in publication activities in the PRC are required to comply with applicable rules under 出版管理條例 (Publication Regulation). If the local publisher through which the Group publishes 1010job精英招聘 is in breach of 出版管理條例 (Publication Regulation), penalties may be imposed which include fines, orders for temporary suspension of operations and suspension of publication permits. These may have a material adverse effect on the Group's business, financial condition and results of operations.

Non-registration of a lease agreement

As at the Latest Practicable Date, one underlying lease agreement of the office of the Group in Shanghai has not yet registered. It cannot be registered as the relevant document in relation to the legal title such property had not been provided by the relevant landlord. Zhong Lun advised that given such relevant documents remained outstanding, they were unable to ascertain whether the respective landlords had the legal right to lease the property to the Group. Such lease agreement may be adjudged by PRC courts to be invalid under the PRC laws. The PRC court may require the Group to cease occupying the relevant leased property in the event that the respective landlords are not the real owners of the leased property. In the event that the Group is ordered by the court to cease occupying the relevant property, the Group will have to make relocation arrangement accordingly and such relocation cost is estimated to be less than RMB5,000.

RISKS RELATING TO THE INDUSTRY

Competition in the recruitment advertising industry is intense

The Group faces competition from other advertising media operators in Hong Kong and the PRC such as free recruitment magazines and various websites established in Hong Kong and the PRC providing online recruitment advertising services. Competition in the recruitment advertising market is intense. Competitors of the Group may better position themselves to compete in this market, and this may erode the Group's market share, lead to reduction in its advertising revenues or affect the Group's ability to increase its market share in the Internet-based recruitment advertising industry as well as the print recruitment advertising industry.

The Group may experience reduced viewers' traffic, reduced income and damage to its reputation in the event of unexpected network interruptions

The Group's online recruitment advertising business is dependent upon a reliable Internet infrastructure that supports efficient data transmission and provides adequate security. Currently, the Group leases from ISPs in Hong Kong and Shanghai, which are Independent Third Parties, certain data transmission facilities for dissemination of the content of recruitonline.com and 1010job.com on the Internet. Any system failure may cause interruptions to the Group's services and may damage the Group's reputation. This could also have an adverse impact on the Group's financial and operating position.

Computer viruses or hackers may cause the Group's system to incur delays or interruptions which could reduce demand for its services and damage its reputation

The Group is in possession of certain confidential information provided by job seekers, such as education background, residential and e-mail addresses, working experience and other biographical data in the course of registration as members of recruitonline.com and 1010job.com. Inappropriate use of the Group's Internet services, such as attempts to gain unauthorised access to information or systems – commonly known as "cracking" or "hacking" – could jeopardise the security of confidential information stored in its computer systems. Alleviating problems caused by computer viruses or other inappropriate uses or security breaches may result in interruptions, delays or cessation in the Group's services. If the Group fails to resolve the security problem, there could be an adverse impact on the Group's reputation, business, turnover and operating profits.

POLITICAL AND ECONOMIC RISKS

There are political and economic risks associated with doing business in Hong Kong

Most of the facilities and operations of the Group are currently located in Hong Kong. Hong Kong is a special administrative region of the PRC with its own government and legislature. Under the Basic Law, Hong Kong is entitled to a high degree of autonomy from the PRC under the principle of "one country, two systems". Any changes which compromise the current level of autonomy of Hong Kong could have a material adverse effect on the Group's business, results of operations and financial condition.

There are political and economic risks associated with doing business in the PRC

The PRC economy has traditionally been a planned economy. Five-year State Plans are adopted by the PRC government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the PRC's industrial output, in general, the government is reducing the level of direct control which it exercises over the economy through State Plans and other measures, and there is an increasing degree of liberalisation in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a socialist market economy.

Since 1978, the PRC government has been reforming, and is expected to continue to reform, its economic and political systems. Many of the reforms are unprecedented or experimental and are expected to be refined and improved upon. Other political, economic and social factors may also lead to further readjustment of the reform measures. The Group's business prospects in the PRC could be adversely affected by changes in the PRC's State Plans or political, economic and social conditions or changes in policies by the PRC government, changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion, and reductions in tariff rates and other import restrictions.

The PRC economy has experienced significant growth in the last five years, but such growth has been unevenly spread, geographically and among various sectors of the economy. The PRC government has implemented from time to time various policies to control inflation and regulate economic expansion with a view to preventing overheating of the economy. Such measures or other actions by the PRC government could have a material adverse effect on the economic conditions in the PRC and therefore the business prospects of the Group.

There are uncertainties regarding interpretation and enforcement of PRC laws and regulations

The PRC legal system is based on a civil code. Under this system, prior court decisions may be cited as persuasive authority but do not have binding effect based on precedent. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. As some of these laws, regulations and legal requirements are relatively new and there is only limited publication of judicial interpretations, the interpretation and enforcement of these laws, regulations and legal requirements involve some uncertainties. These uncertainties could limit the legal protection available to the Group.

In particular, without prejudice to the validity and enforceability of each agreement under the Contractual Arrangements, the Company has been advised by Zhong Lun that there can be no assurance that these Contractual Arrangements will be deemed by the relevant government authorities to be in compliance with current PRC laws and regulations or that other government authorities will not in the future interpret existing laws, regulations or policies, or issue new laws, regulations or policies, with the result that all or some of these Contractual Arrangements would be deemed to be in violation of PRC law. Accordingly, the Group cannot assure investors that the relevant PRC regulatory authorities will not regard the Contractual Arrangements as in violation of the PRC laws and regulations in the future due to amendments to relevant laws and regulations or governmental policies/ opinions.

Currency conversion and exchange control

At present, RMB is not freely convertible into other currencies. Pursuant to《外滙管理條例》(the "Foreign Exchange Control Regulations") and《結滙、售滙及付滙管理規定》(the "Regulation on the Foreign Exchange Settlement, Sale and Payments"), subject to the provision to the banks which are authorised to engage in foreign exchange business of all the required documents under the relevant PRC laws, foreign investment enterprises are permitted to remit their profits or dividends in foreign currencies overseas or repatriate such profits or dividends after converting the same from Renminbi to foreign currencies through banks which are authorised to engage in foreign exchange business. Foreign investment enterprises are permitted to convert Renminbi to foreign currencies for items in current account (including, for example, dividend payments to foreign investors). Control over conversion of Renminbi to foreign currencies for items in capital account (including, for example, direct investment, loan and investment in securities) is more stringent.

The Company has been advised that under PRC law, dividends and other distributions declared and payable in Renminbi in accordance with PRC laws and regulations on the applicable shareholders' equity interest in the PRC subsidiaries of the Group may under the current laws and regulations of PRC be paid in foreign currency and may be freely transferred out of the PRC, without the necessity of obtaining any governmental approval, provided that the remittance of such profits outside the PRC is in compliance with the relevant PRC laws and regulations on foreign exchange. At present such dividends will not be subject to withholding or other taxes under the laws and regulations of PRC and can be paid free and clear of any other tax, withholding or deduction in the PRC.

Although the Group is able to convert its Renminbi earnings into foreign currency at present, there is no assurance that the PRC government will not introduce more restrictive foreign exchange measures that could adversely affect the ability of members of the Group to convert their Renminbi earnings into foreign currencies for remittance to Hong Kong by way of dividend payments as well as return of capital upon the termination of investments in China.

RISKS RELATING TO THE SHARES

The rights of the Shareholders are subject to the laws of Bermuda

The Company's corporate affairs are governed by its memorandum of continuance and bye-laws and by the Companies Act. The laws of Bermuda relating to the protection of the interests of minority shareholders and to the fiduciary responsibilities of directors may differ from the laws of Hong Kong and the corresponding remedies available to such shareholders may differ accordingly. A summary of the laws of Bermuda relating to protection of minority shareholders is set out in Appendix IV to this document.

Past dividends should not be used as a reference for the Company's future dividend policy

During the Track Record Period, the Company declared and paid dividends of nil, HK$0.04 and HK$0.095 per Share for each of the three years ended 31st December, 2006, respectively. The Directors currently anticipate that the Company will retain certain portion of its distributable profit for future business expansion plan, future dividends will be subject to the discretion of the Directors and will depend upon the earnings, financial condition, tax treatment of dividends, capital and cash requirements and availability, business strategies and such other factors as the Directors may deem relevant. Hence, the dividends declared and paid by the Company for the two years ended 31st December, 2006 may not be indicative of the Company's future dividends.

The Shareholders' interests in the Company may be diluted in future

The Group may need to raise additional funds in the future to finance expansion of or new developments relating to its existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the ownership percentage of the Shareholders may decrease, Shareholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Shares.

Potential dilutive effect of the GEM Share Option Scheme and the Proposed Share Option Scheme

The Company has granted options over an aggregate of 2,332,000 Shares pursuant to the GEM Share Option Scheme to a total of 17 participants (including one executive Director and 16 employees of the Group) remained outstanding as at the Latest Practicable Date. Such options are all exercisable at exercise prices ranging from HK$0.24 per Share to HK$0.80 per Share. If the above options are exercised in full, the Shares to be issued would represent approximately 0.8% of the issued share capital of the Company as at the Latest Practicable Date.

If the outstanding options granted under the GEM Share Option Scheme as at 31st December, 2006 (including the options granted over an aggregate of 2,332,000 Shares above) are exercised in full, the audited diluted earnings per Share for the year ended 31st December, 2006 will be approximately HK$0.1984, the amount of which is not significantly different when compared with the audited basic earnings per Share for the year ended 31st December, 2006 of approximately HK$0.2007 without taking into account of the exercise of the options granted under the GEM Share Option Scheme. Full particulars of the options that have been granted pursuant to the GEM Share Option Scheme are set out under the section headed "GEM Share Option Scheme" in Appendix V to this document. In addition, the Company will propose at the SGM to approve the adoption of the Proposed Share Option Scheme subject to the Introduction, and, if approved, the Company will be able to issue options under the Proposed Share Option Scheme amounting up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution approving the Proposed Share Option Scheme.

ISSUES TO CONSIDER IN RELATION TO STATEMENTS MADE IN THIS DOCUMENT

Forward-looking statements contained in this document may not be accurate

Included in this document are various forward-looking statements which can be identified by the use of forward looking terminology such as “may”, “will”, “expect”, “anticipate”, “estimate”, “continue”, “believe” and other similar words. The Group and its Directors have made forward-looking statements with respect to the following, among other things:

– the Group’s strategies to achieve such objectives;

– the importance and expected growth of the advertising and printing industries; and

– the expected growth of spending in advertising in Hong Kong and the PRC.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future.